

ANNUAL REPORT 2013

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Latour's holdings have a solid foundation on which to grow with their own products and through geographic expansion.

In the period 2003-2013, the wholly-owned operations increased their sales outside the Nordic region from 20 to 44 per cent of total sales.

40.6%

Total return on the investment portfolio in 2013. That is 12.6 percentage points better than the index. See page 46.

33.8

Latour's net asset value in SEK billion at the end of 2013. Read more on pages 20-21.

0.1%

Latour's management cost in 2013, as a percentage of managed assets. See page 7.

39,500%

Total return for Latour shareholders since the start in 1985. See our total return history on page 22.

390,000

The number of employees in Latour's holdings around the world. Read about Latour as a workplace on pages 16-17.

SEK 500 m

In 2013, the wholly-owned industrial operations acquired nine businesses with annual net sales of SEK 500 m. Find out more about the acquisition process on pages 10-11.

27.4

Latour's market value in SEK billion at the end of 2013. Read more on pages 6-7.

SEK 49.0 billion

Total energy savings via Swegon's products since 1994. Read more on pages 14-15.

70%

The percentage of Latour's net asset value that comes from companies that have been in the portfolio for more than 20 years. See page 6.

4 trends

General trends and technologies are key considerations in the acquisition process. Read more on pages 8-9.



... operating profit rose 7 per cent in the wholly-owned industrial operations and the investment portfolio once again gave a total return that was significantly better than the Stockholm Stock Exchange ...

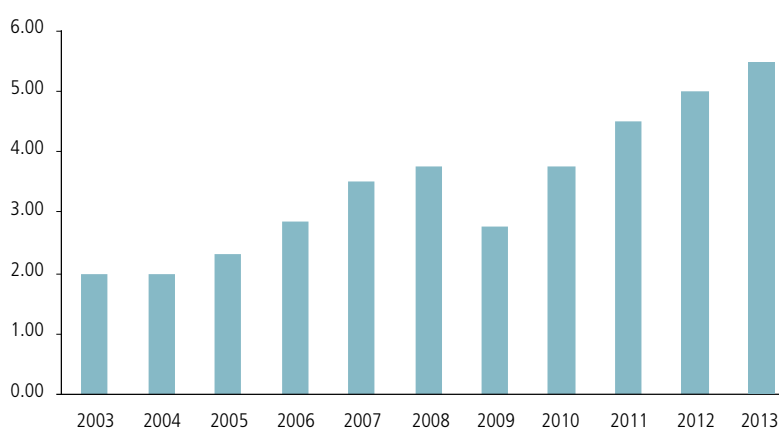
Jan Svensson, Comments from the CEO. Read more on pages 4–5.

CREATING LONG-TERM VALUE THROUGH INTERNATIONALLY SUCCESSFUL COMPANIES

Latour is a mixed investment company whose main business concept is long-term investment in sound companies that have their own products and are identified as having real potential for internationalisation.



DIVIDEND GROWTH, SEK/SHARE



INDUSTRIAL OPERATIONS

Net sales were SEK 6,944 m (6,697). This represents a 4 per cent overall increase. However, there is a 3 per cent decline in organic sales for comparable units, adjusted for currency effects. Despite this, operating profit increased to SEK 687 m (645) before restructuring costs.

INVESTMENT PORTFOLIO

Dividends from the investment portfolio to Latour for 2013 (distributed to Latour in the spring of 2014) increased by 5.5 per cent for comparable portfolios to SEK 596 m, which was yet another record high.

The value of the investment portfolio increased by 40.6 per cent, adjusted for dividends. The comparable index (SIXRX) increased by 28.0 per cent.

NET ASSET VALUE

Latour's estimated net asset value was SEK 212 per share at the end of 2013. This is an increase of 35.0 per cent, adjusted for dividends. The comparable index increased by 28.0 per cent. Information on the calculation of the net asset value is presented on pages 20-21.

TOTAL RETURN

The total return on the Latour share amounted to 44.3 per cent, which can be compared to a 28.0 per cent increase for the comparable index (SIXRX). Latour's total return for the past five years, 2009–2013, was 225.5 per cent. The development of SIXRX was 149.1 per cent over the same period.

DIVIDENDS

The Board proposes to increase the ordinary dividend to SEK 5.50 (5.00) per share. Calculated on Latour's share price at the end of 2013, this is a return of 3.2 (4.0) per cent.

COMMENTS FROM THE CEO

Increased profitability despite weak market



The market remained weak throughout 2013, which affected all operations. Despite this, operating profit increased by 7 per cent in the wholly-owned industrial operations and the investment portfolio once again gave a total return that was significantly better than the Stockholm Stock Exchange and reached an impressive 40.6 per cent.

Subsequently, it is proposed that shareholders' dividend should be increased by 10 per cent to SEK 5.50. This represents a 3.2 per cent return based on the year-end share price.

Important events in the wholly-owned operations

International expansion continues in line with our strategy. During the year, the wholly-owned industrial operations reported SEK 3 billion in sales outside the Nordic countries. This set a new record level. The comparable figure was SEK 800 m for 2003 when the new strategy was adopted.

In 2013, the Group made acquisitions that have accounted for approximately SEK 500 m in annual sales growth. This has enhanced its positions in the international market. Swegon acquired three businesses which represent 15 per cent of their annual growth. In Latour Industries, both LSAB and REAC have expanded through acquisitions. The Specma Group has strengthened its position in Nordic Division through the acquisition of Kiruna Hydraulik.

On the other hand, organic sales fell by 3 per cent, adjusted for currency effects. Nonetheless, there are exceptions. For instance, Kabona, which is

part of Latour Industries, reported 22 per cent organic growth.

Despite continuing weak market conditions and the dilutive effect of acquisitions, the operating margin improved as a whole to 9.9 per cent. This indicates that our rationalisation measures are having positive effects. The operations have good cost control and increasingly more efficient production and distribution. This lays a strong foundation for significant profitability when demand picks up. However, there are still a great many improvements and developments to be made across the operations.

The companies continue to invest in marketing activities and the development of new, innovative products to continue generating long-term growth and profitability.

One of the new products launched by Swegon is Wise Apartment. Designed to control air quality and heat recovery in apartment buildings, this product is simple to install and has a low investment cost in relation to the energy cost savings and improvements it brings to the indoor climate. Wise Apartment's benefits meet a great need in the Swedish "million" housing programme and similar residential complexes internationally.

Hultafor Group has launched new, innovative gloves and tape measures and they have been well received by the market.

The wholly-owned industrial operations' investment in product development will continue at the same pace in 2014.

Important events in the portfolio companies

The listed holdings are continuing to show strong or very strong per-

formance in their markets.

In 2013, the value of the investment portfolio increased by an impressive 40.6 per cent after adjustments for dividend payments. This can be compared to 28.0 per cent for the SIX Return Index.

Latour is an active principal owner that is committed to long-term profitable growth of its portfolio companies and the wholly-owned industrial operations.

It is therefore pleasing to report that Assa Abloy, to take one example, continues to grow with good profitability through acquisitions. Sweco, HMS Networks and Fagerhult have also made strategic acquisitions in 2013.

This fine performance is also reflected in the dividends that Latour receives from the portfolio companies. In spring 2014, Latour is expected to receive SEK 596 m in dividends, which is a SEK 36 m increase.

„ ...strong foundation for significant profitability when demand picks up.

Net asset value growth

The net asset value increased by 35 per cent as a whole, adjusted for dividends, in the last year.

In our valuation of the wholly-owned operations, we used valuation multiples that are slightly lower than those of other listed companies in the same industry.

Challenges and opportunities

We see many opportunities for us to continue with our internationalisation plans for the wholly-owned industrial

operations, which are still relatively concentrated in Europe.

The weak performance in many European markets throughout the year underscores the importance of expanding beyond Europe, in markets where vigorous, long-term growth is expected.

Some of the wholly-owned operations have made good progress. One of them is Nord-Lock, which is part of Latour Industries and is enjoying strong growth in Asia. The US market also offers good opportunities for expansion. Large manufacturing companies there are moving more and more production back home from low-wage countries. Nederman took advantage of this last year. This shows how important it is to act when the opportunity arises in key markets such as Asia and the USA.

It is also important to ramp up sales efforts in markets where the companies already have a foothold. The operations

have been very successful in this respect in the Nordic countries. But there is still huge potential for market growth elsewhere. A challenge related to

this is to redirect the resources to those markets whose economies are starting to take off or markets where we have a tailwind, such as Poland and Germany. We should focus on maintaining our positions in markets where demand is weak.

We also see good opportunities to continue expanding in operations with a general connection to key trends, such as the environment and more efficient resource management. This is where Tomra, Nederman, Swegon and Kabona have key roles.

Our financial position

Latour's financial position remains strong, thanks to robust operations with stable cash flows and good, long-term performance.

This gives us room to manoeuvre and good durability even when market conditions are tough. We can invest to grow organically and through acquisitions in line with our long-term strategy.

Prospects for 2014

It is never easy to predict the economy. This proved true in 2013 when the widely-expected growth generally failed to materialise. However, we believe that the economic situation in Europe, where the wholly-owned industrial operations conduct most of their sales, has stabilised and is slowly improving. This is evinced by the 4 per cent increase in organic orders over the last two quarters of 2013.

All in all, the wholly-owned industrial operations and portfolio companies reported a solid performance considering the market conditions in 2013.

I feel certain that our performance this year will be stronger as the economy improves and I am looking forward to 2014 with confidence.



Gothenburg, 13 March 2014
Jan Svensson
President and CEO

TOTAL RETURN

Investment AB Latour began operations in 1985. Today, it is a mixed investment company listed on the NASDAQ OMX Stockholm Large Cap list. Latour's total return has been approximately 39,500 per cent since it began business. On 31 December 2013, its market value was SEK 27.4 billion (19.8).

VISION

Latour's vision is to be an attractive choice for long-term investors that want good returns. The Group creates added value in its holdings by being an active and steadfast owner who, with financial strength and solid industrial know-how, contributes to the development of the companies.

CORE VALUES

Latour's core values are:

- Long-term perspective
- Professionalism
- Development

The operations are managed by a clearly delegated decision-making structure. This means that each holding has a unique company culture and its own strategic process. However, Latour's three core values permeate all holdings.

VALUE-ADDING MANAGEMENT AND LEADERSHIP

The work of the Board provides a platform for value creation in the wholly-owned industrial operations and the investment portfolio. Regardless of owner share, a structured approach is applied in the work of the Board, acquisition processes and integration processes. Leadership plays a central role in Latour's corporate governance. Our leaders must maintain high integrity, act as role models and assume accountability for the success and well-being of the organisations. See pages 12-13 about responsible business practices. ■

THIS IS LATOUR

OPERATIONS IN TWO BUSINESS LINES

Latour's operations are primarily carried out in two business lines: the wholly-owned industrial operations and a portfolio of listed holdings. The wholly-owned operations consist of four business areas with approximately 4,000 employees. The vision is to own operations that offer good potential for profitable, international expansion with their own unique products. The investment portfolio consists of nine holdings with more than 385,000 employees where Latour is the principal owner or one of the principal owners. The portfolio is dominated by holdings in Assa Abloy, Securitas and Sweco in terms of value. In addition to the two principal business lines, Latour also owns a number of part-owned unlisted operations with good future prospects. ■

INVESTMENT AB LATOUR

WHOLLY-OWNED OPERATIONS

HULTAFORS GROUP

LATOUR INDUSTRIES

SPECMA GROUP

SWEGON

PART-OWNED OPERATIONS

ACADEMIC WORK

DIAMORPH

OXEON

INVESTMENT PORTFOLIO

ASSA ABLOY

FAGERHULT

HMS NETWORKS

LOOMIS

NEDERMAN

NOBIA

SECURITAS

SWECO

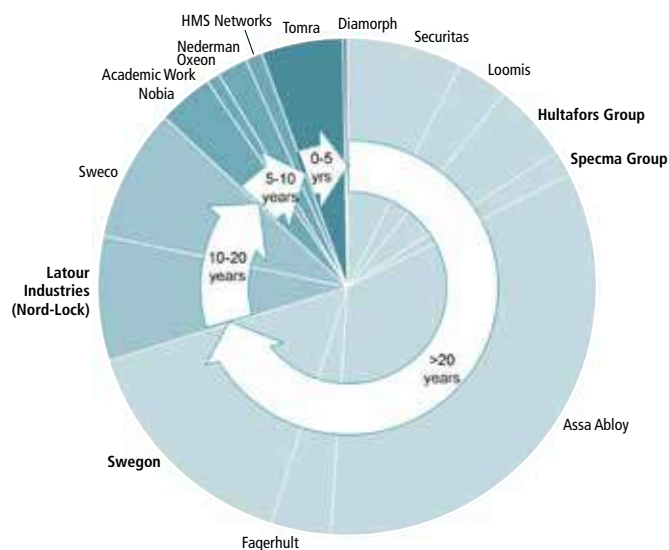
TOMRA

LATOUR'S MAIN BUSINESS CONCEPT

Latour's main business concept is to invest in sound companies with proprietary products, strong growth potential and good future prospects. The long-

term vision is to create growth and added value in our holdings through active ownership. In turn, this should be reflected in the company's share. ■

CREATION OF LONG-TERM VALUE



Latour is a long-term investor. The above shows that about 70 per cent of Latour's total net worth comes from companies that have been in Latour's portfolio for more than 20 years.

LATOUR'S FINANCIAL GOALS AND DIVIDEND POLICY

LATOUR'S FINANCIAL GOALS

Over a business cycle, the wholly-owned companies should reach at least:

- 10%** average annual growth
- 10%** operating margin
- 20%** return on operating capital

DIVIDEND POLICY

100% of dividends received from listed holdings

40-60% of profit after tax in wholly-owned companies

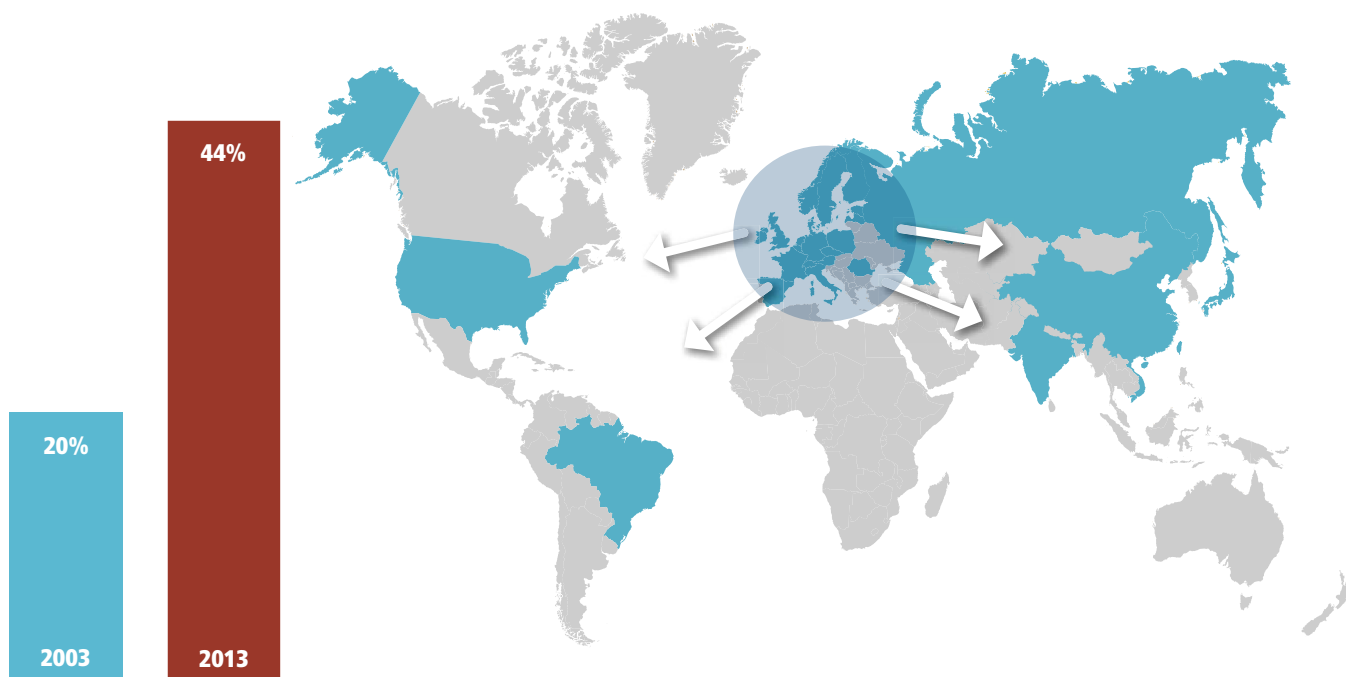
LOW DEBT AND GOOD VALUE GOVERNANCE

Latour's Board of Directors has set limits on debt levels as a complement to the financial targets. Latour's total debt cap is set at 10 per cent of the investment portfolio's value and 2.5 times the wholly-owned industrial operations' EBITDA, measured as an average for

the last three years and adjusted for acquisitions and divestitures. It should therefore not be possible for Latour to become heavily in debt and this, in turn, gives Latour the flexibility to conduct its activities with a long-term perspective, which is its key core value.

Latour's organisation must also be managed in a rational manner with a strong focus on its operations. Latour's shareholders are offered active governance for a management fee of approximately 0.1 per cent of the managed market value. ■

PROFITABLE, INTERNATIONAL EXPANSION WITH PROPRIETARY PRODUCTS



Latour's holdings have a solid foundation on which to grow with their own products and through international expansion. The wholly-owned operations' sales outside the Nordic countries have increased from 20 per cent in 2003, when the new strategy was adopted, to 44 per cent in 2013.

TRENDS AND TECHNOLOGIES

– key considerations in the acquisition process

Latour is a long-term investor. This means that the company needs to make long-term assumptions about which technologies and companies have particularly good prospects. These are made on the basis of the overall trends that are expected to lead to new and growing needs in the future.

The following is a brief account of Latour's reasoning in these matters.

Latour's business is largely based on identifying the best opportunities for creating long-term value and avoiding the risk areas that might otherwise lead to diminished value.

The two levels on which these risks and opportunities can be viewed are market-related and company-specific. It takes the company-specific risks and opportunities into account in its investment strategy and active corporate governance. You can find out more about the acquisition process on the next page.

Furthermore, Latour is careful about maintaining a low financial risk. This means the company is stable and has considerable room to manoeuvre even during downturns in the economy.

Trends create opportunities for good investments

The market-related risks and opportunities build on general trends that have an impact on the long-term development of industries and niches. Consequently, they form the basis for attractive investment opportunities.

Latour regularly identifies, monitors and assesses trends that are of potential interest from an investment point of view and also declining trends that Latour therefore wishes to avoid.

Focus on four key trends

1. SUSTAINABILITY

There is a growing global need for long-term sustainable solutions. We need to respect our external environment by minimising emissions and the consumption of natural resources, and the internal environment and social accountability by creating safe and healthy workplaces.

- Swegon, Kabona, Nederman and Hultafors Group help to meet some of these needs.

2. GLOBALISATION

Competition between companies is no longer just local, regional and national, it is global too. This increases the need for efficiency along the entire chain, from development and production to distribution and after sales. A wave of urbanisation, which is particularly apparent in growth markets, is also putting great pressure on infrastructures.

- Many of Latour's investments aim to increase efficiency and operational reliability in the areas of industrial production and infrastructure.

3. INCREASING LACK OF RESOURCES

Competition for resources is growing as globalisation gathers pace and prosperity increases. Many places and many operations around the world are already experiencing a lack of food, raw materials and manufacturing input materials. This trend is expected to continue.

- Tomra is one of Latour's many holdings that contribute to more efficient management of resources.

4. DEMOGRAPHIC DEVELOPMENT

The need for effective health and medical care to maintain a high quality of life is increasing as the population ages and more people are suffering from lifestyle illnesses.

- REAC is a world leading supplier of actuators for advanced electric

wheelchairs and is an example of an investment that is helping to meet the needs that are linked to an ageing population, health care and quality of life.

Interacting trends

Some of Latour's operations meet needs resulting from several trends. This is the case with Swegon and Kabona, whose energy-efficient solutions for indoor air quality meet sustainability and efficiency requirements that are a result of increased globalisation and competition.

New technologies – a means not a trend

It could be argued that the development of technologies is a trend. In Latour's eyes, technology offers a means to respond to trends and obvious customer needs rather than being a trend in itself.

Latour may be interested in investing if:

- the new technology generates obvious added value for a large number of customers and end users in an international market.
- the customers are willing to pay for the added value provided by the technology for a considerable period of time.

From an investment strategy standpoint, the most interesting investments for Latour are found at the point where long-term trends meet value-adding technology.

It could be in relatively new areas, such as clean technology, or in new niches in traditional industries, such as communication technology for industrial automation.

The more advanced the technology and the greater the importance of the trend and need to the customer, the more the investment opportunity appeals to Latour. ■

GENERAL FACTORS WHEN ASSESSING INVESTMENTS

PROSPECTS FOR IDENTIFIED NICHE

- Addresses identified trends ✓
- The industry is showing profitable growth ✓
- Favourable position in the value chain ✓

DEVELOPMENT POTENTIAL IN THE COMPANY

- Next wave of development has begun ✓
- Potential for geographic expansion ✓
- Latour adds value ✓

POSITION IN THE VALUE CHAIN IS OF GREAT IMPORTANCE

Latour strives to maintain a balance in its investment portfolio as a whole, which means that the company avoids too great a concentration in any one industry and geographic area.

The product offerings of several of the operations are either partly or wholly aimed at companies in the construction and real estate sectors today. However, it is important to point out that they are operating within carefully selected niches in attractive parts of the value chain. Swegon is one such operation. Its energy-efficient solutions for healthy indoor climates account for a larger and more stable underlying demand and higher profitability than most construction companies.

STRATEGIC DEVELOPMENT OF HOLDINGS

Latour has no templates for the strategic processes of the wholly-owned companies.

Instead, it focuses on answering three main questions: What is the company's current position? What are the company's medium-term goals? What needs to be done to achieve these goals?

The questions are answered by well-founded facts and analyses of both internal and external circumstances. This leads to a number of strategic initiatives.

Focus on four or five strategic initiatives

The strategies in Latour's wholly-owned operations normally stretch three to five years ahead and their core is a number of strategic initiatives, usually four or five, as well as a specification of the set goals.

The exact activities required to achieve the goals are not formulated, only the central aspects the company needs to work with.

The entire organisation thus becomes more goal-oriented and involved in the process of turning the initiatives into real, situation-specific activities on each level in the companies.

Effective management

Management and follow-up of the strategic initiatives are formulated as simply as possible, allowing the work to be performed efficiently in every part of each organisation, both in the management team and the board, which continuously monitor and review performance.

In addition to creating higher goal fulfilment, Latour's question-steered strategy process builds a bank of experience that can be transferred among the holdings. ■

HOW WE MAKE ACQUISITIONS – and we're looking for these companies

In 2013, Latour acquired nine businesses within the wholly-owned industrial operations. The acquisitions are based on a proven and systematic process for the identification and implementation of acquisitions that create long-term value.

The starting point for the work is the long-term strategy at a general level and in each business area and company.

Process driven by core values

Latour's core values *Long-term perspective*, *Professionalism* and *Development* characterise both the strategy and acquisition processes, whether they are a smaller acquisition in one of the wholly-owned business areas or the purchase of a holding in a major listed company.

The creation of value is a long-term process. This fact is substantiated by the aggregate net asset value, approximately 70 per cent of which comes from companies that have been in Latour's portfolio for more than 20 years, about 15 per cent between 10 and 20 years and 8 per cent between 5 and 10 years.

Companies that have been in the portfolio for less than five years account for just 6 per cent of the aggregate net asset value.

Companies that Latour is interested in acquiring

Latour is keen to acquire well-managed companies that can be grouped as follows:

- Acquisitions that complement existing operations.
- Medium-sized companies that can

become part of Latour Industries (SEK 50–500 m in sales).

- Larger companies that can immediately form their own business areas (SEK 500–2,000 m in sales).
- Listed holdings where Latour is able to purchase a larger share.

The only size criteria is that the company may not be so small that it cannot develop and be managed on its own. However, this criteria is not valid when it comes to supplementary acquisitions that will be integrated into an already established, efficient organisation for operation and development in line with the strategy.

Own products with international potential

A common denominator for the companies that Latour owns or is interested in acquiring is that they have their own products or services that can become international sales successes. The products should have a high technological content and added value. The companies cannot be too dependent on individual suppliers or customers.

However, there may be exceptions where it is not necessary that all the criteria are met. For instance, in the case of purely complementary acquisitions.



In 2013, it acquired nine businesses that add SEK 500 m in annual sales to its books.

Most of the acquisitions are complementary

Between 2003 and 2013, Latour has acquired 59 companies for its indus-

BASIC CRITERIA WHEN ASSESSING A POTENTIAL ACQUISITION

1. Do they develop, manufacture and market their own products?
2. How high is the technology content and added value of the products?
3. Is there a large and growing international demand for the products?
4. Is there a low degree of dependence on single suppliers and customers?

Number of acquisitions 2003–2013

59

Contribution to net sales, SEK billion

4.0

Latour has extensive experience of acquiring and integrating healthy businesses into the Group and, over the years, this has resulted in strong growth and profitability. Nine acquisitions add SEK 500 m in annual sales.

trial operations. In 2013, it acquired nine businesses that add SEK 500 m in annual sales to its books. The majority of Latour's business acquisitions are made to supplement existing holdings.

Assessing potential acquisitions

Each business area in the wholly-owned operations and each company in Latour Industries must have a long-term, clear strategy and action plan.

The company's strategy process involves identifying potential acquisitions, based on its needs for development. If and when it seems logical

to meet a development need with an acquisition, thereby realising the strategy and achieving the goals, Latour goes ahead according to the structured acquisition process.

Integration is centred upon the strategic need

The integration process is a key part of the acquisition process. Well tried and tested processes are used to systematically integrate new acquisitions and much attention is given to adapting the processes to the specific needs of each of the acquisitions. ■

"IMPORTANT TO HAVE THE RIGHT OWNER"

Kjell Carlberg, CEO of Kabona, one of Europe's leading producers of coordinated automation systems for heating, cooling and climate in buildings. Its systems can improve energy efficiency by 25 to 50 per cent.



You sold Kabona to Latour in 2012. Did things turn out as you hoped?

Yes, I have to say that things have developed as expected. Latour has helped us to set a clear business strategy.

What are the main benefits of belonging to Latour?


A broader span of expertise when it comes to developing the company, improved board work and financial strength. Major customers are happy to choose Kabona as a long-term supplier. Latour is also an attractive prospect for potential employees and that's important for us because we are growing rapidly.

What can you say about 2013 and what is the next step in the evolution of your business?

The company performed more or less as budgeted during 2013, with 22 per cent organic growth. We anticipate growth to continue at the same pace in the future. We are currently investing more resources to develop the next generation of ingenious energy-saving products for the building automation market. In 2014, we will also launch a long-term international expansion initiative.

Finally, what key piece of advice would you give to anyone who is considering selling his company and wanting to remain in the business?

Keep the business concept and make sure that the company does not lose its soul. Use the expertise of the new owner to develop your company's business concept. Make use of the Group's resources. ■

A person wearing safety gloves uses a hand saw to cut a piece of wood against a wall. The person's hands are visible, wearing black and grey safety gloves with yellow accents. The saw is a hand saw with a silver handle and a black blade. The wood being cut is a light-colored, rectangular piece. The background is a light-colored, textured wall.

Latour bases its operations on trust that is built on responsible business practices. The Group strives to integrate a sustainable perspective into its business and thereby improve long-term competitiveness and profitability.

The next five pages illustrate how Latour works with business ethics, the environment and employee issues from this perspective. ■

CODE OF CONDUCT

– for responsible behaviour

Latour has a long tradition of accountability, which is in line with the company's long-term investment horizon and management style. All operations must comply with laws and generally accepted regulations as well as establish relevant guidelines with clear goals. A code of conduct has therefore been developed. The following is an extract from the Code.

The Code of Conduct, which applies to all of Latour's Board members and employees, should be regarded as a framework. This means that the business areas may have their own codes tailored to their own operations and which are more comprehensive and stringent than the overriding Group Code of Conduct.

” View the Code of Conduct in full at www.latour.se.

Management plays an important role in its compliance

Senior executives must act as role models for employees by incorporating Latour's core values and the Code into the way they work to ensure that the Code is used in a relevant way.

Business partners are encouraged to apply the same principles

Suppliers, retailers, consultants and other business partners are encouraged to apply the principles of the Code of Conduct. We use the principles in the Code when evaluating potential and existing suppliers.

Respect for the environment in product development

Latour is committed to the efficient use of energy and raw materials for

its products and processes. It has a separate environmental policy.

Human rights

Latour supports and respects the protection of human rights and guarantees that it is not involved in crimes against human rights. All of its operations comply with the UN's and OECD's guidelines for sustainability.

Encourages diversity

Latour encourages diversity on all levels in the Group and recruits and treats employees in a way that does not discriminate on the basis of gender, race, religion, social or ethnic origin, age, disability, sexual orientation, nationality, political beliefs or trade union membership.

Promotes health and safety

All employees in the Group must have good conditions for a safe and healthy work

environment. Latour does not tolerate child labour. Nor does it tolerate forced or compulsory labour, which refers to work that is performed under threat or on a non-voluntary basis. The right to organise and the right to collective bargaining agreements are respected throughout the Group.

Failure to comply with the Code of Conduct could result in disciplinary action

Breaches of the Code of Conduct may be reported anonymously and confidentially to a supervisor or business area management. No action will be taken against any employee who reports in good faith a violation of the Code. ■

"GOOD TO LEARN ABOUT ETHICS"

Jan Dahlén is head of product and business development at REAC in Latour Industries. REAC is an international leading brand of actuators



for electric wheelchairs and 80 per cent of its sales are generated outside the Nordic countries. In 2013, Jan Dahlén attended a course in business ethics which Latour held for employees in its wholly-owned industrial operations.

What did you think about the business ethics course that you attended?

Excellent. It focused on many of the dilemmas that one might encounter and for which there are no definitive answers. And it emphasised the importance of taking these matters seriously. It is important to be aware of and understand ethical issues. And of course it's just as important to walk the talk. I think we do that in our organisation. It's obvious that these issues are being discussed more and more.

What do you think about Latour placing such emphasis on business ethics?

It is positive and important for me personally and for the way I want to work. It is extremely important to communicate what the company stands for, our values and how we do business. It is good support for those of us who work in the organisation and promotes our long-term growth and development.

Do you think that business ethics will become more important in the future?

I'm certain of it. It creates credibility and clarifies the ground rules for how we behave and conduct our business. This is becoming more and more important as our company grows, as competition intensifies and we become more active in the international arena. If we don't walk the talk, it might damage not only us but our shareholders too. ■

ENERGY-EFFICIENT SOLUTIONS

– business strategic issue linked to the environment

Strategies for investments and business are based on the general trends that Latour has identified. Find out more about them on pages 8 and 9. One such trend is sustainability and the environment. Here are two examples of how it manifests itself.

Caring about the environment is part of Latour's company culture. This is expressed in the way we think and act, in our operating activities, when we set up strategies and when we consider investments and acquisitions.

Latour and its subsidiaries have a far-reaching focus on environmental issues, be it product development, choice of partners or selection of input goods in production.

Strategic mindset

Latour strives to identify solutions that satisfy all four driving forces described

in the column to the right of this spread.

When managing holdings, Latour endeavours to make environmental issues central to product development. This means environmental measures are embedded in our business and the right environmental choice is intended to lead to increased sales and profitability.

The aim is to create products that help reduce the environmental impact and increase customer profitability throughout the entire life cycle.

Board level responsibility and management

There is an inherent expectation of continuous progress in the Group.

All boards in the wholly-owned industrial operations regularly report their progress in sustainable development according to the four driving forces in the column to the right of this spread.

In addition, the subsidiaries are accredited with ISO and other industry-specific certification which places high demands on operations, for example in the automotive industry.

SEK 49.0 billion

Total energy savings via Swegon's products since 1994.

Billions of savings

Product development in the wholly-owned subsidiary Swegon is an example of how Latour's approach works in practice.

Swegon is a leader in the ventilation industry and, for years, has focused heavily on incorporating environmental and energy savings into its product development.

This has been a successful strategy. Since 1994, Swegon's products have

69%

Since 1994, Swegon's products have saved the equivalent of 69 per cent of Sweden's total annual production of electricity, based on the production volume for 2010.

141,144 hours

132,306,142,384

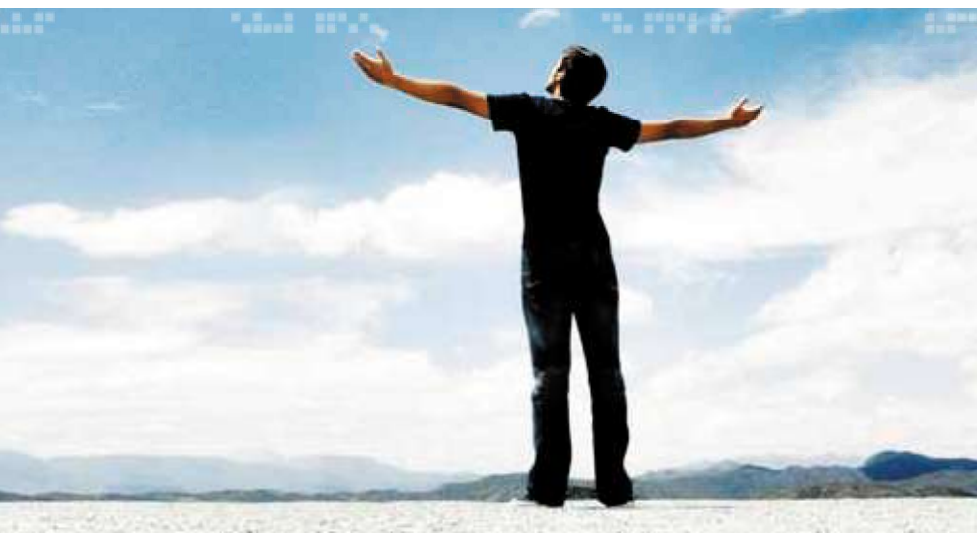
been helping to save the annual consumption of electricity in the equivalent of more than 16.3 million medium-sized households, or 7.3 million homes' annual consumption of electricity for heating. In monetary terms, this amounts to a total saving of SEK 49.0 billion since 1994.

Up to half the energy consumption

Kabona, an independent supplier of automated, energy-efficient systems that optimise energy efficiency in buildings, was acquired in 2012.

Kabona is one of the leading

companies in its niche in Europe. Its Ecopilot solution coordinates existing systems in buildings, taking into account indoor temperatures, air quality, weather forecasts and thermal storage capacity. The system enables energy savings of 25 to 50 per cent. Since 2010, the first 100 Ecopilot installations have resulted in a reduction of energy use equivalent to a value in excess of SEK 62 m to the company's customers. The recently renovated shopping centre at Frölunda Torg in Gothenburg makes annual savings of SEK 0.8 million thanks to Ecopilot. ■



Total energy savings from Swegon's products since 1994 correspond to 141,144 hours or 16.1 years of electricity production from wind turbines, based on the production volume for 2011.

km

All in all, Swegon's products have delivered energy savings equivalent to SEK 132.3 billion kilometres of driving since 1994.

FOUR DRIVING FORCES

Four driving forces affect the long-term need for energy and environmentally efficient solutions, which Latour takes into consideration in its business and product development.

1 ECONOMY: Long-term sustainable development requires a good balance between finances, the environment and social concerns. In the area of energy there is a clear connection between economy and the environment. There is a tremendous need to reduce energy-related emissions, find inexpensive alternative solutions to ebbing oil supplies and create energy-efficient products.

Companies that can come up with attractive solutions in these areas can create a significant competitive edge.

2 GENERAL OPINION AND CONSUMER POWER: The general public is now much more aware of the environmental challenges. This increases the demand for products that help reduce environmental impact and puts pressure on companies to act responsibly.

3 POLITICAL AMBITIONS: Political ambitions regarding the environment are high. The instruments used fall into two main areas: punitive measures to decrease the use of harmful substances and rewarding measures such as special support for the development of environmentally-friendly technology that reduces fossil fuel consumption.

4 NEW TECHNOLOGIES: New technologies make it possible to individually, or with other products and systems, achieve environmental and financial gains. ■

HR ACTIVITIES THAT SUPPORT DEVELOPMENT – long-term attractive employer

Latour works with systematic management so that Latour's head office and the companies it invests in are attractive workplaces where employees enjoy working and can develop. This is essential to recruiting and retaining the right expertise and individuals – and that has a positive effect on its ability to create long-term value.

At the close of 2013, Latour's holdings had nearly 390,000 employees. 4,000 of them work in the wholly-owned industrial operations and the others in the portfolio companies where Latour holds at least a 10 per cent voting share. Ten or so people work at

Latour's parent company.

A strong and long-lasting company culture is a key component in the management of employee-related matters in the parent company and in the Group's holdings. Latour's core values are the basis for each business area's unique corporate culture.

Expertise and diversity

In order to exercise active ownership responsibility and develop the holdings through the professional work and support of the boards, it is necessary to appoint boards with a high level of expertise and diversity.

Over the years, Latour has established an extensive network of international contacts. This is beneficial in

390,000

The number of employees worldwide in Latour's investment portfolio, industrial operations and part-owned companies.

many different ways, especially when it comes to the recruitment of board members, managers and other key employees.

The international growth of the wholly-owned operations puts pressure on the company to appoint the right individuals and expertise to managerial and other key positions. Meeting this need requires competitive terms where good performance is rewarded in line



with Latour's long-term, industrial aim of creating added value.

Systematic recruitment

Each business area in the wholly-owned industrial operations works systematically on its own to attract potential employees. They also work together in recruitment issues. In 2013, for example, the business areas were present at the labour market days at the School of Economics and Chalmers University of Technology in Gothenburg.

The portfolio companies have, on the whole, come further in the internationalisation process and in their efforts to put the right expertise in place as they grow. They have considerable experience and knowledge in this area that can be transferred to the wholly-owned industrial operations.

Well-developed leadership programme

Skills development opportunities for employees are key to achieving successful leadership. This is the responsibility of each individual company.

The business areas in the wholly-owned industrial operations have well-

New opportunities within the Group

Latour cares about retaining its employees and expertise, which is why it continually strives to create opportunities for personnel to try other positions in the Group. This leads to better dynamics and good opportunities for the individual to develop.

Systematic workplace health promotion programme

Latour also strives to create favourable conditions in the workplaces of all its companies from the perspectives of job satisfaction and health - two extremely important factors in promoting the long-term development of individuals and business.

All the wholly-owned industrial operations run health programmes. Swegon started a healthcare project at its unit in Kvänum in 2007 in which all 350 employees are able to participate. At the start of the project, each participant is given a health check-up and has their health habits charted. Then they discuss this with a health coach who gives them individually tailored advice. They then set personal targets.

The employees return after three months to evaluate how well they are meeting their targets and how much they have changed their lifestyles. The project was

last evaluated in 2012 and the results were good. Around 13 per cent of the participants who were previously in the risk group category had progressed to the healthy group category, which means they had reduced the risk of running into health problems. ■

„...better dynamics and good opportunities for the individual to develop.

developed leadership programmes. One example is the Swegon Leadership Academy, which is held regularly and runs for just over a year.

Other employees in the wholly-owned industrial operations are also offered good opportunities for training. Swegon's employees can attend the Swegon School Of Indoor Climate to develop their skills.

"I'M VERY HAPPY IN MY JOB"

Marcus Lundevall has an MBA and has been working in the Latour Group for a number of years.

Here he answers four questions about his job and his experience of Latour as an employer.



How long have you been working at Latour?

I have been working in the Group for 13 years. I started off at the head office as a Group accountant. I then moved to the subsidiaries Almedahls AB and Specma AB where I worked as chief financial officer. And now I'm working at Nord-Lock. I've been here for four years.

What is your current position?

I am the CFO with responsibility for finance and IT. That means I am responsible for reporting the financial performance to Nord-Lock's management and Board. My department also gives our subsidiaries IT and accounting support. Nord-Lock has grown considerably over the last decade, both organically and through acquisitions. I have been involved in the processes of acquiring and forming new companies around the world, which has given me international experience. This has been an important part of my personal development.

Do you enjoy your job and what aspects do you like the best?

I'm very happy in my job here at Nord-Lock. It offers considerable variety in an international environment.

Is it important that there are career opportunities within the Group?

Definitely. In a large Group with several internationally successful companies, it is a strong advantage to be able to offer employees attractive opportunities for development. Latour certainly fits that mould. ■

THE LATOUR SHARE

– continuing strong growth throughout 2013

Latour's share is listed on the NASDAQ OMX Stockholm Large Cap list that includes companies with a market value in excess of EUR 1 billion.

The Stockholm Stock Exchange showed a steady increase throughout 2013. The development for the Latour share was 38.5 per cent, which can be compared against OMXSPI (NASDAQ OMX Stockholm) which was 23.2 per cent in the same period. In the last year, the highest price the stock achieved was SEK 177.1 on 27 December and the lowest was SEK 126.1 on 2 January. The final price paid on 30 December was SEK 172.0.

In 2013, the total return (share development including reinvested dividends) for Latour's class B share was 44.3 per cent, compared against SIXRX which increased by 28.0 per cent in the same period. The average annual total return for the Latour class B share has been 19.0 per cent in the last ten years, compared to 12.0 per cent for SIXRX.

Market value

Latour's total market value, calculated on the number of outstanding shares, amounted to SEK 27.4 billion. This makes Latour the 33rd largest company of the 257 companies registered on the NASDAQ OMX Stockholm market.

Trading

A total of 5.9 million Latour shares were traded for a value of over SEK 0.9 billion in the last year. On average, 23,576 shares were traded daily, which is a 2 per cent increase over 2012.

Share capital

As at 31 December 2013, the company's share capital was unchanged and amounted to SEK 133,300,000. Class A shares totalled 11,944,944 and class B shares 148,015,056. Votes totalled

267,464,496 (including 582,000 repurchased, non-voting class B shares).

Repurchase of shares

The total number of shares as at 31 December 2013 was 159,960,000, including repurchased shares. As at 31 December 2013, the total number of repurchased shares was 582,000. Call options have been issued to senior executives on all of the repurchased shares. The Board was authorised by the Annual General Meeting on 14 May 2013 to resolve on the repurchase and transfer of the company's own shares.

Shareholders

The number of shareholders increased in 2013 from 10,986 to 11,592. Holdings of foreign investors amounted to 2.4 (2.8) per cent at the end of the year. The number of institutional owners was 5.9 (5.6) per cent.

Dividends

The Board of Directors proposes an ordinary dividend payout of SEK 5.50 (5.00) per share for the 2013 financial year. The direct return is 3.2 per cent based on the final share price at the end of the year.

Analysts

The following analysts followed Latour at the end of 2013:

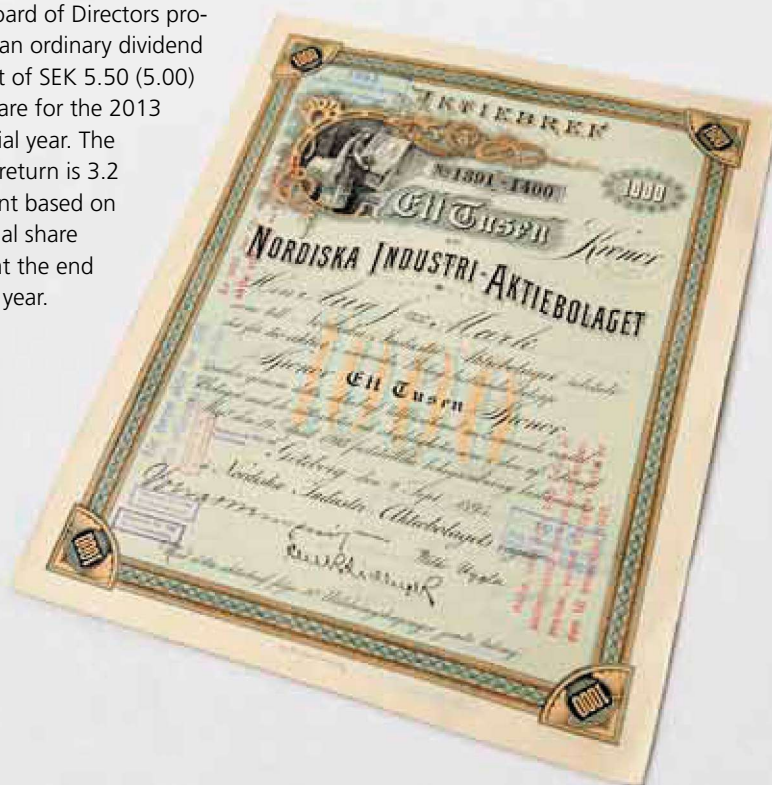
Niclas Höglund, Swedbank Markets
Adonis Catic, ABG Sundal Collier
Johan Sjöberg, Carnegie
Magnus Råman, Handelsbanken
Sophie Larsén, Danske Bank Markets
Björn Enarson, Danske Bank Markets
Elias Porse, Nordea Markets

IR contact

If you have any questions you are welcome to contact:
Anders Mörrck, Chief Financial Officer:
tel. +46 31 89 17 90 or
email: anders.morck@latour.se

Investor meetings

Each year, Latour participates in a number of investor meetings in Sweden. These provide opportunities for Latour to present its business operations in more detail. ■



SHAREHOLDER FACTS

- The number of shareholders increased to 11,592 (10,986).
- 77.4 per cent of the capital is owned by the principal shareholder with family and companies.
- Other Board members own 2.8 per cent.
- Swedish institutional investors own 5.9 per cent of the share capital.
- Foreign ownership accounts for 2.4 per cent.

TYPE OF SHARE

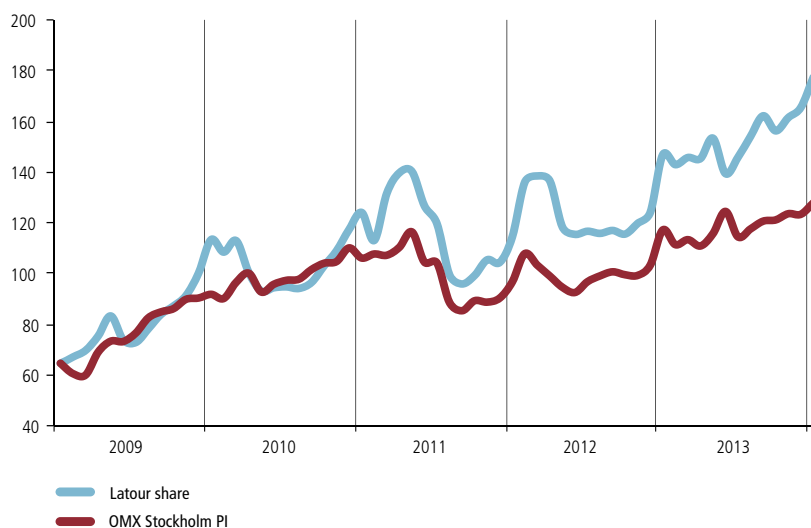
| | Number of shares | % | Number of votes | % |
|-------------------------------|--------------------|--------------|---------------------------------|--------------|
| Class A (10 votes) | 11,944,944 | 7.5 | 119,449,440 | 44.7 |
| Class B (1 vote) | 148,015,056 | 92.5 | 148,015,056 | 55.3 |
| Total number of shares | 159,960,000 | 100.0 | 267,464,496¹⁾ | 100.0 |

¹⁾ Including 582,000 repurchased, non-voting class B shares.

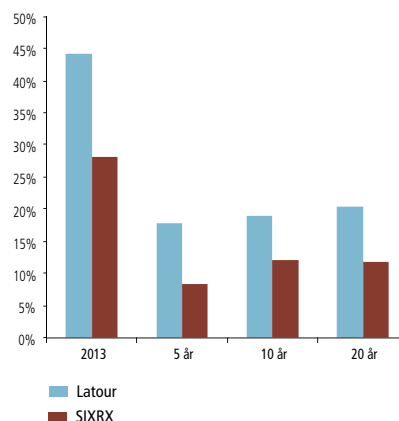
LARGEST SHAREHOLDERS ON 31 DECEMBER 2013

| Shareholder, thousands | Number A shares | Number B shares | % of share-capital | % of votes |
|---|-----------------|-----------------|--------------------|--------------|
| Gustaf Douglas, family and companies | 9,935 | 113,848 | 77.4 | 79.7 |
| Fredrik Palmstierna, family and companies | 1,802 | 2,420 | 2.6 | 7.6 |
| Bertil Svensson, family and companies | | 2,066 | 1.3 | 0.8 |
| Handelsbanken Funds | | 1,589 | 1.0 | 0.6 |
| SEB Investment Management | | 1,482 | 0.9 | 0.6 |
| Swedbank Robur Funds | | 1,283 | 0.8 | 0.5 |
| Lannebo Funds | | 1,150 | 0.7 | 0.4 |
| Didner & Gerge Aktiefond | | 855 | 0.5 | 0.3 |
| AMF – Insurance and Funds | | 525 | 0.3 | 0.2 |
| Other | 207 | 22,215 | 14.0 | 9.1 |
| Investment AB Latour, share buyback | | 582 | 0.4 | – |
| | 11,945 | 148,015 | 100.0 | 100.0 |

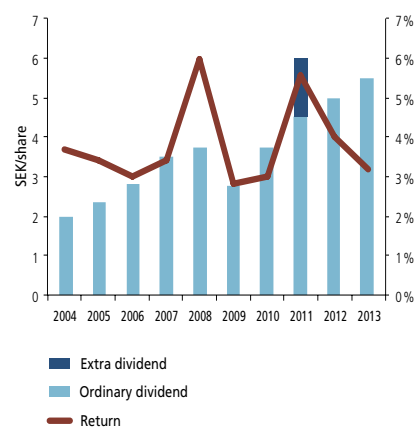
LATOUR SHARE PRICE DEVELOPMENT



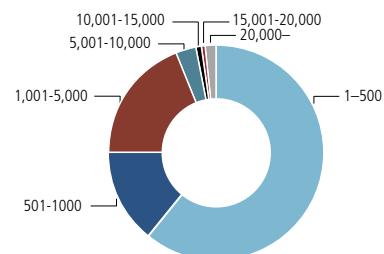
AVERAGE TOTAL RETURN, LATOUR COMPARED AGAINST SIXRX



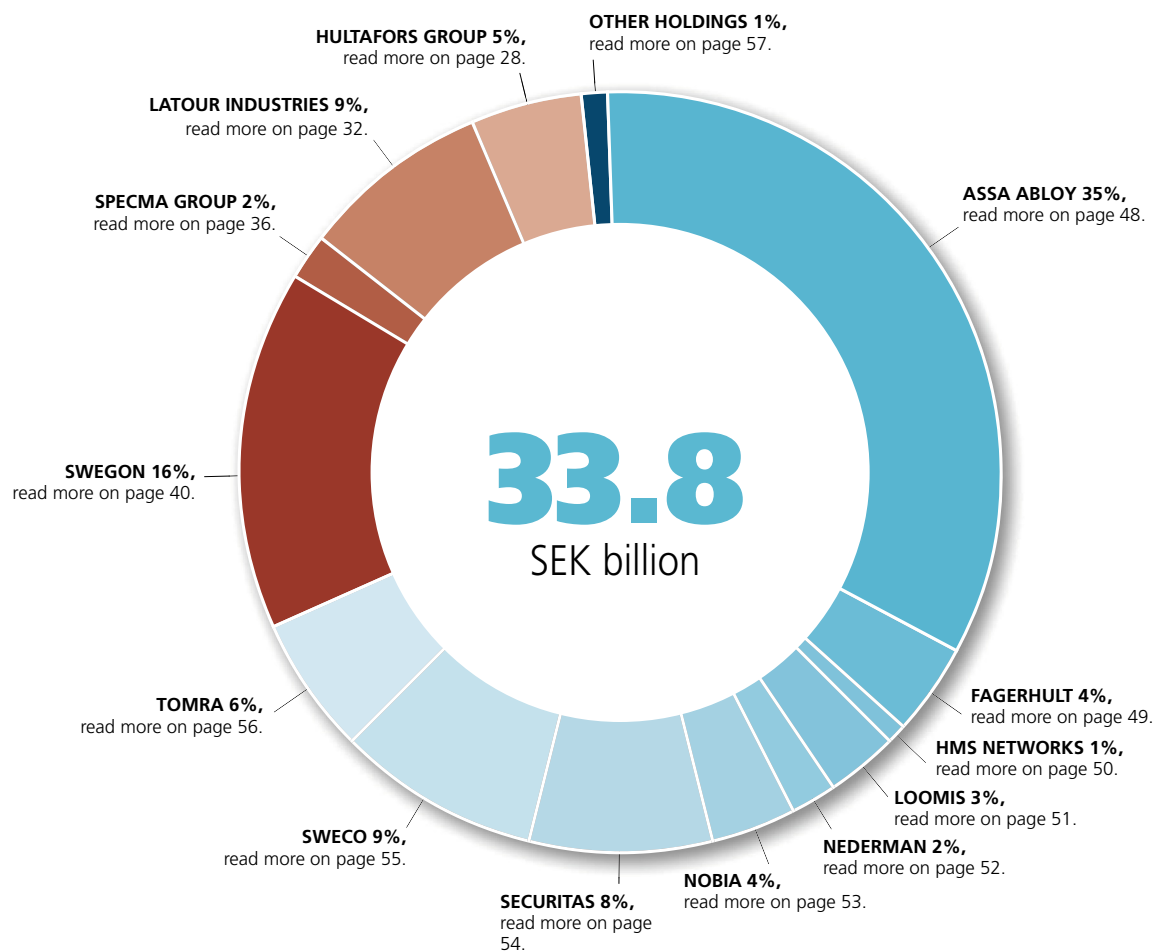
DIVIDENDS THE LAST 10 YEARS



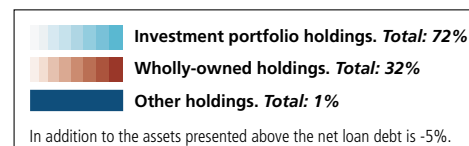
DISTRIBUTION OF SHAREHOLDING



Distribution of shareholders in size categories.



This diagram shows each holding's share of Latour's total net asset value.



LATOUR'S NET ASSET VALUE – increased by 35 per cent in 2013

The Group's net asset value on 31 December 2013 amounted to SEK 212 (162) per share. This is an increase of 35.0 per cent, adjusted for paid dividends. This can be compared against the total return for NASDAQ OMX Stockholm (SIXRX), whose value increased by 28.0 per cent over the year.

Latour primarily consists of two parts. These are wholly-owned operations and an investment portfolio. The market value of the listed holdings is simple to calculate since there is a stipulated market price available. Determining the value of the wholly-owned operations is more complicated. This is because the market value, the price that potential buyers are willing to pay, is not as well defined. A description of the

method that Latour uses to calculate the value can be found to the right.

Two of the largest holdings are wholly-owned

Latour's three largest holdings, based on net asset value, are Assa Abloy, Swegon, Latour Industries, Securitas and Sweco. It is worth noting that two of the five largest holdings are wholly-owned. All in all the wholly-owned operations account for 32 per cent of the total consolidated net asset value if using the value derived through the calculation method. ■

NET ASSET VALUE AS AT 31 DECEMBER 2013

| SEK m | Net sales ¹⁾ | EBIT ¹⁾ | EBIT multiple or EV/sales multiple Range | Valuation SEK m ²⁾ | Valuation average | Valuation SEK/share ³⁾ Range |
|-------------------|-------------------------|--------------------|--|-------------------------------|-------------------|---|
| Hultafors Group | 1,153 | 133 | 12 – 15 | 1,601 – 2,001 | 1,801 | 10 – 12 |
| Latour Industries | 1,710 | 197 | 13 – 16 | 2,556 – 3,145 | 2,851 | 16 – 20 |
| Specma Group | 1,183 | 14 | 0.4 – 0.5 | 473 – 592 | 532 | 3 – 4 |
| Swegon | 3,077 | 353 | 13 – 18 | 4,585 – 6,349 | 5,467 | 29 – 40 |
| | 7,123 | 697 | | 9,215 – 12,087 | 10,651 | 58 – 76 |

Listed shares (see allocation on page 47) 24,443 153

Unlisted part-owned companies

Academic Work⁴⁾, 20.06% 303 2

Diamorph⁵⁾, 21.18% 125 1

Oxeon⁶⁾, 31.08% 25 0

Other assets

Short position portfolio 45 0

Other listed holdings 0 0

Dilutive effect of option programme -24 0

Other 18 0

Net borrowings -1,787 -11

Estimated value 33,799 212

(32,363–35,235) (203–221)

¹⁾ Trailing 12 months for current company structure.

²⁾ EBIT and EV/SALES restated based on the share price on 31 December 2013 for comparable companies in each business area.

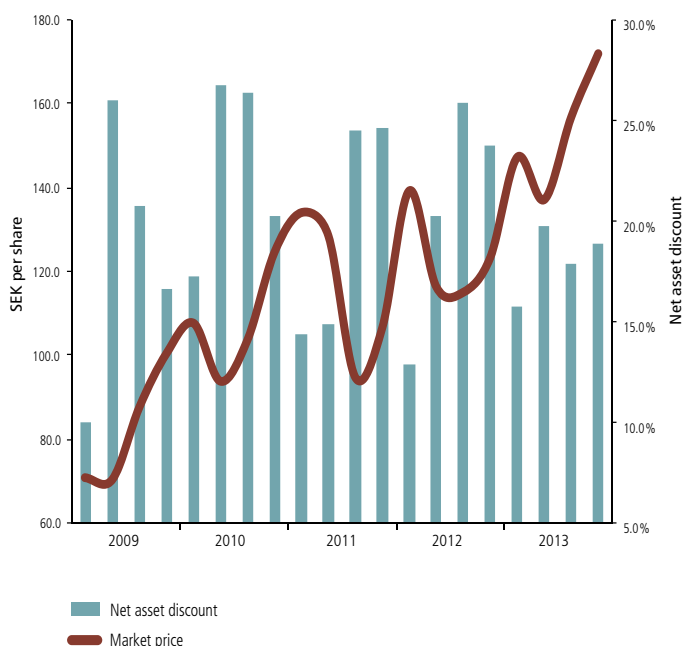
³⁾ Calculated on the number of outstanding shares.

⁴⁾ Valued according to the opinion of an independent valuer.

⁵⁾ Valued according to the latest transaction.

⁶⁾ Valued according to Latour's average acquisition price.

NET ASSET DISCOUNT RELATIVE TO MARKET PRICE



Refers to the net asset discount on the last day of trading of every quarter.
The net asset discount shows some seasonal variations.

THE METHOD
STEP BY STEP

1 IDENTIFICATION OF LISTED COMPARABLE OBJECTS

First and foremost, listed companies operating in the same industries as Latour's wholly-owned industrial operations are identified. At the end of 2013, 36 listed companies were assessed as meeting the criteria and were therefore included in the calculation of Latour's net asset value.

2 CALCULATION OF EBIT MULTIPLES

When all comparable objects have been identified, a review of the companies' EBIT multiples is performed. An EBIT multiple is based on the company's EV (Enterprise Value). The EV is calculated by taking the market value and increasing it by the company's net debt (see Definitions, page 94). The EV is then divided by the operating profit (EBIT). A company that has a market value of SEK 90 m, a net debt of SEK 10 m and an operating profit of SEK 10 m per share will consequently have an EBIT multiple of 10.

3 CONVERSION TO MULTIPLE SPANS

When an EBIT multiple has been calculated for each company, they are weighted group-wise to obtain a multiple span for each business area. The reason a span is necessary is because there are variations in the listed companies' valuations, which lead to different EBIT multiples. If, for example, there are two comparable objects for the Swegon business area, where one has a multiple of 6 and the other has a multiple of 10, then the EBIT multiple, used to calculate the value of the Swegon business area, falls into the 6 to 10 span. In some cases, the valuation multiples for comparable companies span over a very big range. For this reason the multiples may be adjusted in order to avoid unreasonable values. The valuation multiple EV/sales has been used on certain units.

4 COMBINING THE NET ASSET VALUE OF THE WHOLLY-OWNED OPERATIONS

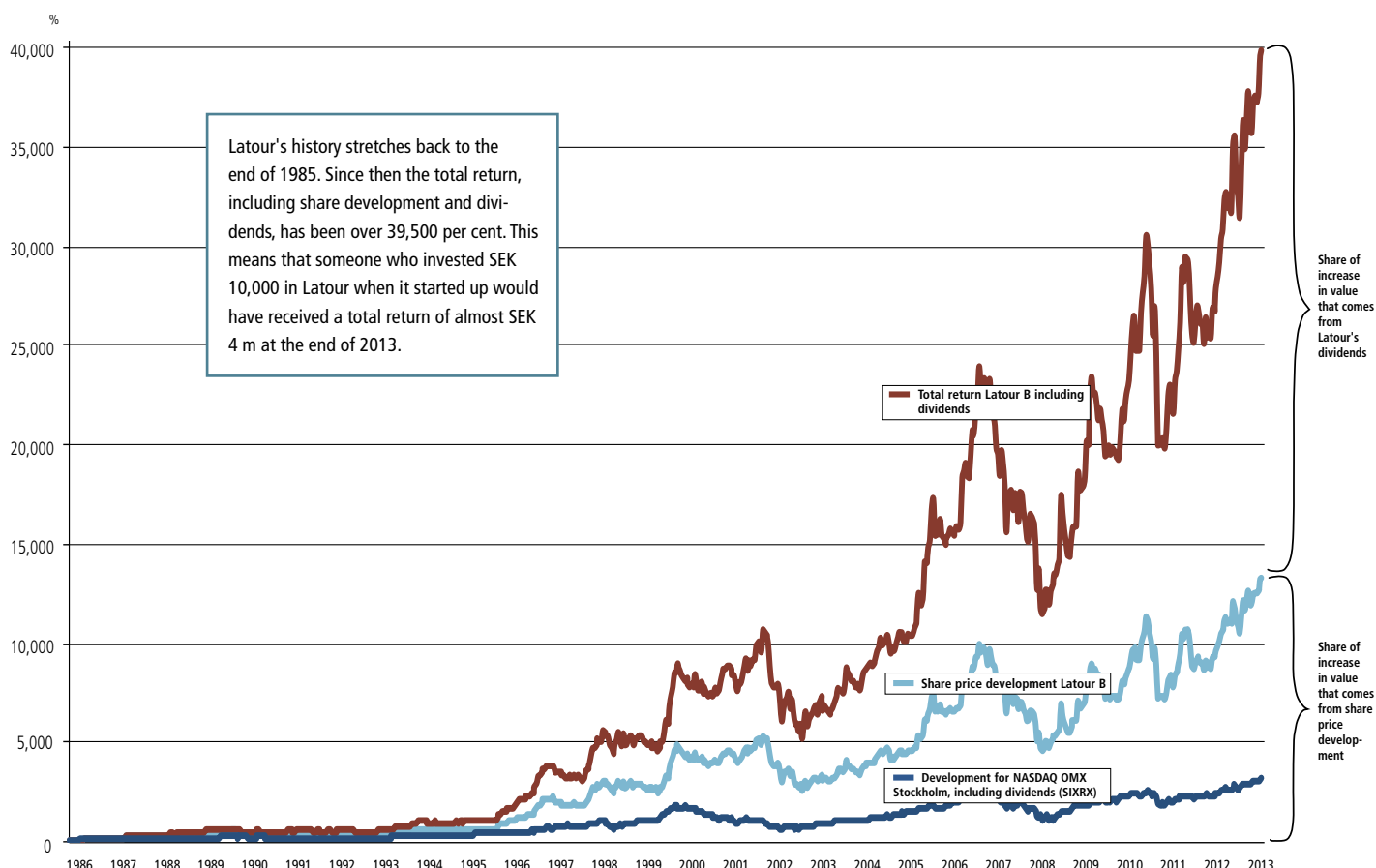
A valuation of each business area can be conducted when the spans for the EBIT multiples are established. This is done by first calculating a trailing 12 month operating profit (EBIT) for each business area, based on the company's structure at the end of the period of comparison. This figure is then multiplied by the EBIT multiple. For example: Let us say that the Swegon business area shows a trailing 12 month operating profit (EBIT) of SEK 100 m. If the EBIT multiple 6–10 is then applied to the profit, the value becomes SEK 0.6–1.0 billion. When these calculations have been made for all the business areas the result is combined to obtain a total value of the wholly-owned operations in one span.

5 COMBINED WITH THE VALUE OF THE LISTED HOLDINGS

The share price is first established for each individual holding at the end of the period in order to obtain a net asset value for the listed holdings. The share price is multiplied by the number of shares held in each listed company, which gives a net asset value of the investment portfolio. This is then combined with the net asset value of the wholly-owned operations, which has been calculated into a span in steps 1–4. The total of these, after the addition of other assets and after deducting net debt, is a net asset value for Latour, also given as a span. ■

THE LATOUR SHARE'S TOTAL RETURN

– 39 500 per cent since the start in 1985



The diagram shows the total return on the Latour share, which includes share price development and the distributed dividends, in relation to the NASDAQ OMX Stockholm as a whole. Since the start in 1985, the share has had a higher total return than the average for NASDAQ OMX Stockholm. This also applies for the past one, ten and twenty year periods. In 2013, Latour's total return exceeded the dividend adjusted comparable index, SIXRX, for the eighth consecutive year.

1985 Operations start, but the name Latour was not used until 1987. Major acquisitions in Securitas and Trelleborg.

1988 Acquisition of Fagerhult. The Securitas Group made several large acquisitions, among them the lock company Assa.

1991 Securitas is floated on the stock market.

1993 Latour sells most of its holding in Trelleborg.

1994 Latour helps create Europe's largest lock group, Assa Abloy. Acquisition of Swegon.

1997 Distribution of Fagerhult and Säkl. Acquisition of major shareholding in Sweco.

1999 Increased ownership in Fagerhult and Sweco.

2000 Sales of holdings in Piren and BT Industries.

2003 Acquisition of shares in Munters.

2004 Start of concentration in the wholly-owned industrial operations.

2005 Acquisition of Wibe Stegar.

2006 Securitas distributes shares in Securitas Direct and Niscayah to the shareholders, among them Latour. Acquisition of Snickers Workwear.

2007 Acquisition of major shareholding in Nederman.

2008 Acquisition of shareholding in HMS Networks. Securitas distributes shares in Loomis. Holding in Securitas Direct is divested.

2009 Divestiture of holding in OEM International.

2010 Divestiture of holdings in Munters and Elanders. Seven acquisitions in the industrial operations.

2011 Merger of Latour and Säkl. Acquisition of shares in Norwegian Tomra Systems. Sale of holding in Niscayah. Five acquisitions in the industrial operations.

2012 Acquisition of major shareholding in Diamorph. Seven acquisitions and one divestiture in the industrial operations.

2013 Nine acquisitions and one divestiture in the wholly-owned industrial operations. Increased ownership in Tomra and HMS Networks.

UNDERLYING PROFIT FOR 2013

– 88 per cent is distributed to the shareholders

In a large Group with many different businesses where the wholly-owned operations are mixed together with a number of part-owned operations that have a differing number of owners it can be difficult to understand the income statement presented according to the IFRS. This page aims to provide a better overview of the development in the underlying businesses' results in the Latour Group, and how the result is connected to the proposed dividend to the shareholders after the end of the financial year.

DEVELOPMENTS IN OPERATIONS

Two important financial goals are that operations must grow by at least 10 per cent over time and have an operating profit of at least 10 per cent.

Industrial operations

| Business area SEK m | Operating profit 2013 | Operating profit 2012 |
|------------------------|-----------------------------|-----------------------------|
| Hultafors Group | 120 | 123 |
| Latour Industries | 184 | 149 |
| Specma Group | 0 | -9 |
| Swegon | 346 | 326 |
| | 650 | 590 |

Investment portfolio

| Portfolio companies SEK m | Latour's share of operating profit % | 2013 | 2012 |
|------------------------------|---|--------------|--------------|
| Assa Abloy ²⁾ | 9.48 | 751 | 711 |
| Fagerhult | 49.21 | 137 | 124 |
| HMS Networks | 26.74 | 23 | 16 |
| Loomis ²⁾ | 10.01 | 110 | 105 |
| Nederman ²⁾ | 29.98 | 51 | 58 |
| Nobia ²⁾ | 13.18 | 91 | 74 |
| Securitas ²⁾ | 10.88 | 362 | 336 |
| Sweco | 31.69 | 208 | 209 |
| Tomra ¹⁾ | 21.16 | 160 | 144 |
| | | 1,893 | 1,776 |

¹⁾ Restated at the exchange rate NOK 1 = SEK 1.07.

²⁾ Structural expenses and acquisition costs and depreciations on acquisition-related intangible assets are excluded.

Other holdings

| SEK m | Latour's share of operating profit % | 2013 | 2012 |
|---------------|---|-----------|-----------|
| Academic Work | 20.06 | 30 | 35 |
| Oxeon | 31.08 | -5 | 0 |
| Diamorph | 21.87 | 21 | 5 |
| | | 46 | 40 |

TOTAL **2,589** **2,411**

COMMENT: This total reflects Latour's aggregate share of underlying operating profit in continuing operations weighted by owner share, SEK m.

LATOUR'S ACTUAL INCOME STATEMENT

| | 2013 | 2012 |
|---|------------|------------|
| Business areas | | |
| Operating profit for business areas | 650 | 590 |
| Capital gains in industrial operations | -25 | 7 |
| Other items | -13 | -16 |
| Investment portfolio etc. | | |
| Dividends from investment portfolio and associated companies | 596 | 560 |
| Capital gains in the investment portfolio | 0 | 0 |
| Other portfolio management/short-term trading | 32 | 20 |
| Management costs etc. (investment portfolio) | -14 | -14 |
| Net financial items for the Latour Group | -52 | -87 |
| Reported tax expense | -175 | -146 |
| Total underlying operating profit, net financial items and tax | 999 | 914 |

COMMENT: In the above table, remeasured items, shares in associates and similar items are excluded. The table is based on considerable simplification of accounting and does not claim to be exact. Its goal is to make it easier to understand Latour's profit. The dividends presented in the table for 2013 are proposed to be distributed to Latour in the spring of 2014 as these dividends reflect the performance of the investment portfolio in 2013.

EFFECT FOR SHAREHOLDERS

Dividend policy:

Latour shall distribute 100 per cent of incoming dividends from the investment portfolio and other holdings as well as 40-60 per cent of the net profit in the wholly-owned industrial operations.

| | SEK m spring 2014 | SEK m spring 2013 | SEK/share spring 2014 | SEK/share spring 2013 |
|--|----------------------|----------------------|--------------------------|--------------------------|
| Dividends from industrial operations | 281 | 236 | 1.76 | 1.48 |
| Per cent of underlying profit, % | 73 | 67 | | |
| Dividends from investment portfolio/associated companies | 596 | 560 | 3.74 | 3.52 |
| Per cent of underlying profit, % | 100 | 100 | | |
| Total ordinary dividends as stated in the policy | 877 | 796 | 5.50 | 5.00 |
| Per cent of underlying profit, % | 88 | 87 | | |

INFORMATION BY QUARTER

| SEK m | Full year | Q4 | 2013 Q3 | Q2 | Q1 | Full year | Q4 | 2012 Q3 | Q2 | Q1 |
|--|-----------|--------|------------|--------|--------|-----------|--------|------------|--------|--------|
| INCOME STATEMENT | | | | | | | | | | |
| Net sales | 6,944 | 1,844 | 1,716 | 1,764 | 1,620 | 6,788 | 1,697 | 1,571 | 1,785 | 1,735 |
| Cost of goods sold | -4,399 | -1,173 | -1,077 | -1,117 | -1,032 | -4,299 | -1,074 | -986 | -1,134 | -1,105 |
| Gross profit | 2,545 | 671 | 639 | 647 | 588 | 2,489 | 623 | 585 | 651 | 630 |
| Costs etc. for the operation | -1,924 | -534 | -437 | -496 | -457 | -1,854 | -480 | -417 | -474 | -483 |
| Operating profit | 621 | 137 | 202 | 151 | 131 | 635 | 143 | 168 | 177 | 147 |
| Total portfolio management | 1,089 | 283 | 354 | 238 | 214 | 949 | 292 | 217 | 290 | 150 |
| Profit before financial items | 1,710 | 420 | 556 | 389 | 345 | 1,584 | 435 | 385 | 467 | 297 |
| Net financial items | -52 | -4 | -24 | -7 | -17 | -87 | -10 | -35 | -11 | -31 |
| Profit after financial items | 1,658 | 416 | 532 | 382 | 328 | 1,497 | 425 | 350 | 456 | 266 |
| Taxes | -175 | -36 | -53 | -52 | -34 | -146 | -36 | -38 | -37 | -35 |
| Profit for the period | 1,483 | 380 | 479 | 330 | 294 | 1,351 | 389 | 312 | 419 | 231 |
| KEY RATIOS | | | | | | | | | | |
| Earnings per share, SEK | 9.31 | 2.39 | 3.01 | 1.85 | 1.85 | 8.47 | 2.44 | 1.96 | 2.63 | 1.45 |
| Cash flow for the period | 230 | 194 | 73 | -9 | -28 | -249 | 11 | 44 | -338 | 34 |
| Adjusted equity ratio, % | 88 | 88 | 86 | 84 | 86 | 86 | 86 | 86 | 85 | 86 |
| Adjusted equity | 26,830 | 26,830 | 24,197 | 21,494 | 22,013 | 20,223 | 20,223 | 18,604 | 17,984 | 19,195 |
| Net asset value | 33,799 | 33,429 | 30,459 | 27,229 | 27,942 | 25,726 | 25,726 | 24,080 | 23,359 | 25,564 |
| Net asset value per share | 212 | 212 | 191 | 171 | 175 | 162 | 162 | 151 | 146 | 160 |
| Share price | 172 | 172 | 157 | 135 | 147 | 124 | 124 | 114 | 116 | 134 |
| NET SALES | | | | | | | | | | |
| Hultafors Group | 1,153 | 317 | 291 | 268 | 276 | 1,197 | 316 | 285 | 293 | 302 |
| Latour Industries | 1,705 | 439 | 411 | 442 | 414 | 1,518 | 387 | 353 | 392 | 386 |
| Specma Group | 1,152 | 306 | 265 | 302 | 279 | 1,198 | 268 | 251 | 331 | 348 |
| Swegon | 2,936 | 783 | 748 | 753 | 652 | 2,785 | 711 | 659 | 743 | 672 |
| Other companies and eliminations | -2 | -1 | - | -1 | -1 | 90 | 16 | 23 | 26 | 27 |
| | 6,944 | 1,844 | 1,715 | 1,764 | 1,620 | 6,788 | 1,697 | 1,571 | 1,785 | 1,735 |
| OPERATING PROFIT | | | | | | | | | | |
| Hultafors Group | 120 | 52 | 39 | 10 | 19 | 123 | 35 | 31 | 27 | 30 |
| Latour Industries | 184 | 31 | 56 | 49 | 47 | 149 | 18 | 45 | 43 | 43 |
| Specma Group | 0 | -3 | 0 | 2 | 1 | -9 | -27 | -1 | 8 | 11 |
| Swegon | 346 | 89 | 101 | 97 | 59 | 326 | 86 | 84 | 93 | 63 |
| | 650 | 170 | 196 | 158 | 127 | 589 | 112 | 159 | 171 | 147 |
| Gain/loss from sale/purchase of businesses | -25 | -20 | -2 | - | -3 | 7 | 7 | - | - | - |
| Other companies and items | -4 | -13 | 8 | -7 | 7 | 39 | 24 | 9 | 6 | 0 |
| | 621 | 137 | 202 | 151 | 131 | 635 | 143 | 168 | 177 | 147 |
| OPERATING MARGIN (%) | | | | | | | | | | |
| Hultafors Group | 10.5 | 16.5 | 13.4 | 3.8 | 6.9 | 10.2 | 11.1 | 10.9 | 9.1 | 9.9 |
| Latour Industries | 10.8 | 7.1 | 13.6 | 11.1 | 11.0 | 9.7 | 4.7 | 12.2 | 10.8 | 11.0 |
| Specma Group | 0.0 | -0.9 | -0.2 | 0.6 | 0.4 | -0.7 | -10.0 | -0.4 | 2.3 | 3.2 |
| Swegon | 11.8 | 11.4 | 13.5 | 12.8 | 9.1 | 11.7 | 12.1 | 12.8 | 12.6 | 9.3 |
| | 9.4 | 9.2 | 11.4 | 8.9 | 8.6 | 8.8 | 6.7 | 10.2 | 9.7 | 8.6 |



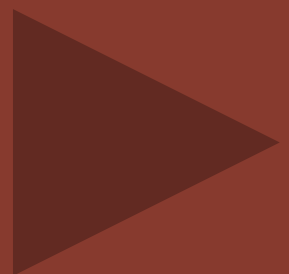
INDUSTRIAL OPERATIONS

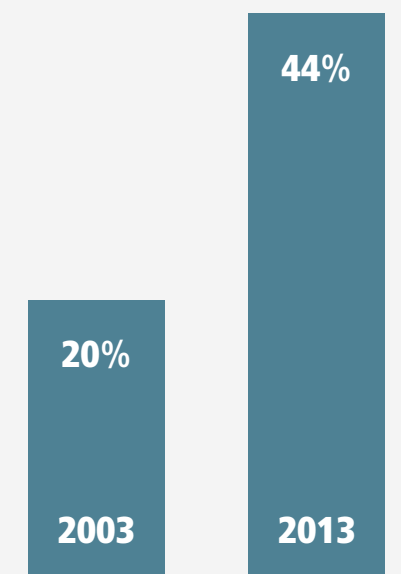
Hultafors Group

Latour Industries

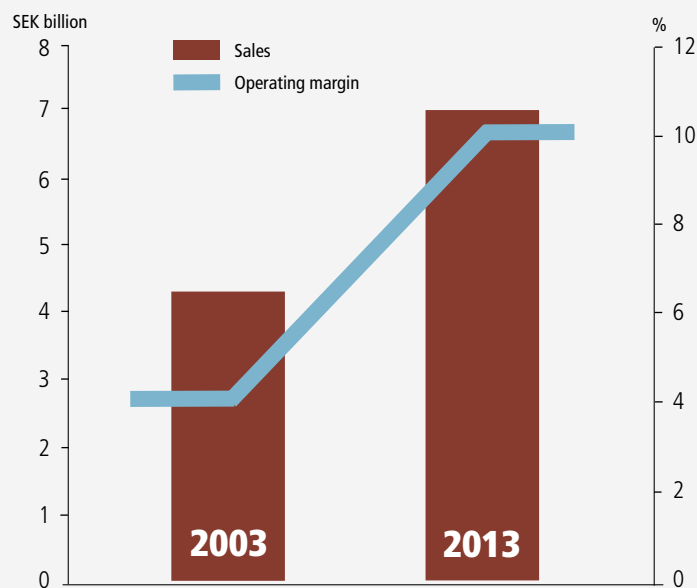
Specma Group

Swegon





International growth. Latour's strategy for the wholly-owned industrial operations is to grow internationally with proprietary products in attractive market niches. This has been a successful strategy. Sales outside the Nordic countries increased from 20 per cent in 2003, when the new strategy was adopted, to 44 per cent in 2013.



Concentration, growth and better profitability. The new strategy agreed in 2003 has a focus on concentration and internationalisation. The wholly-owned operations then consisted of nine business areas that generated 4 per cent of the operating margin. In 2013, the operations consisted of four business areas that contributed almost 10 per cent to the operating margin. In the same period, sales have increased from SEK 4.2 billion to SEK 6.9 billion. A total of 59 companies with aggregate sales of SEK 4.0 billion each year have been acquired and 23 companies with annual sales of SEK 2.3 billion have been sold in the period 2003–2013.

LATOUR'S WHOLLY-OWNED INDUSTRIAL OPERATIONS

– geographic growth with own products

The wholly-owned industrial operations consist of four business areas with strong positions. The vision is to grow internationally with their own products, like portfolio companies such as Assa Abloy. We have been successful so far. Sales generated outside the Nordic region increased from 20 to 44 per cent of total sales in the period 2003–2013.

Latour's wholly-owned industrial operations consist of well-managed companies that develop, produce and market their own products in customer segments that represent considerable international demand. The operations hold strong positions in their niches and good negotiating positions with customers and suppliers.

The operations' financial targets are 10 per cent average annual growth and operating margin and 20 per cent return on

capital employed over a business cycle.

The international expansion process that was stepped up with the introduction of the new strategy in 2003 will be continuing. In 2013, sales generated by the wholly-owned operations outside the Nordic region increased from 41 to 44 per cent of total sales.

Although many of the companies have greatly increased their international presence, the degree of internationalisa-

tion remains relatively low. There is still major potential for growth.

There are three ways in which growth can occur at a faster rate than the general development of the economy: through an extended product range, greater international presence and increased market share in existing markets.

Growth can be organic or through acquisitions. ■

IMPORTANT EVENTS 2013

- Net sales rose 3.7 per cent and organic growth for comparable units was -3 per cent, adjusted for exchange effects.
- Operating profit before restructuring costs increased by 7 per cent and the operating margin for continuing operations increased to 9.9 (9.6) per cent.
- Continued international expansion. Sales generated outside the Nordic region increased from 41 to 44 per cent.
- A total of nine acquisitions were made, contributing annual net sales of approximately SEK 500 m, which compared with 2012 represents just over 7 per cent growth. Of total net sales for 2013, SEK 380 m refers to the acquisitions.
- One business with annual sales of SEK 55 m was divested.
- Continued investment in product development. There were a number of successful international product launches in the business areas during the year.
- An action plan was implemented to further streamline production processes in the Specma Group.

BUSINESS AREA RESULTS

| SEK m | Net sales | | Operating profit | | Operating margin % | |
|---------------------------------------|-----------------|-----------------|------------------|-----------------|--------------------|-----------------|
| | 2013 12 mths | 2012 12 mths | 2013 12 mths | 2012 12 mths | 2013 12 mths | 2012 12 mths |
| Hultafors Group | 1,153 | 1,197 | 133 | 127 | 11.6 | 10.6 |
| Latour Industries | 1,705 | 1,519 | 196 | 163 | 11.5 | 10.8 |
| Specma Group | 1,152 | 1,198 | 12 | 18 | 1.0 | 1.5 |
| Swegon | 2,936 | 2,785 | 346 | 337 | 11.8 | 12.1 |
| Eliminations | -2 | -2 | - | - | - | - |
| | 6,944 | 6,697 | 687 | 645 | 9.9 | 9.6 |
| Restructuring costs | - | - | -37 | -57 | - | - |
| | 6,944 | 6,697 | 650 | 588 | 9.4 | 8.8 |
| Capital gains from divested companies | - | - | -25 | 7 | | |
| Other companies and items | - | 91 | -4 | 40 | | |
| | 6,944 | 6,788 | 621 | 635 | | |

| SEK m | Operating capital ¹⁾ | | Return on operating capital % ²⁾ | | Growth in net sales % | | |
|-------------------|---------------------------------|--------------|---|-------------|-----------------------|--------------------------|----------------------|
| | 2013 TTM | 2012 TTM | 2013 TTM | 2012 TTM | 2013 | Of which acquisitions | Of which currency |
| Hultafors Group | 774 | 835 | 15.6 | 13.7 | -3.6 | 0.6 | -1.6 |
| Latour Industries | 1,279 | 1,060 | 14.3 | 14.5 | 12.3 | 15.0 | -1.6 |
| Specma Group | 572 | 596 | -0.1 | -1.5 | -3.8 | 1.3 | -0.6 |
| Swegon | 1,155 | 1,093 | 30.0 | 29.8 | 5.4 | 8.8 | -1.6 |
| Total | 3,780 | 3,584 | 17.2 | 16.4 | 3.7 | 7.4 | -1.4 |

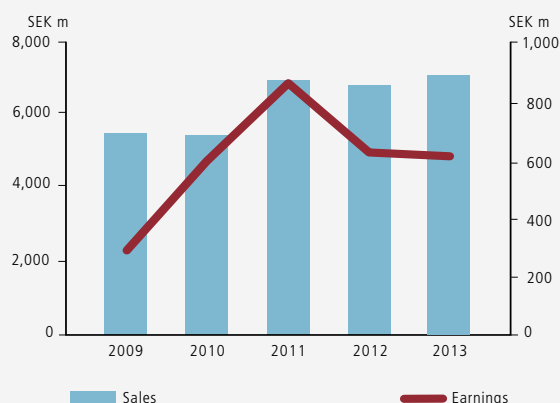
¹⁾ Calculated as total assets less cash and other interest-bearing assets and less non-interest-bearing liabilities.
Calculated on the average for the past 12 months.

²⁾ Operating profit as a percentage of average operating capital

FIVE YEAR OVERVIEW

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---------------------------------|-------|-------|-------|-------|-------|
| Net sales | 6,944 | 6,788 | 7,171 | 5,991 | 5,440 |
| (of which export) | 4,389 | 4,258 | 4,063 | 3,141 | 2,993 |
| Operating profit | 621 | 635 | 883 | 620 | 296 |
| Average operating capital | 3,780 | 3,584 | 3,404 | 2,590 | 2,674 |
| Total assets | 7,063 | 6,165 | 5,817 | 4,454 | 4,725 |
| Number of employees | 3,908 | 3,691 | 3,518 | 2,701 | 2,955 |
| Return on operating capital (%) | 17.2 | 16.4 | 23.2 | 22.4 | 12.7 |
| Operating margin (%) | 9.4 | 8.8 | 11.6 | 10.9 | 6.3 |

SALES AND EARNINGS



HULTAFORS GROUP

Hultafors Group at a glance

Hultafors Group offers the market three product groups: work wear under the Snickers Workwear brand, hand tools under the Hultafors Tools brand and ladders and scaffolding marketed under the Wibe Ladders brand.

Its business concept is to be the most attractive partner for distributors and the number one choice for end users in Europe.

Important events in 2013

- Improved operating margin despite weak market.
- Launch of a number of ground-breaking products, including a brand new series of tape measures, advanced knee pads and a revolutionary range of gloves.
- Received an award from the world's largest design contest, the Red Dot Awards, for a new tape measure from Hultafors Tools, that sets a new benchmark.

- Continued international expansion through Snickers Workwear's acquisition of franchises in Italy.
- Snickers Workwear's central warehouse in Europe moved from the Netherlands to Poland. The annual savings generated by the relocation are estimated at nearly SEK 20 m as of 2014.

Goal achievement – primary factors

Return on operating capital rose to 15.6 per cent thanks to reduced capital commitment. A weak market in the first six months meant that the sales growth target was not met.

The relocation of Snickers Workwear's European central warehouse also had a negative impact. However, geographic expansion measures meant that the decline in sales stayed at -2.6 per cent, adjusted for acquisitions and exchange effects.

The target for the operating mar-

gin was achieved thanks to continued efforts to improve efficiency and a good ability to offset cost-push pressures, through more efficient purchasing and other measures.

Expansion strategy

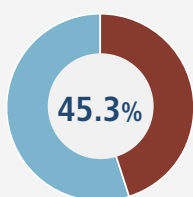
Hultafors Group is well positioned to meet profitability and growth goals, provided growth can be achieved organically and through acquisitions of brands that are popular among end users. The goal is to thereby:

- Complement the existing product range with related products and use existing distribution channels for all products.
- Grow geographically in markets linked to current markets. The strategy is to have own sales companies in the main markets.

Slowly changing market

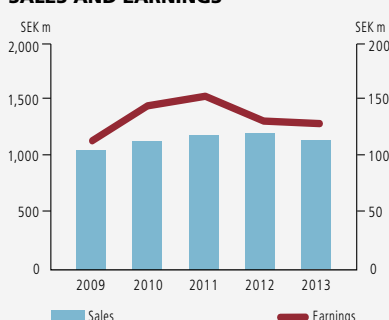
The European market for supplies for tradesmen is changing, albeit relatively

DEGREE OF INTERNATIONALISATION

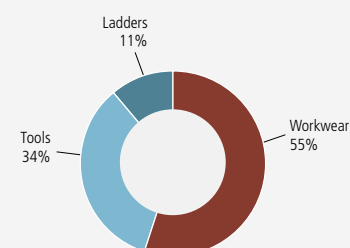


In 2013, sales outside the Nordic countries accounted for 45.3% of total sales compared with 2012 when the corresponding figure was 44.5%.

SALES AND EARNINGS



BREAKDOWN OF NET SALES BY BRAND



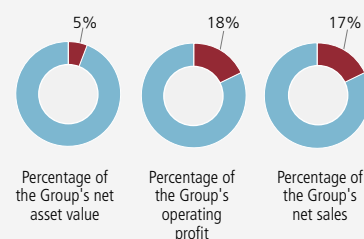
SALES AND EARNINGS

| SEK m | 2013 | 2012 | 2011 | 2010 | 2009 | Latour's minimum targets |
|---------------------------------|-------------------|-------------------|-------|-------|-------|--------------------------|
| Net sales | 1,153 | 1,197 | 1,182 | 1,134 | 1,052 | >10% |
| (of which export) | 867 | 899 | 866 | 845 | 808 | |
| Operating profit | 133 ¹⁾ | 127 ¹⁾ | 151 | 143 | 115 | |
| Operating capital ²⁾ | 774 | 835 | 826 | 756 | 817 | |
| Operating margin, % | 11.6 | 10.6 | 12.8 | 12.6 | 10.9 | >10 |
| Return on operating capital % | 15.6 | 14.7 | 18.3 | 18.9 | 14.0 | >20 |
| Investments | 12 | 17 | 11 | 8 | 19 | |
| Number of employees | 629 | 642 | 622 | 586 | 622 | |

¹⁾ After restructuring costs

²⁾ Average

PERCENTAGE OF THE GROUP'S NET ASSET VALUE, OPERATING PROFIT AND NET SALES



slowly. Historically, the market has been characterised by fragmented producers, which is why there are currently few large and internationally successful brands like those belonging to Hultafors Group. The market situation is in part due to tradesmen sticking to traditions, which leads to slow changes in product and brand preferences.

At the same time there is an underlying trend in the industry towards more cooperation and economies of scale, with regard to production, distribution and marketing, which leaves it better positioned for long-term profitability. The trend is noticeable in the growing retail chains aimed at tradesmen. Parallel to this is an increase in private labels and the need for internationally strong brands that can fuel the development in products and customer preferences. This trend opens up great possibilities for Hultafors Group.

Hultafors Group

– strong brands you can rely on

Hultafors Group offers a wide range of high-quality, dependable brands for retailers, tradesmen and other professionals who place high demands on quality and performance. All the brands in the Hultafors Group have a shared objective: to provide the end user with products that deliver outstanding performance, safety, protection and overall productivity.

The individual brands are experts in their fields and have unique knowledge and insight into the specific challenges that end users face in their work.

Hultafors Group's leading brands are a powerful combination that creates added value and synergies for retailers. Partnering with Hultafors Group enables the retailers to expand their portfolio of offerings and increase the profitability of their businesses.

International expansion

Hultafors Group has grown from a Nordic to a European supplier. Today, the brands are sold in about 11,000 retail

outlets in nearly 40 countries around the world, with an emphasis on Europe and the Nordic countries. In 2013, Hultafors Group continued to make investments in geographic expansion, which is expected to produce good results in the coming years.

The company has its own sales companies in the key European markets. Other markets are covered by importers. In 2013, 45 per cent of total sales were generated outside the Nordic region.

Market growth was slow throughout the year due to a continued decline in demand. However, this did start to improve in the second half of the year.

Snickers Workwear

– "fighting for better workwear"

Snickers Workwear is driving the development of advanced and functional work clothes in trades, service and transportation.

At the end of 2013, the brand was represented in almost 30 countries, making it one of the strongest in Europe. In 2013, the franchise in Italy, Nordtec SRL, was acquired. The business reports sales of approximately SEK 20 m. This acquisition gives Hultafors Group greater leverage on the Italian market.

One of the leading international competitors is the Kwintet Group.

Focusing on the end user, Snickers Workwear continues to lead developments in the industry and in 2013 launched several new products with enhanced performance and quality, including a revolutionary series of work gloves. The results of product development conducted by Snickers Workwear and tradesmen show that each hand is used for different tasks. The requirements for grip, protection and manual dexterity of each glove are therefore different. The new concept allows users to buy gloves separately according to what their hands need.

A revolutionary knee pad has also been launched. The pads combine a soft yet robust outer shell with high-tech, shock-absorbing D3O® material on the

CHALLENGES AND OPPORTUNITIES 2014

The major future challenges are to realise shared growth with existing retailers, to increase the number of POS and maintain a high level of cost efficiency in the product supply chain. The brands are well positioned and marketing activities are being stepped up in 2014 to continue to gain market share in Europe. Strategic acquisitions and partnerships that, for instance, expand the product range may also materialise.

Alexander Wennergren Helm,
CEO Hultafors Group



inside. D30® is a specially-engineered, active material made of intelligent molecules. The molecules in the pads follow the movement of the body and, under the force of impact, lock together to absorb the shock.

Effective marketing and successful product development, which in 2012 resulted in an award from the world's largest design contest, the Red Dot Awards, for a new tool bag mean that Snickers Workwear has good prospects for increasing market share in Europe.

In 2013, Snickers Workwear moved its European central warehouse from the Netherlands to Poland. This relocation will provide greater efficiency and a high level of service to customers. The annual savings generated by the relocation are estimated at nearly SEK 20 m as of 2014.

Hultafors Tools

– hand tools you can rely on

Hultafors is a leading brand of hand tools in the Nordic market. It offers a broad range of products primarily for construction workers who require superior-quality, functional tools. Hultafors' product development shows innovative thinking in an otherwise traditional industry.

In 2013, the company launched a new generation of tape measures, which sets a new standard for durability and ergonomics. They have received much praise from customers and a Red Dot Award. In 2012, Hultafors Tools' innovative adjustable wrecking bar was named Best of the Best in the same design contest.

In 2013, it also launched a new chisel that combines maximum sharpness with rugged construction.

International competition includes the SNA Group, Irwin Industrial Tools and Stanley Black & Decker as well as a number of regionally strong producers.

Wibe Ladders

– safety in each step

Wibe Ladders offers safe and innovative ladders and scaffolding for tradesmen.

Like the other two brands, Wibe Ladders' emphasis is on product development and since joining the Hultafors Group it has escalated investment in this area. The development of equipment used when working at height is governed by rigorous rules and legislation related to occupational health and safety. Each year, about 700 incidents involving falls from ladders occur. On average, each incident results in 50 days of sick leave. To minimise the risk of falls, Skanska, Peab and other construction companies have developed a standard for safe working at height. It is called Smart Choices in the Workplace. Ladders that meet the requirements of the standard, as do many of Wibe Ladders' products, are marked with the Smart Choice label.

The strong focus on product development has secured Wibe Ladders a leading position in the market. In 2013, it introduced a safe and stable trestle with a railing that provides support and thus minimises the risk of falling.

It also launched a new rescue platform that has been specially engineered for use by the emergency services in highly demanding environments. The platform is approved for loads of up to 500 kg, is easily and quickly assembled and offers a large work surface.

Zarges is one of the leading international competitors. Other manufacturers are mainly local.

Sustainable business – long-term profitability

Hultafors Group sees sustainable development as an opportunity to create long-term profitability. With a focus on sustainable development, Hultafors Group is generating business opportunities by using its expertise to:

- Reduce its impact on the local and global environment.
- Cooperate with the communities where it operates.
- Use life cycle analyses to continuously make environmental improvements in existing and future products.
- Assume responsibility for the way in which its products affect distributors and end users.
- Inform and support suppliers, subcontractors, distributors and end users in their sustainability work.
- Be a responsible and long-term sustainable employer.
- Integrate a sustainability perspective into everyday work.

In 2012, the company began the process of acquiring ISO 9001 and 14001 quality and environmental management system certification for its production units.

This work continued throughout 2013. Snickers Workwear's products are regularly certified in accordance with the Oeko-Tex environmental standard. ■



LATOUR INDUSTRIES

Latour Industries at a glance

Latour Industries consists of a number of operating areas, each with its own business concept and business model. The ambition is to develop independent units in the business area which can eventually become established as new business areas in Latour.

The common denominator is that most customers are active in manufacturing.

Important events in 2013

- Profitability continued to exceed the target, despite a downturn in the economy.
- Net sales increased by more than 12 per cent as a result of acquisitions.
- LSAB acquired Lidens Slip, Trollhättans Verktygssliperi and the grinding business of the Norwegian company Teroteknisk Service. REAC acquired MBL/ABU in Poland. Brickpack was sold.
- Continued offensive investments in organic growth and product development.

Goal achievement – primary factors

Despite the continuing weakness in the global economy, the profitability target was achieved thanks to earlier cost-saving measures and a continued focus on attractive products and customer segments. However, the fall in demand meant that the sales target was not achieved.

Strategy for profitable expansion

Latour Industries plans to expand internationally with good profitability. This will take place through the following prioritised strategic measures:

- Broaden the product range and continue to be a pioneer in production relevant to the business area. This will be achieved through significant investments in product development and strategic acquisitions as well as partnerships.
- Pursue expansion in new markets and markets with low penetration. Expansion

will be achieved through acquisitions and existing operations.

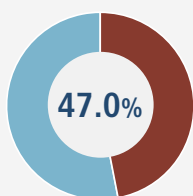
The cornerstones of the business

Latour Industries is committed to creating good opportunities to develop the long-term profitability of its holdings. It achieves this through proactive, careful ownership, based on industrial experience that encourages entrepreneurship and allows for independent development. Latour Industries works systematically to ensure transparency of its operations, provides support to attract talented employees and financial resources to enable international expansion.

Acquires and develops two categories of operations

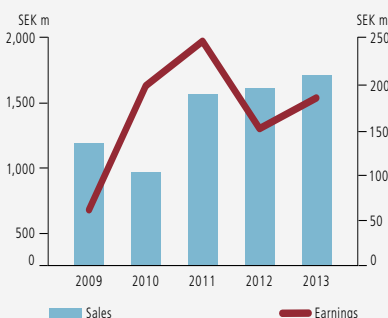
Latour Industries is always on the look out for two kinds of acquisition opportunities. Companies in the first category add strategic value to existing holdings by creating greater product breadth, geographic expansion and economies of

DEGREE OF INTERNATIONALISATION

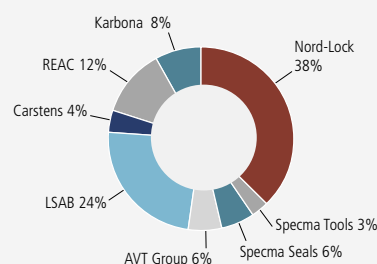


In 2013, sales outside the Nordic countries accounted for 47.0% of total sales compared with 2012 when the corresponding figure was 48.6%.

SALES AND EARNINGS



BREAKDOWN OF NET SALES BY BUSINESS UNIT



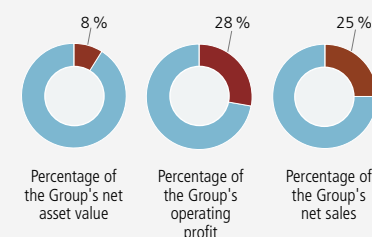
SALES AND EARNINGS

| SEK m | 2013 | 2012 | 2011 | 2010 | 2009 | Latour's minimum targets |
|---------------------------------|-------------------|-------------------|-------|------|-------|--------------------------|
| Net sales | 1,705 | 1,519 | 1,468 | 982 | 1,196 | >10% |
| (of which export) | 921 | 850 | 713 | 456 | 519 | |
| Operating profit | 196 ¹⁾ | 163 ¹⁾ | 237 | 200 | 63 | |
| Operating capital ²⁾ | 1,279 | 1,060 | 815 | 534 | 591 | |
| Operating margin, % | 11.5 | 10.8 | 16.2 | 20.3 | 5.3 | >10 |
| Return on operating capital % | 14.3 | 14.5 | 29.5 | 37.4 | 10.7 | >20 |
| Investments | 35 | 42 | 50 | 87 | 22 | |
| Number of employees | 1,075 | 874 | 829 | 461 | 544 | |

¹⁾ After restructuring costs

²⁾ Average

PROPORTION OF THE GROUP NET ASSET VALUE, OPERATING PROFIT AND NET SALES



scale in production, sales and administration. Companies in the second category have the potential to grow into a separate business area and also satisfy Latour Industries' investment criteria (see below). They should be based in the Nordic region and have a sales turnover of SEK 250 to 800 m with the potential to reach SEK 1.5 billion.

Acquisition criteria

Latour Industries has a number of criteria for potential acquisitions. They must be companies with their own brands in the form of products or offerings. They must not be dependent on individual suppliers, they must have a high value-adding impact and preferably have their own production with a high technology content. The companies must operate on an international level or have potential for international expansion. They must have professional customers.

Latour Industries' holdings

AVT Industriteknik

AVT Industriteknik develops and manufactures automation solutions for machine servicing, assembly, packaging and density control. This offers international opportunities for growth. AVT's offerings range from concepts to fully-operational facilities. Its customers are located all over the world, primarily in the automotive, electric power and heat pump industries.

Carstens

Carstens is one of Sweden's leading suppliers of lining products to the interior decoration and furniture industries. Laminates, mouldings, melt and white glue dominate the company's product range. Carstens' head office and warehouse are situated in Bankeryd, just outside Jönköping in central Sweden.

Kabona

Kabona, with its head office in Borås in central Sweden, is one of the leading companies in Europe in the sales and installation of automated systems for optimising the indoor climate and energy

consumption of buildings. Kabona's system coordinates existing systems in buildings, taking into account indoor temperatures, air quality, weather forecasts and thermal storage capacity and makes it possible to raise energy efficiency by 25-50 per cent and enhance the indoor climate.

In 2013, Kabona inaugurated its new head office, which is an excellent example of energy-efficient buildings. The energy requirement for residential electricity, heating and cooling is 20 kWh per square meter per year. That is equal to half of the requirement for a building to be classified as so-called Green Building. The result is the most energy-efficient office building in Sweden.

LSAB Group

LSAB, with its head office in Långshyttan, is one of Europe's largest and most modern company groups in the sales and service of wood and metal cutting tools. LSAB operates in the Nordic region, the Baltic countries and Russia. It has 11 grinding stations and its own collection and delivery vehicles. The company is a leading manufacturer of wood-working tools in the Nordic region.

It has a fragmented market which creates opportunities for acquired growth. LSAB made three strategic acquisitions in 2013. In May, it acquired Lidens Slip in Skepplanda and Trollhättans Verktygssliperi in Trollhättan. These acquisitions enhance LSAB's offering to its customers in the steel and metal industries. They bring it closer to customers in south-west Sweden and provide regrinding capacity and skills. Today, the companies manufacture some special tools at their own production facilities, which is something that LSAB previously lacked, and they provide regrinding services to a number of customers. The Norwegian company Teroteknisk Service, in Tangen, was acquired in July. The company provides the Norwegian timber industry with tool grinding services. Operations will continue under the name of LSAB Norge.

A sales office was established in Fredericia in Denmark during the year.

” CHALLENGES AND OPPORTUNITIES 2014

Investment in international expansion and development of proprietary products in current holdings will continue at an undiminished pace. Investments will primarily be organic but if a good opportunity arises a supplementary acquisition might take place. We will continue to work on acquiring new operations keeping the same criteria in mind. We are looking for businesses with their own products and services that can expand internationally.

Henrik Johansson,
CEO Latour Industries



► Its focus is initially on selling the Group's tools to customers in the metal industry.

In March, LSAB took over a customer's grinding operation in Kajaani in central Finland where the local presence was marked by the establishment of the operations in new premises that are well suited for serving the sawmill industry.

Nord-Lock

The Nord-Lock Group is a world leader in the market for bolt securing systems. Production is located in North America, Switzerland and Sweden. The company focuses on customers with high quality demands who would suffer severe consequences if the bolt securing systems failed. Over 90 per cent of production is exported. Sales are conducted through its own companies and through a global network of retailers.

In the coming years, Nord-Lock intends to continue its geographic expansion in key industrial markets with a focus on Asia. It will achieve this using its own sales organisations and will continue to engage in active product development and the launch of the X series – the next generation of locking washers – that was introduced in 2012.

REAC

REAC, with its head office in Åmål, develops, manufactures and sells electromechanical actuators and lift systems, primarily to customers in the field of medical rehab where REAC is a subcontractor to several of the major manufacturers of electrical wheelchairs. Most of its customers are located in Scandinavia, Germany, the Netherlands, France, Italy and the USA. The largest customers are Permobil, InvaCare, Pride and Volvo Penta. Several development projects were started up during the year to provide a platform for continued organic growth in the field of electric wheelchairs and other closely-related segments.

MBL's production of actuators and lift systems was acquired just before the end of 2012. The acquisition broadens

REAC's customer base in medical rehab and at the same time gives the company access to manufacturing in Poland, which in turn brings economies of scale and low-cost production. As a consequence of the acquisition, the operations in the Danish town of Herning were closed down and production was moved to Poland.

Specma Seals

Specma Seals is an end-to-end supplier in the area of seal technology and works primarily with the Swedish processing industry and its subcontractors. The company develops and manufactures efficient sealing solutions, which provide secure installations with long operating times. The company offers its own products in combination with strong, international brands. It also offers its customers the opportunity to attend the Sealing School, Sweden's largest training centre for sealing technology.

Specma Tools

Specma Tools is a trading company that offers a broad range of superior quality hand tools, with a focus on battery-powered tools, for professional tradesmen in the engineering, construction and automotive industries. Specma Tools represents FEIN, one of the best-known brands in electrical hand tools. All sales are conducted through selected retailers.

Product development

Latour Industries aims for its operations to have as many of their own products with their own manufacturing and sales in as international a market as possible. Effective product development is central to the success of this aim.

Several new products were launched by the subsidiaries in 2013.

1,100 employees

Latour Industries employs about 1,100 people. The Group places great emphasis on ensuring access to expertise and good leadership in each of its operations.

Development programmes are conducted at management and employee levels to ensure that the entire organisation develops at the same pace. In addition to general management courses, managers are offered individual training to enhance their skills where most needed, for example in the areas of finance, law and labour law. Other employees are given training for their current work and as preparation for the future. Many employees would like to advance in the organisation, which requires individual development. A talent management programme has been created to identify these employees and support them in a structured way.

Latour Industries has a structured health and wellness programme which has resulted in low sick leave and general satisfaction. There are also specific processes for quickly providing managers with support in their work with employees' rehabilitation from illness or stress. Latour Industries gives its employees an attractive fitness allowance and offers to pay for entry fees for sports events, such as the Gothenburg half marathon.

Structural capital and sustainable development

Latour Industries is comprised of companies whose customers have high standards when it comes to production process and product quality. It is also necessary to take measures to reduce the negative impact on the environment. Reducing the consumption of energy results in financial savings too. Latour Industries' operations work systematically to achieve improvements in these areas. ISO certification has been obtained for those operations where there is considerable need to reduce the environmental impact. ■





SPECMA GROUP

Specma Group at a glance

Specma Group is an industry leader and Nordic player with an international presence in application customised systems and components for hydraulics. The business is divided into a Global Division that serves major international OEM customers, and a Nordic Division that serves smaller OEM customers, offers the industry an MRO (Maintenance, Repair & Operations) concept and serves the after sales market in the Nordic region.

Important events in 2013

- Sharp decline in demand at the start of 2013 with gradual recovery during the second half of the year.
- Reorganisation of two divisions – Global & Nordic Division.
- Structural changes that will lead to annual savings of about SEK 20 m.
- Continued international expansion including the establishment of hydraulic system assembly in China

and expansion in new premises in Poland.

- Launch of a new after sales concept in Nordic Division, with a focus on a common brand and investment in the MRO market.
- Acquisition of Kiruna Hydraulik as part of its investment in MRO and greater presence for the mining industry in Nordic Division.

Goal achievement – primary factors

Demand fell sharply at the beginning of 2013. Despite positive sales growth in the second half of the year, Specma Group was unable to attain its targets for growth or profitability.

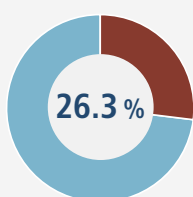
It delivered a weak, but positive, performance, excluding restructuring costs during the year. These are connected to the restructuring programme that was initiated in the fourth quarter of 2012 and was carried through in 2013.

Strategy for expansion and improved profitability

Despite the performance in 2013, Specma Group is well positioned for profitable growth in line with its targets. The focus over the next two years will be on profitability. Performance will be improved by continuing to relocate production to low-cost countries, implementing further streamlining measures, intensifying strategic purchasing and through concentrated marketing:

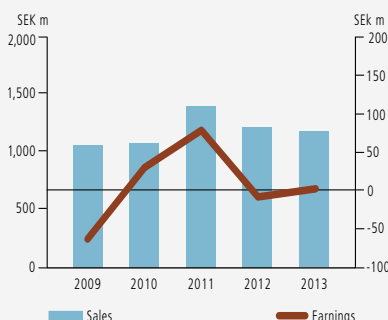
- Streamlining the existing product portfolio and improving system solutions for complex applications in demanding environments, and attractive offerings to the aftermarket – two areas where demand is expected to increase.
- Growth on existing markets in the Nordic countries through stronger sales teams and expansion in the new entities in Poland and China by following existing customers in their

DEGREE OF INTERNATIONALISATION

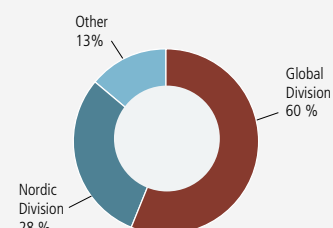


In 2013, sales outside the Nordic countries accounted for 26.3% of total sales compared with 2012 when the corresponding figure was 21.6%.

SALES AND EARNINGS



BREAKDOWN OF NET SALES BY DIVISION



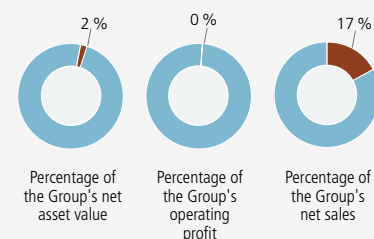
SALES AND EARNINGS

| SEK m | 2013 | 2012 | 2011 | 2010 | 2009 | Latour's minimum targets |
|---------------------------------|-----------------|------------------|-------|-------|-------|--------------------------|
| Net sales | 1,152 | 1,198 | 1,381 | 1,065 | 1,045 | >10% |
| (of which export) | 449 | 417 | 444 | 343 | 282 | |
| Operating profit | 0 ¹⁾ | -9 ¹⁾ | 79 | 29 | -64 | |
| Operating capital ²⁾ | 572 | 596 | 574 | 541 | 678 | |
| Operating margin, % | 1.0 | -0.7 | 5.7 | 2.7 | -6.1 | >10 |
| Return on operating capital % | -1.5 | -1.5 | 13.7 | 5.4 | -10.4 | >20 |
| Investments | 17 | 18 | 24 | 25 | 34 | |
| Number of employees | 699 | 742 | 692 | 600 | 788 | |

¹⁾ After restructuring costs

²⁾ Average

PROPORTION OF THE GROUP NET ASSET VALUE, OPERATING PROFIT AND NET SALES



internationalisation process.

- Closer cooperation with strategic suppliers in order to tie up less capital and have a greater exchange of skills and experience.

Specma Group – global market

Specma Group conducts business operations in Europe, Asia and North and South America. The largest volumes are still in Sweden and Finland, but the greatest growth is outside the Nordic region.

Quality is the customers' main competitive tool. This puts high demands on Specma's technical expertise, innovative creativity and ability to understand the customers' needs and applications. It is also important to have attractive offers for the after sales market, efficient logistic solutions and considerable flexibility, for example, local support for installation and construction through strategically located facilities.

Independent supplier with complete offerings

Specma Group provides complete offerings of components and systems for customers with demanding applications, such as extreme operating temperatures, vibration and abrasion. Or applications that are subject to specific safety rules, such as marine classification, or standards of compliance within the defence or mining industries, or high demands on product performance, such as mobility, operating pressure, constant movement and long working hours. There are also applications where unscheduled stoppages may incur substantial costs. This means that products have to meet stringent requirements for quality, adaptability and service.

The fact that Specma Group is an independent supplier, unlike many other players, is an important advantage, as is the fact that the company has its own testing capacity and long experience of classification and adaptations to industry standards.

Global Division

Specma Group aims to be the number one choice for customers with a strong base in the Nordic countries, who need an independent global partner that can provide support from strategic locations around the world.

Global Division develops and sells customised system solutions with hydraulic power units and hydraulic and conveyance components. Its customers are mainly international original equipment manufacturers of products linked to mobile, industrial and marine applications. They include manufacturers of trucks, forklift trucks, construction equipment, buses, military vehicles, and forestry and agricultural machinery. ABB, Kalmar, Komatsu, LKAB, Mc Gregor, Rolls Royce, Scania, Volvo and Valtra are among its customers.

Major OEM customers tend to position themselves close to their end customers and strive to use standardised components to keep costs down. This means that Specma Group follows major international customers out into the world to where they have their manufacturing facilities. The company's units in Shanghai in China, San Antonio in the USA, Curitiba in Brazil and Stargard in Poland are examples of this.

Nordic Division

Nordic Division serves Nordic OEMs, the Nordic aftermarket and MRO customers with hydraulic and pneumatic components and systems. Nordic Division is also responsible for Specma Group's chain of more than 100 retailers of components in Sweden, Finland and Denmark. Service is provided through the newly-established Specma Service Centres, whose concept is based on quick and efficient delivery of components to end users to minimise prolonged and expensive production downtime.

Kiruna Hydraulik, with its head office in Kiruna and operations in Pajala, was acquired in the autumn of 2013. The company manufactures hydraulic and conveyance components and carries out

CHALLENGES AND OPPORTUNITIES 2014

In 2014, the focus will be on completing the rationalisation programme that has been started, without any disruption to current and new projects. We will be relocating more production units to our entities in Poland and China to take advantage of the favourable cost structures there and to move closer to the customers' local production. We are also engaged in processes to create clearer structure and priorities with regard to our range and customer segments to offset price pressure by more clearly presenting the premium value that our products create, our expertise and ability to create highly-efficient solutions.

Bo Jägnefält,
CEO Specma Group



► maintenance and service primarily for companies in the mining sector. Specma already owned 35 per cent of the company. Kiruna Hydraulik has annual sales of approximately SEK 40 m.

Kiruna Hydraulik is an expert in the requirements and challenges that Specma Group's customers in the mining industry have to deal with. There are good opportunities to expand offerings in the Ore Fields area and Pajala, and it is also possible to use the company's service and maintenance experience to develop similar operations at Specma Group's other locations in the Nordic region.

Other operations

Other operations relate to two companies, Specma Wiro and Samwon Tech Europe. Specma Wiro produces acid-resistant metal pipes for demanding applications where aggressive fluids are transported under extreme pressure conditions. Samwon Tech Europe, based in the UK, supplies high-quality hydraulic adapters to OEM manufacturers of construction and other equipment.

Specma Group's manufacturing

Specma Group produces and assembles hydraulic systems and components at 12 factories on four continents. Towards the end of 2012, a programme of measures was launched to rationalise production and reduce overheads. The measures resulted in a reduction of the number of production units from 17 at the beginning of 2012 to 12 in 2013. Specma Group also implemented measures to maximise the efficiency of its purchasing function. Further streamlining will take place in 2014, including

relocation of more production process to the entities in Poland and China.

Sustainable environmental work

Specma Group's operations, products and systems should have as little impact on the environment and health as possible. Specma Group's environmental management system covers every step of the process from the extraction of raw materials to final destruction and recycling.

An important part of the work to reduce environmental impact is to lengthen the life cycle of the company's hydraulics systems. This generates both financial and environmental gains for users and the environment at large.

By using the latest technology for purifying hydraulic oil the interval between the oil changes can be significantly extended. In addition to reducing the use of hydraulic oil while maintaining lubrication properties this also reduces the wear on hoses and seals. This, in turn, reduces the risk for hose ruptures, breakdowns and oil leakage.

Specma Group reduced its environmental impact by investing in a video conference system, which resulted in less travel. It also promotes internal communication.

700 employees

Specma Group employs about 700 people. The Group works systematically to make sure it has access to competent and motivated employees. Health and the work environment work is an integrated part of everyday operations and development, and the purpose of this work is to promote job satisfaction and cooperation as well

as increase employee participation. In 2012 the company launched a training programme to further raise its competitive capacity and attractiveness as an employer. These initiatives continued throughout 2013.

Structural capital

The Specma Group places great emphasis on systematic quality management in every step of its production and construction process. The continuous improvements this brings benefit the company and its customers. Quality management comprises both individual products and systems regarding function, operation reliability, life span and delivery reliability. Specma Group has quality and environmental accreditation across its operations.

Research and development

Specma Group conducts extensive research and development in order to improve product properties, simplify assembly and minimise the number of components for each application. This leads to enhanced reliability and better cost efficiency.

Specma Group also works consistently with evaluating suppliers as well as analysing and filing test results. The Group has its own unique test centre where it tests complete hoses in compliance with current ISO standards, thereby offering excellent opportunities for it to continue developing hose conduits and connections in order to raise the quality of the products and lengthen their life span. ■



SWEGON

Swegon at a glance

Swegon produces components and efficient system solutions that promote a healthy indoor climate and contribute to considerable energy savings in all types of buildings. Including this year's acquisitions, Swegon has more than 1,500 employees and annual sales in excess of SEK 3 billion.

Swegon conducts its sales and marketing through the Group's sales companies in 20 countries and through distributors to other markets.

The company has six production units in Sweden, Finland, Italy and India.

Important events in 2013

- Weak market that follows a late-cyclical pattern. In spite of this, margins and profitability have been maintained.
- Continued with offensive strategies to gain market share in Europe.
- Strategic acquisitions in the UK,

Germany and Switzerland, which contribute about 9 per cent acquired growth.

- Establishment in the Australian market through contracts with independent distributors.
- Established production of chillers for the data centre segment in India.
- Launch of a large number of cutting-edge technology products, including WISE Apartment Solution, GOLD version E, GOLD PX and COOL DX.
- Nominated in Sweden for the Big Indoor Climate Award.

Goal achievement – primary factors

Adjusted for currency effects, net sales (excluding acquisitions) decreased by just 2 per cent despite a late cycle market with volatile demand in most markets. Margin and profitability were maintained thanks to continued investment in innovative products.

Strategy for profitable expansion

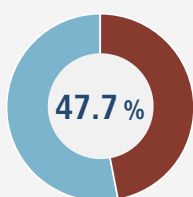
- Remain on the cutting edge of innovation in the strategic product areas in which Swegon is a leader and develop the company's efficient system solutions. This will be achieved through continued investments in product development as well as through strategic acquisitions.
- Continue expansion in markets with low penetration in Europe and elsewhere in the world. Expansion will be achieved through acquisitions and the development of existing operations.

Swegon's customers

The air handling market generally follows trends in the construction industry but at a slightly faster rate of growth. This is a result of a greater need for high quality ventilation systems, both in new buildings and in renovations.

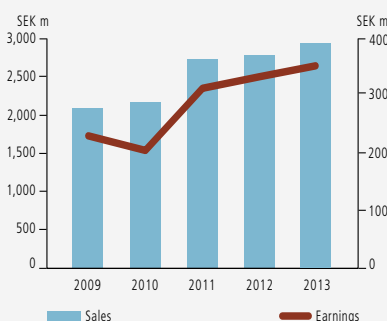
Swegon's customer base is mainly made up of installers, consultants and

DEGREE OF INTERNATIONALISATION

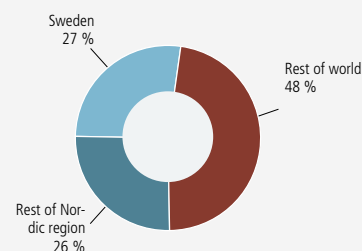


In 2013, sales outside the Nordic countries accounted for 47.7 % of total sales compared with 2012 when the corresponding figure was 42.2 %.

SALES AND EARNINGS



BREAKDOWN OF NET SALES BY MARKET



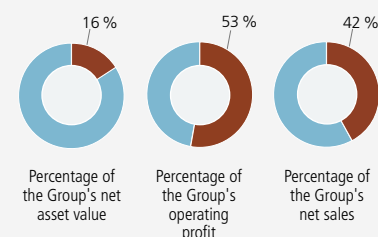
SALES AND EARNINGS

| SEK m | 2013 | 2012 | 2011 | 2010 | 2009 | Latour's minimum targets |
|---------------------------------|-------------------|-------------------|-------|-------|-------|--------------------------|
| Net sales | 2,936 | 2,785 | 2,707 | 2,153 | 2,081 | >10% |
| (of which export) | 2,152 | 2,010 | 1,940 | 1,497 | 1,384 | |
| Operating profit | 346 ¹⁾ | 326 ¹⁾ | 312 | 208 | 226 | |
| Operating capital ²⁾ | 1,279 | 1,093 | 1,135 | 759 | 673 | |
| Operating margin, % | 11.8 | 11.7 | 11.5 | 9.7 | 10.8 | >10 |
| Return on operating capital % | 29.8 | 29.8 | 27.5 | 27.4 | 33.5 | >20 |
| Investments | 77 | 34 | 70 | 198 | 82 | |
| Number of employees | 1,461 | 1,340 | 1,288 | 1,054 | 992 | |

¹⁾ After restructuring costs

²⁾ Average

PROPORTION OF THE GROUP NET ASSET VALUE, OPERATING PROFIT AND NET SALES



architects. However, construction companies and property owners will be given a more prominent role in the future in order to better understand the needs of end users.

Stringent requirements from authorities and demanding consumers have made Nordic companies leaders in air handling with regard to performance and quality.

Broad product range

Swegon develops, manufactures and markets energy-efficient air handling units as well as water and air borne climate systems, chillers and heat pumps, flow control and acoustics products for all kinds of buildings. Swegon uses a system approach to try to promote rationalisation of the construction process and thereby improve the lifestyle cost of its customers.

The use of Swegon's products in a ventilation system creates maximum effect in terms of a comfortable and energy-efficient indoor climate. Swegon therefore focuses on developing a number of systems concepts that are tailored to the needs of the user.

Strategic acquisitions in 2013

In 2013, Swegon made three strategic acquisitions in priority European markets. These were the Coolmation Group, RCS AG and Walter Meier Klima Deutschland.

Coolmation Group is a rapidly-expanding UK company within the chiller and ventilation business. It generated sales of approximately GBP 8 million in 2012. Coolmation Group was founded 30 years ago and consists of three lines of business - sales, service and rental of chillers. The acquisition increased market share in the UK and opened another sales channel for the Group's Blue Box products.

RCS AG is a Swiss distributor and service provider of chillers. In 2012, it generated sales of approximately CHF 6 million. Partnered with Swegon's subsidiary in Switzerland, this acquisition will lead to increased sales of the Group's

products in the cooling systems segment and will enhance its position in the Swiss market.

Walter Meier Klima Deutschland is a leading supplier of climate solution products in Germany. It commenced operations back in 1930 and generated sales of approximately EUR 37 million in 2012. This acquisition will greatly strengthen Swegon's position in the important German market.

In 2013, the Group also entered into an agreement with the Australian company HVACR Supplies to act as a new, independent distributor of Swegon's indoor climate products and its GOLD air handling units on the Australian market.

Advanced product development

Swegon's development processes are focused on creating energy-efficient systems that are economical to operate and improve the indoor climate.

All research and development takes place in Swegon's laboratories using state-of-the-art methods.

The laboratories also conduct customer-specific projects in the form of so-called full-scale tests that give a good idea of which system produces the best results based on the specific need.

Launch of many products

The WISE Apartment Solution that enables ventilation with heat recovery to be installed quickly and cost-effectively in apartment buildings was launched in 2013. The WISE Apartment Solution is an innovative and revolutionary concept that will help with the efficient renovation of buildings in the Swedish "million" housing programme.

In 2013, Swegon's GOLD air handling unit was upgraded to the GOLD version E series. It is available in several sizes and contains a new software platform, new user interface and the new touchscreen control panel – IQnavigator. This combination makes the control system easy to access and very user-friendly.

An updated version of the GOLD

” CHALLENGES AND OPPORTUNITIES 2014

Swegon will continue to gain market share on all its markets and grow geographically through successful investments in and outside of Europe. Furthermore, we will continue to develop innovative, high-tech products and Swegon's system approach, thus allowing us to maintain our position as an attractive supplier for our customers.

Hannu Saastamoinen,
CEO of Swegon



PX series was also launched for better efficiency and energy saving. The COOL DX product series was complemented with COOL DX Top, to make it easy to connect chillers to the GOLD RX Top air handling unit. Swegon also launched the TBRA Remote Access that enables communication with Swegon's products via mobile networks.

The market has shown great interest in all the products.

First to have passive house certification

The GOLD air handling unit was the world's first ventilation unit for large air flows to gain passive house certification last year. The Swegon CASA W80B air conditioning unit for home ventilation was also awarded passive house certification in 2013.

Awards

Swegon was once again nominated to receive the Big Indoor Climate Award in 2013. This time it was for Tellus™, a pioneering system for energy-efficient fresh air, cooling, heating and domestic hot water.

Contributes to sustainable environmental development

Swegon works systematically to contribute to sustainable development from an environmental perspective through its operations. The company's operations are certified under the ISO 14001 standard for environmental management. The company conducts its activities in an environmentally responsible manner and its products contribute to significant environmental savings. Already in the first year of using Swegon's products, the energy savings are significantly higher than the total environmental

impact from production and transportation.

Substantial energy savings

Buildings consume close to 40 per cent of the energy used annually in Europe, which can be compared to about 10 per cent for cars. The fact is that better ventilation, insulation and other improvements in existing buildings lead to energy savings that far surpass those that can be achieved in the car fleet.

Calculations show that all the systems Swegon has delivered since 1994 contribute to an energy savings equivalent to driving around the equator 3.3 million times with a car or the annual consumption of household electricity in 16.3 million average-sized houses.

Financial advantages

Initial costs for ventilation systems are usually about 10–15 per cent of the total cost of the product's life cycle. The high operational and energy efficiency of Swegon's products make them very cost-effective.

Good indoor climate – more efficient

Interest in creating a good indoor climate has grown dramatically in the past few years. Creating a healthy indoor climate is more than a question of comfort. Studies show that if indoor temperatures deviate by five degrees from the desired level, the operating efficiency decreases by 30 per cent. Moreover, the risk of injury increases by 10 per cent.

Production in six factories

Swegon's development and manufacturing operations are carried out at six factories in Sweden, Finland, Italy and India. Production is highly automated

and divided into different product areas for each factory. The factory in Mumbai in India was opened in 2013 and manufactures chillers for the Indian market and the Middle East region.

High quality standards in production

High quality standards are maintained in Swegon's operations and production processes. Swegon's operations are certified under the ISO 9001 standard for quality management. Moreover, the company's GOLD air handling unit, cooling and climate baffles and chillers are all certified under the Eurovent "Certify All" programme, which is a further guarantee that the products and production processes all meet the highest quality standards.

Continued geographic expansion

Swegon has continued its geographic expansion in 2013. At the end of the year, 73 per cent of the company's sales were generated outside of Sweden.

Stimulating work environment

At the end of 2013, Swegon had about 1,500 employees. The company is growing quickly on the international market and works consciously to create a good and stimulating workplace environment and to ensure it has the requisite skills and expertise. The company conducts regular technical training courses for its employees at the Swegon School of Indoor Climate.

As well as providing internal development opportunities, Swegon runs the Swegon Air Academy, which is an independent knowledge platform for indoor climate. ■







PORTFOLIO HOLDINGS

Assa Abloy

Fagerhult

HMS Networks

Loomis

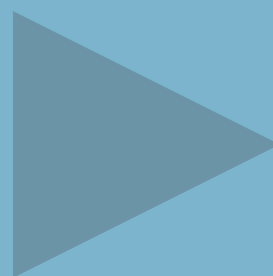
Nederman

Nobia

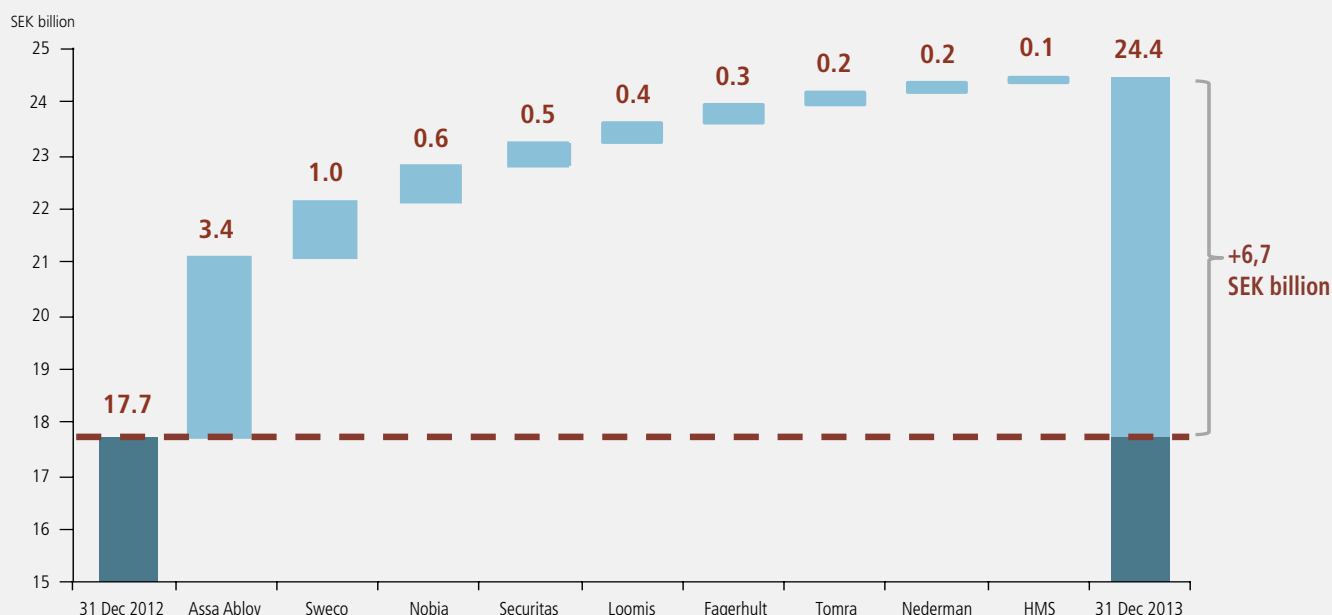
Securitas

Sweco

Tomra



MAJOR INCREASES IN THE PORTFOLIO'S VALUE WITH EACH HOLDING MAKING A POSITIVE CONTRIBUTION



Movements in investment portfolio values for 2013 (SEK billion). These figures do not include dividend payments. This also includes acquired cost of more than SEK 200 m.

ACTIVE PRINCIPAL OWNER IN NINE COMPANIES – portfolio worth more than SEK 24 billion

Latour's investment portfolio consists of nine companies where Latour is the principal owner or one of the principal owners and where Latour controls at least 10 per cent of the votes. The work is goal-oriented with low central management costs.

More than SEK 24 billion in market value

The market value of Latour's holdings at the end of 2013 was more than SEK 24 billion.

Total return of 40.6 per cent

The return on the investment portfolio was 40.6 per cent in 2013, adjusted for dividends. This can be compared to 28.0 per cent for NASDAQ OMX Stockholm (SIX Return Index).

Earnings amounted to SEK 949 m

Income from portfolio management in 2013 totalled SEK 949 m (1,408).

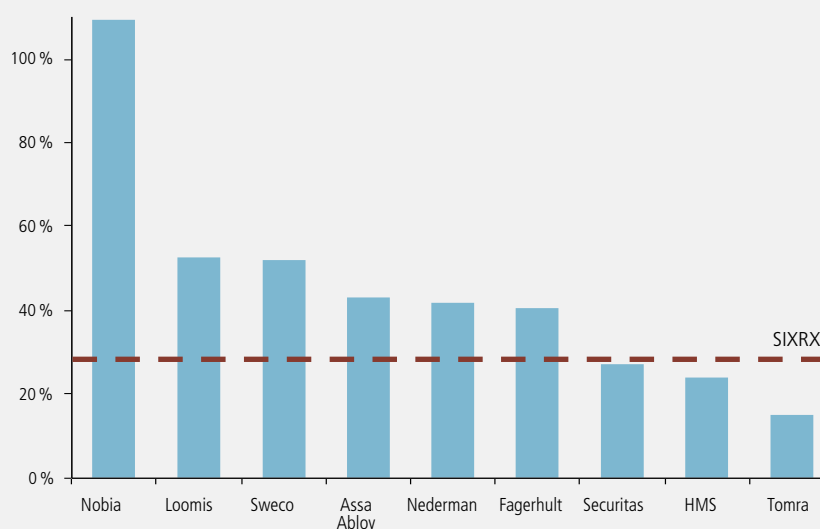
Dividends expected to increase

The dividends from the investment portfolio

companies in the spring of 2014 are expected to total SEK 596 m, in accordance with the proposals of each respective board. This means an increase of SEK 36 m.

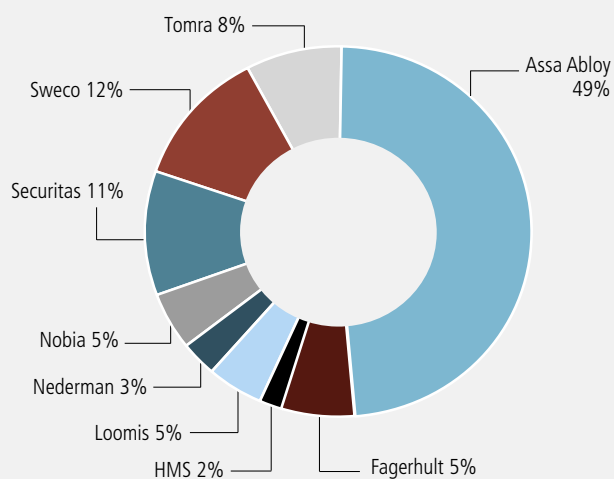
Increased ownership in Tomra and HMS

Ownership in Tomra increased to 21.2 per cent and in HMS Networks to 26.7 per cent in 2013. ■

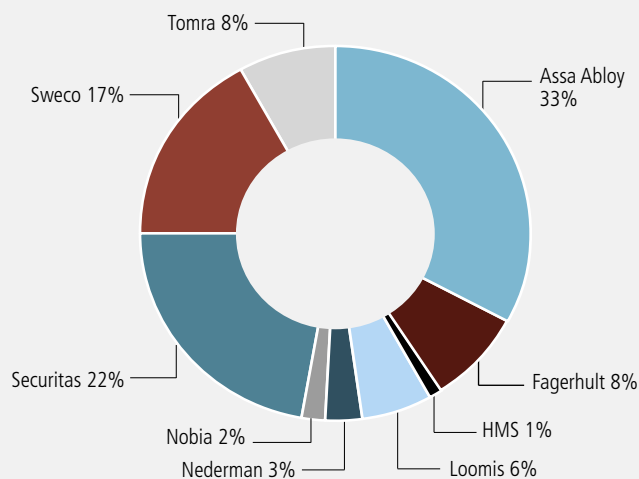


The total return, including share price development and dividends, for each portfolio company compared to the return of the SIXRX index in 2013.

BREAKDOWN OF INVESTMENT PORTFOLIO'S VALUE



PERCENTAGE OF RECEIVED DIVIDENDS



INVESTMENT PORTFOLIO

| Share | Number | Market value ¹⁾ SEK m | Listed price ¹⁾ SEK | Cost SEK m | Dividend ⁷⁾ SEK m | Share of votes % | Share of equity % |
|----------------------------|------------|-------------------------------------|-----------------------------------|-------------------|---------------------------------|---------------------|----------------------|
| Assa Abloy ²⁽³⁾ | 35,165,243 | 11,949 | 340 | 1,697 | 179 | 29.5 | 9.5 |
| Fagerhult ³⁽⁴⁾ | 6,206,800 | 1,372 | 221 | 571 | 40 | 49.2 | 49.2 |
| HMS Networks ³⁾ | 3,027,322 | 412 | 136 | 250 | 7 | 26.7 | 26.7 |
| Loomis ²⁽³⁾ | 7,538,328 | 1,146 | 152 | 108 | 34 | 28.5 | 10.0 |
| Nederman ³⁾ | 3,512,829 | 667 | 190 | 306 | 14 | 30.0 | 30.0 |
| Nobia | 23,100,000 | 1,252 | 54 | 469 | 12 | 13.8 | 13.8 |
| Securitas ²⁽³⁾ | 39,732,600 | 2,714 | 68 | 1,081 | 119 | 29.6 | 10.9 |
| Sweco ²⁽³⁾ | 28,997,760 | 3,059 | 106 | 152 ⁵⁾ | 94 | 22.8 | 31.8 |
| Tomra ³⁽⁶⁾ | 31,320,000 | 1,872 | 57 (NOK) | 1,494 | 41 | 21.2 | 21.2 |
| Total | | 24,443 | | 6,128 | 540 | | |

¹⁾ Latest market price paid.

²⁾ The shareholdings in Assa Abloy, Loomis, Securitas and Sweco consist of class A and class B shares. Due to the limited trading in class A shares in Sweco, and the fact that the other three companies' class A shares are unlisted, the shares are reported together and have been given the same listed price.

³⁾ Shown as associated companies in the balance sheet.

⁴⁾ At the end of December 2013, 30,000 shares were loaned out.

⁵⁾ The cost of the class B shares in the Group are SEK 34 m higher than in the parent company through the use of a call option.

⁶⁾ SEK according to the annual accounts exchange rate of 1.058.

⁷⁾ Dividend received in 2013. SEK 560 m including a dividend from Academic Work.

NET CHANGE IN LATOUR'S INVESTMENT PORTFOLIO IN 2013

| Share | Number 1 Jan 2013 | Purchase | Sale | Number 31 Dec 2013 |
|--------------|----------------------|-----------|------|-----------------------|
| HMS Networks | 2,827,322 | 200,000 | | 3,027,322 |
| Tomra | 27,970,000 | 3,350,000 | | 31,320,000 |

ASSA ABLOY

Assa Abloy is the world's leading manufacturer and supplier of lock and door opening solutions, meeting tough end-user demands for security, safety and convenience.

Assa Abloy is represented all over the world, in both mature and emerging markets, and has leading positions across most of Europe, North America, Asia, Australia and New Zealand.

Since Assa Abloy was founded in 1994, the Group has grown from a regional company into an international group with approximately 43,000 employees, measured as an average of employees, and sales of SEK 48.5 billion in 2013.

2013 IN SUMMARY

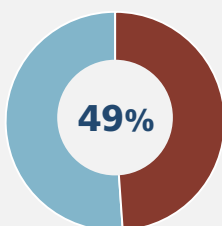
Assa Abloy's operating profit for 2013 rose 6 per cent, despite a challenging market. Sales rose 4 per cent, of which 2 per cent was organic. The operating cash flow continued to be strong. The company continued its high level of acquisition activity. It entered into agreements for twelve (12) acquisitions, with aggregate annual sales of SEK 4.2 billion, or 9 per cent of future growth.



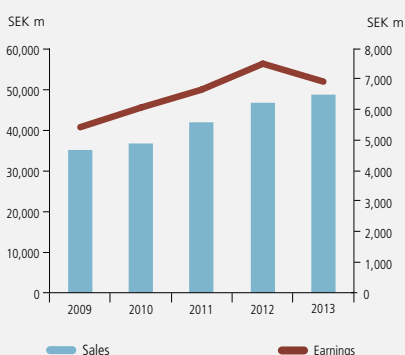
35%

PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

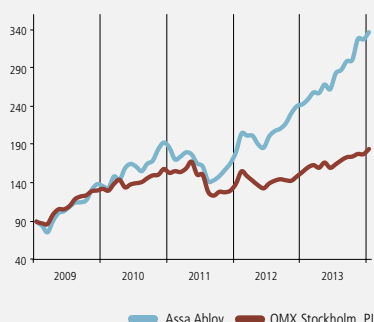
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE DEVELOPMENT ASSA ABLOY



KEY RATIOS ASSA ABLOY

| | Full year 2013 | Full year 2012 |
|--|-------------------|-------------------|
| Net sales, SEK m | 48,481 | 46,619 |
| Operating profit, SEK m ¹⁾ | 7,923 | 7,501 |
| Operating margin, % ¹⁾ | 16.3 | 16.1 |
| Profit after net financial items, SEK m ¹⁾ | 7,381 | 6,784 |
| Earnings per share, SEK ¹⁾ | 14.84 | 13.97 |
| Equity ratio, % | 43.8 | 43.2 |
| Earnings per share, SEK ²⁾ | 5.70 | 5.10 |
| Equity per share, SEK | 77.82 | 71.82 |
| Market value on 31 December, SEK m | 126,018 | 90,082 |

¹⁾ Adjusted for items impacting comparability.

²⁾ Proposed dividend for 2013.

KEY RATIOS FOR MEASUREMENT AND RISK³⁾

| | |
|---------------|------|
| EV/sales | 2.9 |
| EV/EBIT | 17.8 |
| P/E ratio | 19.5 |
| Net debt/EBIT | 2.8 |

³⁾ Based on last price paid 28 Feb 2014.

LARGEST OWNERS ON 31 DECEMBER 2013

| | A | B | Number Total | % of shares | % of votes |
|-------------------------------|-------------------|--------------------|--------------------|--------------|--------------|
| Investment AB Latour | 13,865,243 | 21,300,000 | 35,165,243 | 9.5 | 29.5 |
| Melker Schörling AB | 5,310,080 | 9,162,136 | 14,472,216 | 3.9 | 11.5 |
| Capital Group Funds | | 39,704,009 | 39,704,009 | 10.7 | 7.3 |
| Norges bank | | 13,960,644 | 13,960,644 | 3.8 | 2.6 |
| Swedbank Robur Funds | | 10,830,478 | 10,830,478 | 2.9 | 2.0 |
| AMF – Insurance and Funds | | 5,516,500 | 5,516,500 | 1.5 | 1.0 |
| Alecta | | 5,140,000 | 5,140,000 | 1.4 | 0.9 |
| Handelsbanken Funds | | 4,861,511 | 4,861,511 | 1.3 | 0.9 |
| Saudi Arabian Monetary Agency | | 4,501,804 | 4,501,804 | 1.2 | 0.8 |
| SEB Funds & SEB Trygg Liv | | 4,238,547 | 4,238,547 | 1.1 | 0.8 |
| Other shareholders | | 232,467,826 | 232,467,826 | 62.7 | 42.7 |
| Total | 19,175,323 | 351,683,455 | 370,858,778 | 100.0 | 100.0 |

Chairman of the Board: Lars Renström

President and CEO: Johan Molin

Board members connected to Latour: Carl Douglas, Jan Svensson

www.assaabloy.com

FAGERHULT

Fagerhult is one of Europe's leading lighting groups with 2,200 employees, SEK 3.1 billion in sales, and operations in some 20 countries.

Fagerhult creates contemporary products and exciting, energy-efficient and environmentally adapted lighting systems which are superbly integrated into the environment in which they are used.

The Group includes strong brands such as Fagerhult, Ateljé Lyktan, LTS, Whitecroft Lighting, Designplan Lighting, Eagle Lighting, I-Valo and Arlight.

2013 IN SUMMARY

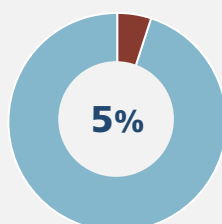
The implementation of several programmes of measures in 2013 had a positive impact on profitability. Market demand increased gradually in the second half of the year. This trend is expected to continue in 2014. The acquisition of Turkish Arlight and Finnish I-Valo confirms that the company is continuing to expand geographically. Further investments were made in product development during the year in line with the move towards LED technologies. The share of sales for LED products increased to more than 30 per cent in the fourth quarter.



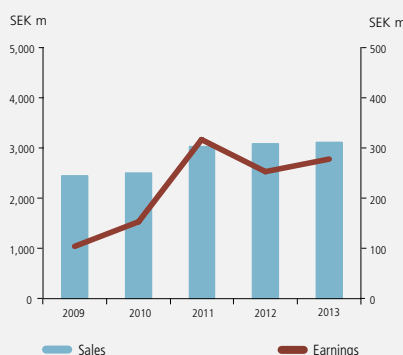
4%

PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

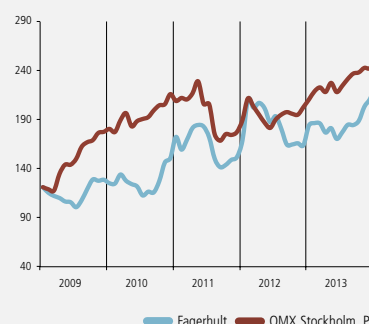
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE DEVELOPMENT FAGERHULT



KEY RATIOS FAGERHULT

| | Full year 2013 | Full year 2012 |
|---|----------------|----------------|
| Net sales, SEK m | 3,095 | 3,085 |
| Operating profit, SEK m | 278 | 252 |
| Operating margin, % | 9.0 | 8.2 |
| Profit after net financial items, SEK m | 247 | 214 |
| Earnings per share, SEK | 14.48 | 12.61 |
| Equity ratio, % | 37.0 | 35.0 |
| Earnings per share, SEK ¹⁾ | 7.25 | 6.50 |
| Equity per share, SEK | 81.65 | 73.57 |
| Market value on 31 December, SEK m | 2,885 | 2,133 |

¹⁾ Proposed dividend for 2013.

KEY RATIOS FOR MEASUREMENT AND RISK²⁾

| | |
|---------------|------|
| EV/sales | 1.4 |
| EV/EBIT | 15.8 |
| P/E ratio | 19.1 |
| Net debt/EBIT | 3.2 |

²⁾ Based on last price paid 28 Feb 2014.

LARGEST OWNERS ON 31 DECEMBER 2013

| | Number Total | % of shares | % of votes |
|--|-------------------|--------------|--------------|
| Investment AB Latour | 6,206,800 | 49.2 | 49.2 |
| Fam Svensson, Family, foundation and companies | 945,525 | 7.5 | 7.5 |
| SSB CL Omnibus AC | 870,325 | 6.9 | 6.9 |
| Lannebo Funds | 883,162 | 7.0 | 7.0 |
| Robur Småbolagsfond | 518,659 | 4.1 | 4.1 |
| SEB Asset Management | 375,000 | 3.0 | 3.0 |
| AP4 | 369,981 | 2.9 | 2.9 |
| Palmstierna Family | 285,770 | 2.3 | 2.3 |
| NTC Fidelity Funds | 193,887 | 1.5 | 1.5 |
| SEB Funds | 183,325 | 1.5 | 1.5 |
| Other shareholders | 1,779,566 | 14.1 | 14.1 |
| Total | 12,612,000 | 100.0 | 100.0 |

Chairman of the Board: Jan Svensson

President and CEO: Johan Hjerténsson

Board members connected to Latour: Eric Douglas, Fredrik Palmstierna, Jan Svensson
www.fagerhultgroup.com

HMS NETWORKS

HMS Networks is the leading supplier in the market for industrial communication and remote management products.

HMS develops and manufactures solutions that connect equipment and systems for industrial networks under the brands Netbiter, Anybus and IXXAT.

Its development and manufacturing operations are located at the head office in Halmstad in Sweden and Weingarten in Germany. Local sales and support are handled by offices in China, Denmark, France, Germany, India, Italy, Japan, the UK and the USA.

HMS has over 350 employees and sales of SEK 501 m in 2013.

2013 IN SUMMARY

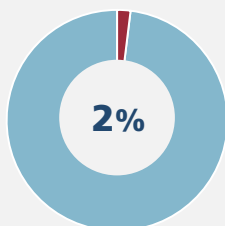
HMS reported growth of 31 per cent, which was mainly attributable to the acquisition of the German company IXXAT Automation. Consequently, the company posted the biggest operating profit in its history. The operating margin was 17.3 per cent, which is slightly below the target. During the year, HMS launched a number of new products which were well received in the market. The company's NP40 network processor was awarded the 2013 New Product Innovation Award by Frost & Sullivan.



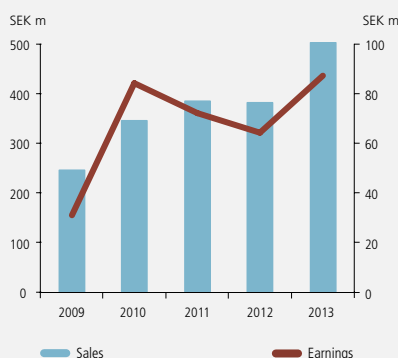
1%

PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

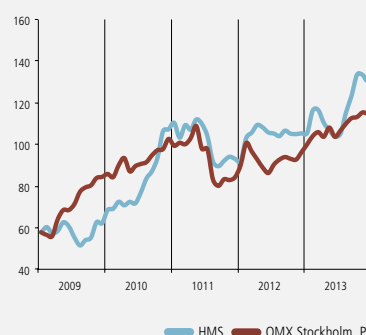
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE DEVELOPMENT HMS



KEY RATIOS HMS

| | Full year 2013 | Full year 2012 |
|---|----------------|----------------|
| Net sales, SEK m | 501 | 382 |
| Operating profit, SEK m | 87 | 64 |
| Operating margin, % | 17.3 | 16.7 |
| Profit after net financial items, SEK m | 81 | 65 |
| Earnings per share, SEK | 5.54 | 4.64 |
| Equity ratio, % | 49.0 | 81.9 |
| Earnings per share, SEK ¹⁾ | 2.25 | 2.25 |
| Equity per share, SEK | 31.79 | 30.21 |
| Market value on 31 December, SEK m | 1,546 | 1,271 |

¹⁾ Proposed dividend for 2013.

KEY RATIOS FOR MEASUREMENT AND RISK²⁾

| | |
|---------------|------|
| EV/sales | 3.8 |
| EV/EBIT | 21.7 |
| P/E ratio | 26.3 |
| Net debt/EBIT | 2.8 |

²⁾ Based on last price paid 28 Feb 2014.

LARGEST OWNERS ON 31 DECEMBER 2013

| | Number Total | % of shares | % of votes |
|----------------------------------|-------------------|--------------|--------------|
| Investment AB Latour | 3,027,322 | 26.7 | 26.7 |
| Staffan Dahlström with companies | 1,617,073 | 14.3 | 14.3 |
| Swedbank Robur Funds | 1,146,500 | 10.1 | 10.1 |
| SEB Funds | 909,368 | 8.0 | 8.0 |
| Lannebo Funds | 742,976 | 6.6 | 6.6 |
| AP4 | 481,657 | 4.3 | 4.3 |
| Handelsbanken Funds | 302,665 | 2.7 | 2.7 |
| Nordea Small Cap Fund | 257,352 | 2.3 | 2.3 |
| AMF – Insurance and Funds | 211,414 | 1.9 | 1.9 |
| HMS Management | 204,190 | 1.8 | 1.8 |
| Other shareholders | 2,421,883 | 21.4 | 21.4 |
| Total | 11,322,400 | 100.0 | 100.0 |

Chairman of the Board: Urban Jansson

President and CEO: Staffan Dahlström

Board members connected to Latour: Henrik Johansson
www.hms.se

LOOMIS

Loomis offers secure and efficient end-to-end solutions for the distribution, management and recycling of cash for banks, retailers and other commercial companies.

The Group employs about 20,000 people and has sales in excess of SEK 11 billion. Operations are run through an international network of close to 400 operative local offices in 16 countries: Argentina, Austria, Czech Republic, Denmark, Finland, France, Great Britain, Norway, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the USA.

2013 IN SUMMARY

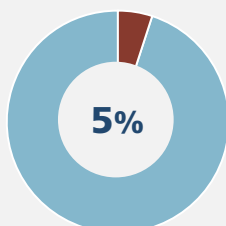
In terms of operating margin and earnings, 2013 was the most successful year to date for Loomis since its flotation on the stock market in 2008. The operating margin continued its annual improvement trend and the full year operating margin was 9.7 per cent. The target is 10 per cent in 2014. The organic growth in the USA and Europe rose 2 per cent and operating cash flow remained strong.



3%

PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

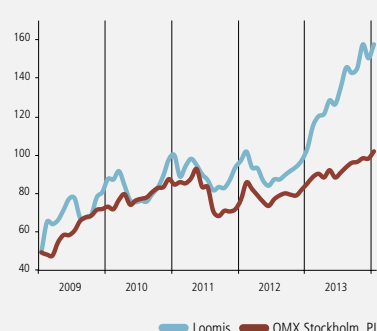
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE DEVELOPMENT LOOMIS



KEY RATIOS LOOMIS

| | Full year 2013 | Full year 2012 |
|---|----------------|----------------|
| Net sales, SEK m | 11,364 | 11,360 |
| Operating profit, SEK m ¹⁾ | 1,099 | 1,019 |
| Operating margin, % ¹⁾ | 9.7 | 9.0 |
| Profit after net financial items, SEK m ¹⁾ | 1,038 | 932 |
| Earnings per share, SEK ¹⁾ | 9.83 | 8.90 |
| Equity ratio, % | 45.0 | 40.0 |
| Earnings per share, SEK ²⁾ | 5.00 | 4.50 |
| Equity per share, SEK | 55.33 | 49.24 |
| Market value on 31 December, SEK m | 11,480 | 7,628 |

¹⁾ Adjusted for items impacting comparability.

²⁾ Proposed dividend for 2013.

KEY RATIOS FOR MEASUREMENT AND RISK³⁾

| | |
|---------------|------|
| EV/sales | 1.2 |
| EV/EBIT | 12.9 |
| P/E ratio | 16.1 |
| Net debt/EBIT | 2.0 |

³⁾ Based on last price paid 28 Feb 2014.

LARGEST OWNERS ON 31 DECEMBER 2013

| | A | B | Number Total | % of shares | % of votes |
|-------------------------------|------------------|-------------------|-------------------|--------------|--------------|
| Investment AB Latour | 2,528,520 | 5,009,808 | 7,538,328 | 10.0 | 28.5 |
| Melker Schörling AB | 900,000 | 5,400,300 | 6,300,300 | 8.4 | 13.6 |
| JPMorgan Chase | | 7,510,675 | 7,510,675 | 10.0 | 7.1 |
| Didner & Gerge Funds | | 5,177,408 | 5,177,408 | 6.9 | 4.9 |
| SSB Client Omnibus AC OM07 | | 3,221,999 | 3,221,999 | 4.3 | 3.0 |
| SEB Investment Management | | 2,856,935 | 2,856,935 | 3.8 | 2.7 |
| Swedbank Robur Funds | | 2,530,135 | 2,530,135 | 3.4 | 2.4 |
| State Street Bank-SEC Finance | | 1,833,655 | 1,833,655 | 2.4 | 1.7 |
| AP4 | | 1,687,008 | 1,687,008 | 2.2 | 1.6 |
| Carnegie Funds | | 1,679,312 | 1,679,312 | 2.2 | 1.6 |
| Other shareholders | | 34,944,074 | 34,944,074 | 46.4 | 32.9 |
| Total | 3,428,520 | 71,851,309 | 75,279,829 | 100.0 | 100.0 |

Chairman of the Board: Alf Göransson

President and CEO: Jarl Dahlfors

Board members connected to Latour: Jan Svensson

www.loomis.com

NEDERMAN

Nederman is a world leading supplier of environmental technology products and systems with a focus on air filtering and recycling.

The company's solutions contribute to reducing environmental impacts from industrial production, creating a clean and safe work environment and improving production efficiency. Its offering includes everything from planning to installation, commissioning and service. Nederman's products are marketed through its own subsidiaries in 30 countries and via agents and distributors in some 30 countries.

It conducts product development and production in its own facilities in Europe, North America and Asia.

2013 IN SUMMARY

The challenging developments in the market had an impact on nets sales and profitability. However, the year ended with a strong order book, especially in the Americas, which also showed good growth in profit. The American company EFT, acquired in 2012, has enjoyed particularly strong growth.

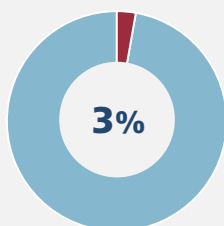
Consolidated cash flow was strong in the second half of the year, driven by increased profitability and reduction in working capital.



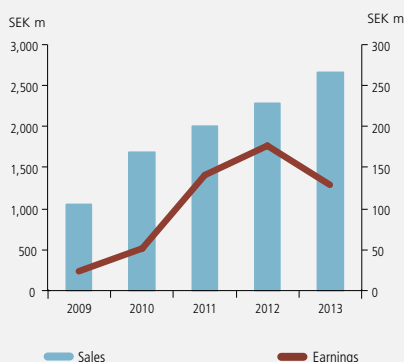
2%

PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

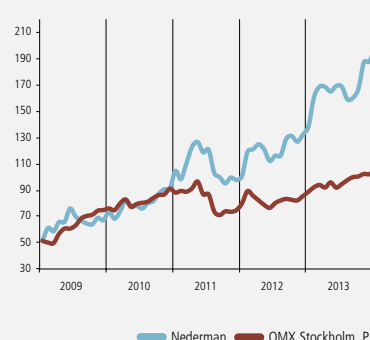
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE DEVELOPMENT NEDERMAN



KEY RATIOS NEDERMAN

| | Full year 2013 | Full year 2012 |
|---|----------------|----------------|
| Net sales, SEK m | 2,659 | 2,273 |
| Operating profit, SEK m ¹⁾ | 170 | 193 |
| Operating margin, % ¹⁾ | 6.4 | 8.5 |
| Profit after net financial items, SEK m ¹⁾ | 100 | 154 |
| Earnings per share, SEK ¹⁾ | 5.9 | 10.1 |
| Equity ratio, % | 28.5 | 28.0 |
| Earnings per share, SEK ²⁾ | 4.00 | 4.00 |
| Equity per share, SEK | 52.90 | 51.32 |
| Market value on 31 December, SEK m | 2,226 | 1,617 |

¹⁾ Adjusted for items impacting comparability.

²⁾ Proposed dividend for 2013.

KEY RATIOS FOR MEASUREMENT AND RISK³⁾

| | |
|---------------|------|
| EV/sales | 1.0 |
| EV/EBIT | 21.4 |
| P/E ratio | 16.1 |
| Net debt/EBIT | 3.4 |

³⁾ Based on last price paid 28 Feb 2014.

LARGEST OWNERS ON 31 DECEMBER 2013

| | Number Total | % of shares | % of votes |
|---------------------------|-------------------|--------------|--------------|
| Investment AB Latour | 3,512,829 | 30.0 | 30.0 |
| Lannebo Funds | 1,430,994 | 12.2 | 12.2 |
| Ernstström Kapitalpartner | 1,175,000 | 10.0 | 10.0 |
| IF Skadeförsäkringar AB | 1,160,400 | 9.9 | 9.9 |
| Swedbank Robur Funds | 662,384 | 5.7 | 5.7 |
| Nordea Investment Funds | 511,196 | 4.4 | 4.4 |
| Fondita Nordic Micro Cap | 400,000 | 3.4 | 3.4 |
| Ntc Un Joint Staff | 339,605 | 2.9 | 2.9 |
| AP4 | 174,305 | 1.5 | 1.5 |
| SSB and Trust Omnibus | 130,000 | 1.1 | 1.1 |
| Other shareholders | 2,218,627 | 18.9 | 18.9 |
| Total | 11,715,340 | 100.0 | 100.0 |

Chairman of the Board: Jan Svensson

President and CEO: Sven Kristensson

Board members connected to Latour: Jan Svensson
www.nederman.com

NOBIA

Nobia develops and sells kitchens through some twenty or so strong brand names in Europe, including Magnet in the UK, Hygena in France, HTH, Norema, Sigdal, Invita and Marbodal in Scandinavia, Petra, Parma and A la Carte in Finland, Ewe, FM and Intuo in Austria, and Poggenpohl globally.

Nobia creates profitability by combining economies of scale with attractive kitchen packages. The company has about 6,500 employees and sales of some SEK 12 billion.

2013 IN SUMMARY

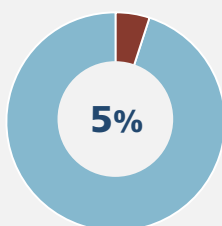
Organic sales growth was flat, which was in line with market trends. The operating profit, excluding restructuring costs, increased to SEK 690 m. Increased sales values, lower material prices, productivity improvements and cost savings offset the negative impact from currency effects and lower sales volumes. The operating margin, excluding restructuring costs, rose to 5.9 per cent.



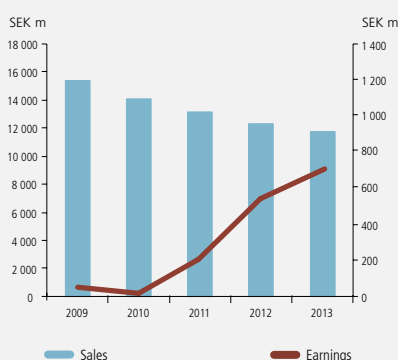
4%

PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

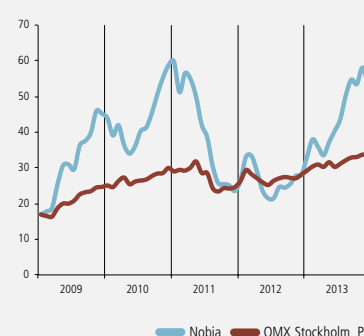
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE DEVELOPMENT NOBIA



KEY RATIOS NOBIA

| | Full year 2013 | Full year 2012 |
|---|----------------|----------------|
| Net sales, SEK m | 11,773 | 12,343 |
| Operating profit, SEK m ¹⁾ | 690 | 565 |
| Operating margin, % ¹⁾ | 5.9 | 4.6 |
| Profit after net financial items, SEK m ¹⁾ | 596 | 469 |
| Earnings per share, SEK ¹⁾ | 2.29 | 2.06 |
| Equity ratio, % | 44.0 | 37.0 |
| Earnings per share, SEK ²⁾ | 1.00 | 0.50 |
| Equity per share, SEK | 18.90 | 15.93 |
| Market value on 31 December, SEK m | 9,553 | 4,645 |

¹⁾ Adjusted for items impacting comparability.

²⁾ Proposed dividend for 2013.

KEY RATIOS FOR MEASUREMENT AND RISK³⁾

| | |
|---------------|------|
| EV/sales | 0.9 |
| EV/EBIT | 15.8 |
| P/E ratio | 27.6 |
| Net debt/EBIT | 1.8 |

³⁾ Based on last price paid 28 Feb 2014.

LARGEST OWNERS ON 31 DECEMBER 2013

| | Number Total | % of shares | % of votes |
|-------------------------|--------------|-------------|------------|
| Nordstjernan AB | 36,447,843 | 21.8 | 21.8 |
| Investment AB Latour | 23,100,000 | 13.8 | 13.8 |
| IF Skadeförsäkringar AB | 21,075,000 | 12.6 | 12.6 |
| Swedbank Robur Funds | 9,655,184 | 5.8 | 5.8 |
| Handelsbanken Funds | 6,012,231 | 3.6 | 3.6 |
| Lannebo Funds | 4,952,938 | 3.0 | 3.0 |
| Nordea Investment Funds | 3,441,445 | 2.1 | 2.1 |
| Didner & Gerge Småbolag | 3,106,340 | 1.9 | 1.9 |
| JPMorgan Bank | 2,576,685 | 1.5 | 1.5 |
| JPMorgan Chase | 2,541,913 | 1.5 | 1.5 |
| Other shareholders | 54,221,579 | 32.4 | 32.4 |
| Total | 167,131,158 | 100.0 | 100.0 |

Chairman of the Board: Johan Molin

President and CEO: Morten Falkenberg

Board members connected to Latour: Fredrik Palmstierna

www.nobia.com

SECURITAS

Securitas is a leading company in the security sector with over 300,000 employees in 52 countries in North America, Europe, Latin America, the Middle East, Asia and Africa.

Securitas provides specialised surveillance and mobile security services, alarm monitoring, technology solutions and consulting and safety investigation services.

It has a flat, decentralised organisation and is divided into three business segments: Security Services North America, Security Services Europe and Security Services Ibero-America.

2013 IN SUMMARY

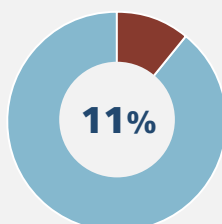
The operating margin improved compared with the preceding year, mainly driven by various restructuring and cost-saving actions taken in 2012. However, it was hampered by the weak security market and slow organic sales growth which was 1 per cent for the full year. Sales of security solutions and technology continued to increase, which is a development in line with the company's strategy.



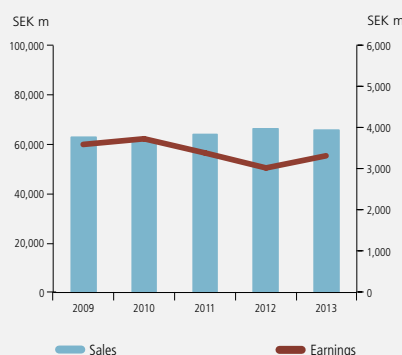
8%

PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

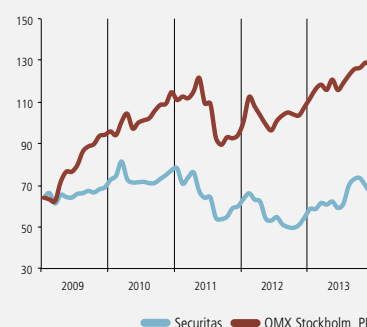
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE DEVELOPMENT SECURITAS



KEY RATIOS SECURITAS

| | Full year 2013 | Full year 2012 |
|---|----------------|----------------|
| Net sales, SEK m | 65,700 | 66,458 |
| Operating profit, SEK m | 3,329 | 3,027 |
| Operating margin, % | 5.1 | 4.6 |
| Profit after net financial items, SEK m | 2,643 | 1,684 |
| Earnings per share, SEK | 5.07 | 3.22 |
| Equity ratio, % | 25.0 | 22.0 |
| Earnings per share, SEK ¹⁾ | 3.00 | 3.00 |
| Equity per share, SEK | 25.70 | 23.56 |
| Market value on 31 December, SEK m | 24,952 | 20,699 |

¹⁾ Proposed dividend for 2013.

KEY RATIOS FOR MEASUREMENT AND RISK²⁾

| | |
|---------------|------|
| EV/sales | 0.5 |
| EV/EBIT | 10.6 |
| P/E ratio | 12.5 |
| Net debt/EBIT | 3.2 |

²⁾ Based on last price paid 28 Feb 2014.

LARGEST OWNERS ON 31 DECEMBER 2013

| | A | B | Number Total | % of shares | % of votes |
|---------------------------------|------------|-------------|--------------|-------------|------------|
| Douglas family with companies | 12,642,600 | 27,190,000 | 39,832,600 | 10.9 | 29.6 |
| Schörling family with companies | 4,500,000 | 16,008,700 | 20,508,700 | 5.6 | 11.8 |
| Didner & Gerge Funds | | 15,030,017 | 15,030,017 | 4.1 | 2.9 |
| SEB Investment Management | | 12,785,453 | 12,785,453 | 3.5 | 2.5 |
| Swedbank Robur Funds | | 11,142,887 | 11,142,887 | 3.1 | 2.2 |
| JPMorgan Chase | | 10,335,292 | 10,335,292 | 2.8 | 2.0 |
| Handelsbanken Funds | | 8,358,590 | 8,358,590 | 2.3 | 1.6 |
| Lannebo Funds | | 8,075,000 | 8,075,000 | 2.2 | 1.6 |
| Caceis Band France/Credit | | 8,000,000 | 8,000,000 | 2.2 | 1.5 |
| Clearstream Banking S.A. | | 6,349,567 | 6,349,567 | 1.7 | 1.2 |
| Other shareholders | | 224,640,791 | 224,640,791 | 61.5 | 43.1 |
| Total | 17,142,600 | 347,916,297 | 365,058,897 | 100.0 | 100.0 |

Chairman of the Board: Melker Schörling

President and CEO: Alf Göransson

Board members connected to Latour: Carl Douglas, Fredrik Palmstierna

www.securitas.com

SWECO

Sweco is the Nordic region's leading provider of consultancy services for sustainable engineering and design. Together, the company's 9,000 engineers, architects and environmental experts develop sustainable and value-creating solutions for clients and society.

Sweco is one of Europe's ten largest consulting engineering companies and conducts annual project exports to 80 countries worldwide. The company has annual sales of approximately SEK 8 billion.

2013 IN SUMMARY

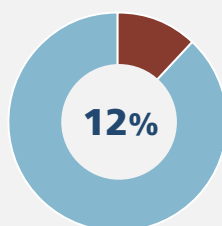
Through the acquisition of Vectura, Sweco becomes the largest engineering consultancy in the Nordic market, with approximately 9,000 employees. Net sales increased by 9 per cent. The increase is due entirely to acquired growth. The decline in profitability was mainly attributable to a lower operating profit in Sweco Finland due to slower economic activity and thus a lower billing rate, and costs associated with acquisitions and impairment of acquisition-related intangible assets. Calendar effects also had a negative impact of about SEK 20 m.



9%

PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

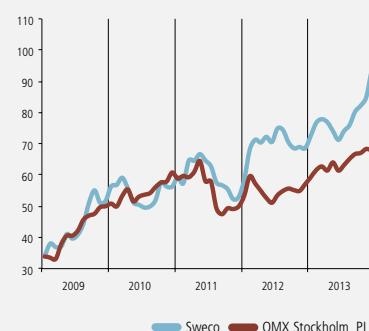
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE DEVELOPMENT SWECO



KEY RATIOS SWECO

| | Full year 2013 | Full year 2012 |
|---|-------------------|-------------------|
| Net sales, SEK m | 8,199 | 7,504 |
| Operating profit, SEK m | 561 | 682 |
| Operating margin, % | 6.8 | 9.1 |
| Profit after net financial items, SEK m | 527 | 653 |
| Earnings per share, SEK | 4.11 | 5.15 |
| Equity ratio, % | 27.1 | 36.0 |
| Earnings per share, SEK ¹⁾ | 3.25 | 3.25 |
| Equity per share, SEK | 17.75 | 18.10 |
| Market value on 31 December, SEK m | 9,701 | 6,681 |

¹⁾ Proposed dividend for 2013.

KEY RATIOS FOR MEASUREMENT AND RISK²⁾

| | |
|---------------|------|
| EV/sales | 1.3 |
| EV/EBIT | 15.5 |
| P/E ratio | 21.3 |
| Net debt/EBIT | 2.4 |

²⁾ Based on last price paid 28 Feb 2014.

LARGEST OWNERS ON 31 DECEMBER 2013

| | A | B | Number Total | % of shares | % of votes |
|---------------------------------|-----------|------------|-----------------|----------------|---------------|
| G Nordström family | 5,190,616 | 8,747,797 | 13,938,413 | 15.3 | 34.6 |
| Investment AB Latour | 1,222,760 | 27,775,000 | 28,997,760 | 31.8 | 22.8 |
| Stiftelsen J. G. Richerts minne | 1,769,420 | 168,511 | 1,937,931 | 2.1 | 10.2 |
| JPMorgan Chase | | 3,854,138 | 3,854,138 | 4.2 | 2.2 |
| Swedbank Robur Funds | | 3,227,687 | 3,227,687 | 3.5 | 1.8 |
| Nordea Investment Funds | | 3,197,885 | 3,197,885 | 3.5 | 1.8 |
| Öhman, Anders | 250,000 | 450,000 | 700,000 | 0.8 | 1.7 |
| KDTC | | 2,893,289 | 2,893,289 | 3.2 | 1.6 |
| Lannebo Funds | | 2,254,734 | 2,254,734 | 2.5 | 1.3 |
| Odin Sverige Aksjefondet | 6,928 | 1,943,370 | 1,950,298 | 2.1 | 1.1 |
| Other shareholders | 932,640 | 27,233,107 | 28,165,747 | 30.9 | 20.8 |
| Total | 9,372,364 | 81,745,518 | 91,117,882 | 100.0 | 100.0 |

Chairman of the Board: Olle Nordström

President and CEO: Tomas Carlsson

Board members connected to Latour: Anders G. Carlberg
www.swecogroup.com

TOMRA

TOMRA Systems is a world leading company in technology for sorting and recycling. The company was founded in Norway in 1972 and currently has operations in 80 countries all over the world and about 2,470 employees.

Tomra's products and services are offered in two main business areas: Tomra Collection Solutions and Tomra Sorting Solutions.

Tomra Collection Solutions comprise solutions for automated collection of deposit bottles and bale presses for compression of waste. Tomra Sorting Solutions offer sensor-based technology for sorting and process analysis.

IMPORTANT EVENTS

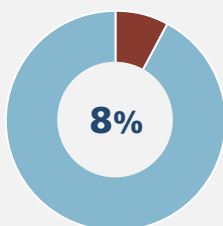
TOMRA continued to expand in 2013. Overall revenues increased by 13 per cent, of which organic growth accounted for 1 per cent adjusted for exchange effects. The product and market mixes were modified during the year and this contributed to lower profitability. However, the operating cash flow improved. A number of innovative new products were launched during the year in both of TOMRA's business areas. These are expected to contribute positively to the company's development in the coming years.



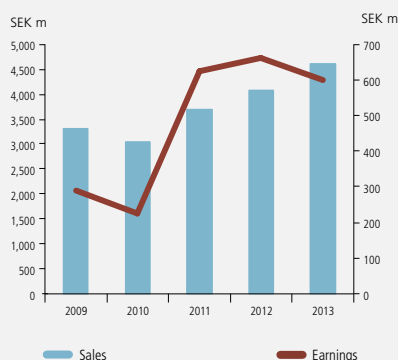
6%

PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

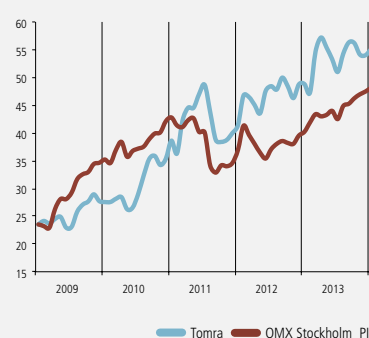
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE DEVELOPMENT TOMRA



KEY RATIOS TOMRA

| | Full year 2013 | Full year 2012 |
|---|----------------|----------------|
| Net sales, NOK m | 4,602 | 4,073 |
| Operating profit, NOK m | 601 | 662 |
| Operating margin, % | 13.1 | 16.3 |
| Profit after net financial items, NOK m | 561 | 630 |
| Earnings per share, NOK | 2.55 | 2.98 |
| Equity ratio, % | 50.2 | 45.7 |
| Earnings per share, NOK ¹⁾ | 1.35 | 1.25 |
| Equity per share, NOK | 19.11 | 15.92 |
| Market value on 31 December, NOK m | 8,363 | 7,438 |

¹⁾ Proposed dividend for 2013.

KEY RATIOS FOR MEASUREMENT AND RISK²⁾

| | |
|---------------|------|
| EV/sales | 2.1 |
| EV/EBIT | 16.1 |
| P/E ratio | 22.0 |
| Net debt/EBIT | 2.3 |

²⁾ Based on last price paid 28 Feb 2014.

LARGEST OWNERS ON 31 DECEMBER 2013

| | Number Total | % of shares | % of votes |
|----------------------------------|--------------------|--------------|--------------|
| Investment AB Latour | 31,320,000 | 21.2 | 21.2 |
| Folketrygdfondet | 16,137,053 | 10.9 | 10.9 |
| Jupiter Asset Management Ltd. | 10,910,031 | 7.4 | 7.4 |
| Nordea Investment Management | 4,418,693 | 3.0 | 3.0 |
| Lannebo Funds | 4,168,660 | 2.8 | 2.8 |
| SEB Investment Management | 2,848,330 | 1.9 | 1.9 |
| Fondita Fund Management Co. Ltd. | 2,690,000 | 1.8 | 1.8 |
| F&C Asset Managers Ltd. | 2,578,291 | 1.7 | 1.7 |
| Odin Forvaltning AS | 2,368,905 | 1.6 | 1.6 |
| RWC Partners Ltd. | 2,311,820 | 1.6 | 1.6 |
| Other shareholders | 68,268,295 | 46.1 | 46.1 |
| Total | 148,020,078 | 100.0 | 100.0 |

Chairman of the Board: Svein Rennemo

President and CEO: Stefan Ranstad

Board members connected to Latour: Jan Svensson

www.tomra.com



PART-OWNED HOLDINGS

Academic Work

Diamorph

Oxeon





ACADEMIC WORK

Experts at Young Professionals in Sweden, Norway, Finland, Denmark and Germany

Academic Work specialises in the recruitment and staffing of Young Professionals - students and young graduates. The company has operations in Sweden, Norway, Finland, Denmark and Germany.

Its ambition is to continue international expansion and its vision is to be the largest company in the world in its area of expertise.

Helping young people with careers

Academic Work was founded in 1998 by three students who realised the business potential in connecting students looking for extra work with companies looking for temporary staff.

This simple business idea laid the foundation for a steadily growing company that accounts for over 16,000 jobs each year.

Today Academic Work is one of Sweden's largest staffing companies with operations all over the country.

Recruitment and staffing

Academic Work's services include recruitment, where the candidate is

directly hired by a company, and staffing, whereby consultants work on assignments for clients.

Most students in its database

A survey conducted on behalf of Studentkortet in 2013 shows that Academic Works is the staffing agency with the largest number of students in its resume database.

27 per cent of the students who took part in the survey said that they had registered their CV with Academic Work. The company in the second place had just over 14 per cent.

Most satisfied customers in the industry

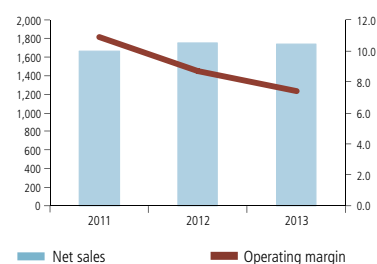
Academic Work has the most satisfied customers in the industry, according to surveys from the Swedish Quality Index (SKI). The company was rated best in the 2011, 2012 and 2013 surveys.

Academic Work's positive development has been noted many times in the Swedish business community. The company was voted Super Company by Business Week magazine in 2011.

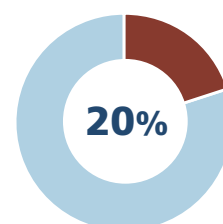
Latour's holding

Academic Work is an unlisted company. Latour's holding at the end of the year amounted to a net asset value of SEK 303 m and 20.1 per cent of the capital and votes.

NET SALES AND OPERATING MARGIN



LATOUR'S PERCENTAGE OF CAPITAL AND VOTES





DIAMORPH

Advanced material for demanding applications

Diamorph supplies advanced material solutions for especially demanding industrial applications.

The Diamorph Group has a global customer base, with customers in 60 countries and 270 employees at entities in Sweden, the Czech Republic, the UK and the USA.

Diversified products

Diamorph's advanced material is used in rockets, sports cars and buildings around the world, in the form of durable materials and high temperature materials, such as bearings, brake pads, fire protection and technical ceramics.

The company has a highly diversified portfolio of products that are leaders in their respective niches.

Diamorph operates in several markets and its largest customer accounts for 3 per cent of sales.

Mature markets – with products that in many cases have become the industry standard – are supplemented by markets on which Diamorph can grow by adding new technologies and products.

Philosophy centred on niches

Based on its technology platform, Diamorph manufactures deep niche, highly differentiated products that solve particularly demanding industrial challenges.

This requires close cooperation with its customers, long sales cycles and results in high entry barriers for competitors.

Sales growth award

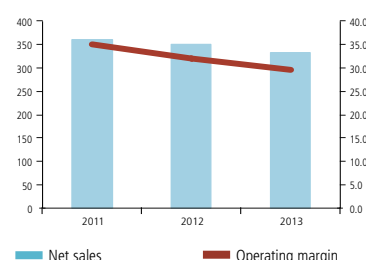
In 2013, Diamorph in the UK received the prestigious Queen's Award for Enterprise for the second year running.

The award was the result of a more than 20 per cent annual increase in export sales over the last three years along with growth in profit.

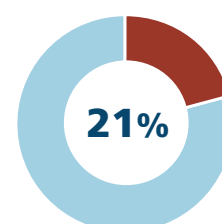
Latour's holding

Diamorph is an unlisted company. Latour's holdings represented a net asset value of SEK 125 m at the end of the year and 21.2 per cent of the capital and votes. ■

NET SALES AND OPERATING MARGIN



LATOUR'S PERCENTAGE OF CAPITAL AND VOTES





OXEON

Unique spread tow fabric that meets increasing international demand

Oxeon develops, manufactures and markets a spread tow fabric that consists of fibre tows instead of threads. The company, founded in 2003, has four patents in this field. Oxeon's reinforced fabric is marketed under the brand TeXtreme® and is offered to customers in the composite industry who really need to reduce the weight of their products.

Delivers huge savings

Customers who use TeXtreme® have been able to reduce the weight of their products by as much as 25 to 30 per cent and still maintain, or improve, mechanical performance. Such weight reductions lead to substantial savings.

According to cautious estimates, switching to TeXtreme® in the fuselages of 20 of the world's largest airlines could achieve annual fuel savings of more than EUR 40 million. This would also decrease CO₂ emissions equivalent to one million flights around the Earth.

Tests indicate clear benefits

Tests carried out by the independent test institute, Swerea Sicomp, in 2012 con-

firm the advantages that customers have acknowledged with TeXtreme®. The tests show that TeXtreme® performs as well as or better than competitor products in six out of seven cases.

Winners use TeXtreme®

Oxeon's fabric is being used globally in an ever-increasing number of products. In the world of sport, for example, TeXtreme® is used in F1 cars, hockey sticks, surfboards, snowboards and golf club shafts. In 2013, it was used by the winners of several international competitions, including the Tour de France, the America's Cup and Daytona 500.

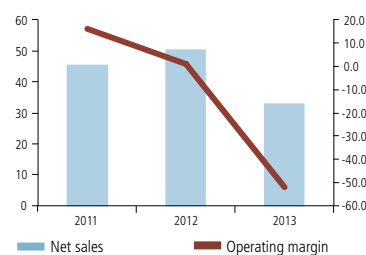
Historically awarded efforts for strong growth

Oxeon is clearly focused on international growth. In 2013, the company signed a partnership agreement with the leading distributor of composite materials in North America. Oxeon has previously been awarded the Super Gazelle Prize by Dagens Industri, Sweden's largest daily business newspaper.

Latour's holding

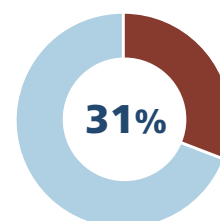
Oxeon is an unlisted company. Latour's holding at the end of the year amounted to a net asset value of SEK 25 m and 31.1 per cent of the capital and votes. ■

NET SALES AND OPERATING MARGIN



Two unforeseen developments resulted in lower-than-expected sales and earnings in 2013. In early 2014, the rate of growth returned to previous levels.

LATOUR'S PERCENTAGE OF CAPITAL AND VOTES



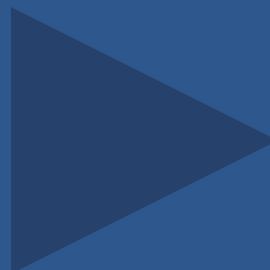


Annual report 2013

The Board of Directors and Chief Executive Officer of Investment AB Latour (publ) herewith present the Annual Report and consolidated financial statements for 2013.

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| Consolidated cash flow statement | 68 |
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| Change in interest-bearing net debt | 69 |
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| Parent company's balance sheet | 71 |
| Parent company's cash flow statement | 72 |
| Change in parent company's equity | 72 |
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Directors' report

GROUP

Investment AB Latour is a mixed investment company. Latour's investments mainly consist of a wholly-owned industrial operation and an investment portfolio containing nine holdings in which Latour is the principal owner or one of the principal owners. In addition, there are a number of other part-owned unlisted holdings. On 31 December 2013, the market value of the investment portfolio was SEK 24.4 billion. The largest holdings in terms of value are Assa Abloy, Securitas and Sweco, which in aggregate account for 73 per cent of the investment portfolio.

In addition to the above two business lines, Latour owns a portfolio of other part-owned holdings, consisting of Diamorph AB (21.18 per cent), Academic Work (20.06 per cent) and Oxeon AB (31.08 per cent). Group operations are run by Latour's subsidiary Nordiska Industri AB and Latour-Gruppen AB. The subsidiary Karpalunds Ångbryggeri AB trades in shares and other securities and the subsidiary Latour Förvaltning AB specialises in the management of securities.

Changes to industrial operations

Latour's aim is 10 per cent annual growth of its industrial operations over a business cycle through a combination of organic growth and acquisitions. The goal is to own stable industrial companies with proprietary products and favourable conditions for internationalisation.

In 2013, nine acquisitions were made in the business areas. These contributed an aggregate of approximately SEK 500 m to sales, of which approximately SEK 380 m is included in the net sales for 2013.

The LSAB business unit in Latour Industries acquired three smaller grinding stations, and REAC acquired MBL/ABU in Poland. LSAB's acquisition of three grinding stations contributes approximately SEK 10 m to annual sales and 10 employees. The actuator manufacturer MBL/ABU in Poland had just over 50 employees and annual sales of approximately SEK 50 m at the time of acquisition by REAC. During the year, sales continued to rise by 30 per cent to SEK 78 m.

Swegon was active throughout 2013 and made three key acquisitions in the cooling products area. All three acquisitions are related to distribution and service operations for cooling products. The companies acquired are Coolmation in the UK, with 70 employees and annual sales of approximately GBP 8 m, Walter Meier (Klima Deutschland) in Germany, with 110 employees and annual sales of approximately EUR 37 m, and RCS AG in Switzerland with 14 employees and annual sales of nearly CHF 6 m. These three acquisitions bolster Swegon's position in key markets in the cooling sector and are a positive contribution to Swegon's production facility in Italy.

In the fourth quarter, the Specma Group acquired the remaining 65 per cent of Kiruna Hydraulik AB for its Nordic Division. The company has sales in excess of SEK 36 m and 25

employees. It supplies hydraulic and piping components and provides maintenance and service primarily for the mining industry.

In the first quarter, Hultafor's Group acquired Nordtec SRL, Snickers Workwear's franchise in Italy, with 9 employees and SEK 20 m in sales.

Brickpack AB was divested in the fourth quarter. This small company had annual sales of about SEK 55 m. Latour Industries still owns 40 per cent of the operations through an ownership share in Brickpack Intressenter AB.

Further information about company acquisitions and sales is presented in Notes 44 and 45.

Changes to the investment portfolio

An aggregate of 3,350,000 shares in Tomra Systems ASA and 200,000 shares in HMS Networks were acquired during the year.

Changes to other holdings

No changes were made to the portfolio of other part-owned holdings during the year.

Events after the end of the financial year

On 3 March 2014, the Group entered into an agreement for the acquisition of 80 per cent of the shares in Elvaco AB from the company's founder, with the option of acquiring the remaining 20 per cent in the first quarter of 2017. The company develops and markets communication equipment and software for the collection, processing and presentation of metrics data. Elvaco has 20 employees and annual sales in excess of SEK 60 m.

Results and financial position

The Group's profit after financial items was SEK 1,658 m (1,497). Profit after tax was SEK 1,483 m (1,351), corresponding to SEK 9.31 (8.47) per share. The Group's cash in hand and liquid investments amounted to SEK 472 m (241). Interest-bearing debt, excluding pension liabilities, totalled SEK 2,121 m (1,660). The Group's net debt, including pension liabilities, was SEK 1,787 m (1,568). The equity ratio was 88 (86) per cent calculated on reported equity in relation to total assets, including undisclosed surpluses in associated companies. Five-year overview, see page 27.

Investments

During the period, SEK 162 m (136) was invested in property, plant and equipment, of which SEK 128 m (105) was machinery and equipment, SEK 20 m (20) vehicles and 14 m (11) buildings. Fixed assets in new acquisitions account for SEK 30 m (12) of total investments for the year.

PARENT COMPANY

The parent company's profit after financial items was SEK 805 m (780). The parent company's equity ratio was 88 (91) per cent.

The Latour share

The number of shares outstanding, not including repurchased shares, was 159,378,000 as at 31 December 2013. In 2013, 115,000 repurchased shares were sold through redemption of call options, giving Latour a total holding of 582,000 class B shares. The number of call options issued to senior executives as at 31 December 2013 was 701,000. 168,000 of them were issued during the year according to the resolution of the 2013 Annual General Meeting. 2,115 class A shares were converted to class B shares in December 2013. After this, the allocation of issued shares is 11,944,944 class A shares and 148,015,056 class B shares. Further share information can be found on pages 18 and 19 and in Note 35.

Personnel

The average number of employees in the Group was 3,909 (3,692). Of these, 1,753 (1,534) were employed abroad. Information about salaries and remuneration and a breakdown of the number of employees are presented in Note 9.

Currency exposure

The subsidiaries' sales and purchases in foreign currencies are balanced through the Group's joint financial function. On the balance sheet date, sales covered by forward exchange contracts totalled SEK 676 m. Currency hedging amounted to SEK 309 m, not including hedging through currency clauses in major import deals. There is a relatively good balance between purchases and sales in foreign currencies, with the exception of net sales in NOK, GBP and EUR and net purchases in USD. For further information, see Note 34 Exchange risks.

Risks in industrial operations

As an owner of diversified industrial operations and an investment portfolio with nine holdings, Latour automatically has a relatively good diversification of risks. It has customers in a range of industries with a preponderance in the construction industry. Sales in the construction industry are well distributed between new construction and repairs and maintenance. Moreover, there is a relative balance between commercial premises, public premises and housing. The Board conducts an annual risk analysis to assess and evaluate Latour's risk exposure.

Financial risks

Information concerning financial instruments and risk exposure can be found on pages 88–90.

Related party transactions

The Group did not enter into any related party transactions that had a material adverse effect on the Group's performance and financial position, except for dividend payments.

Board of Directors

Latour's Board of Directors consists of nine members, including the Chief Executive Officer. There are no deputies. All members are elected for a one-year term. Except for the Chief Executive Officer, no members have a position or assignment in the Group. The secretary of the Board is the Chief Financial Officer of the Group. Fredrik Palmstierna was elected Chairman of the Board by the 2013 Annual General Meeting.

The members of the Board represent 87 per cent of the voting shares in the company and 80 per cent of the share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly-owned companies in the industrial operations. They are therefore not represented in the investment company's board.

Each year, the Board establishes written rules of procedure that regulate the Board's meetings, the business of these meetings, the division of responsibilities among Board members and the Chief Executive Officer and certain other matters. The Board issues instructions for the Chief Executive Officer that regulate his work tasks and reporting obligation to the Board of Directors.

The Board has had four ordinary meetings during the year to date, not including the constitutional meeting and two additional Board meetings. Two of the Board members were unable to attend on one occasion and one of the Board members was unable to attend on three occasions. Otherwise there has been full attendance.

The company's auditors attended two Board meetings and presented reports and observations from the audits performed.

Matters dealt with by the Board include strategic changes in portfolio investments, acquisitions and sales of subsidiaries, the company's risk exposure, budgets and forecasts for the subsidiaries as well as a financial review of operations.

Under the direction of the Chairman, the Board has evaluated its work and all Board members have presented their views.

The Corporate Governance Statement can be found on pages 97–100.

Guidelines for remuneration to senior executives

The following guidelines were approved at the 2013 Annual General Meeting:

Remuneration to the Chief Executive Officer and other senior executives consists of basic salary, variable remuneration and pension. Other senior executives are the members of Executive management and business area managers. The

variable remuneration is based on targeted goals and can amount to 0 to 100 per cent of the basic salary. To promote a long-term perspective, the Board may decide on compensation, in addition to the annual variable remuneration, related to the long-term development of the business area's value over a period of three years, capped at one-third of the basic salary per year over a three-year period.

The retirement age for the Chief Executive Officer is 62, after which pension makes up 60 per cent of the basic salary for three years. The retirement age for all other senior executives is 65.

The Board may also allow a supplemental remuneration to company management in the form of share-related incentive schemes, for example a call option programme, provided that they promote long-term commitment to the business and they are on market-based terms.

The Board's proposed guidelines for the period up to the next Annual General Meeting will be presented in the summons to the 2014 Annual General Meeting.

Environmental impact

The Latour Group's wholly-owned companies run operations requiring licensing and registration under the Swedish Environmental Code. Two of the Group's subsidiaries are required to have licences and ten of the subsidiaries are required to register under the Code. The companies that are required to be licensed and registered have production operations in the engineering industry. The environmental impact is emissions to

air and discharge into municipal treatment plants. All of these companies have the necessary permits and have complied with the current requirements for their operations.

Proposed dividends and allocation of profits

The Board of Directors proposes that the Annual General Meeting resolves to pay a higher ordinary dividend of SEK 5.50 (5.00) per share, which in absolute terms equates to a payout of SEK 877 m.

The Board's proposal for the allocation of profits is presented in full on page 95.

Prospects for 2014

There was a slight increase in orders at the end of 2013 compared to the same period in 2012. However, net sales remained on a par with the previous year. The increased order intake offers some hope that the economy will gradually improve in 2014.

The outlook for growth is therefore relatively good at the start of 2014. Yet at the same time, it is necessary to have respect for the imbalances of the global economy and this means that the outlook remains difficult to predict.

As always, Latour takes a long-term perspective. The Group is investing heavily in product development, establishing in new markets and implementing key organic growth initiatives. In the long run, it is these investments that will allow Latour to grow and gain market share.

No forecast is given for 2014. ■

Consolidated income statement

| SEK m | Note | 2013 | 2012 |
|--|------|--------------|--------------|
| Net sales | 3.4 | 6,944 | 6,788 |
| Cost of goods sold | | -4,399 | -4,299 |
| Gross profit | | 2,545 | 2,489 |
| Sales costs | | -1,382 | -1,366 |
| Administrative costs | | -422 | -400 |
| Research and development costs | | -156 | -159 |
| Other operating income | 12 | 64 | 124 |
| Other operating expenses | 12 | -28 | -53 |
| Operating profit | 5–11 | 621 | 635 |
| Income from interests in associates | 13 | 1,060 | 914 |
| Result from portfolio management | 14 | 43 | 49 |
| Administrative costs | | -14 | -14 |
| Profit before financial items | | 1,710 | 1,584 |
| Finance income | 15 | 33 | 19 |
| Finance expense | 16 | -85 | -106 |
| Profit after financial items | | 1,658 | 1,497 |
| Taxes | 17 | -175 | -146 |
| Profit for the year | | 1,483 | 1,351 |
| <i>Attributable to:</i> | | | |
| Parent company shareholders | | 1,483 | 1,351 |
| Non-controlling interests | | – | – |
| Earnings per share regarding profit attributable to parent company shareholders | 35 | | |
| Basic share | | SEK 9.31 | SEK 8.47 |
| Diluted share | | SEK 9.28 | SEK 8.45 |
| STATEMENT OF COMPREHENSIVE INCOME | | | |
| SEK m | | 2013 | 2012 |
| Profit for the year | | 1,483 | 1,351 |
| Other comprehensive income | | | |
| Items that will not be recycled to the income statement | | | |
| Revaluation of net pension obligations | | 6 | -2 |
| | | 6 | -2 |
| Items that may subsequently be recycled to the income statement | | | |
| Translation differences | | 23 | -38 |
| Change in fair value reserve for the year | | 629 | 357 |
| Change in hedging reserve for the year | | -8 | 8 |
| Share of other comprehensive income from associates | | -256 | -274 |
| | | 388 | 53 |
| Other comprehensive income, net after tax | 17 | 394 | 51 |
| Comprehensive income for the year | | 1,877 | 1,402 |
| <i>Attributable to:</i> | | | |
| Parent company shareholders | | 1,877 | 1,402 |
| Non-controlling interests | | – | – |

Consolidated balance sheet

| SEK m | Note | 2013 | 2012 |
|--|------|---------------|---------------|
| ASSETS | | | |
| Fixed assets | | | |
| <i>Intangible assets</i> | 18 | 2,038 | 1,732 |
| <i>Property, plant and equipment</i> | | | |
| Buildings | 19 | 289 | 297 |
| Land and land improvements | 20 | 17 | 19 |
| Machinery | 21 | 215 | 227 |
| Equipment | 22 | 159 | 140 |
| Construction work in progress and advances | 23 | 36 | 11 |
| <i>Financial assets</i> | | | |
| Interests in associates | 25 | 8,450 | 6,672 |
| Listed shares | 26 | 1,252 | 2,252 |
| Other long-term securities holdings | 27 | 0 | 0 |
| Deferred tax asset | 37 | 43 | 36 |
| Other long-term receivables | 28 | 36 | 78 |
| | | 12,535 | 11,464 |
| Current assets | | | |
| <i>Inventories etc.</i> | 29 | | |
| Raw materials and consumables | | 298 | 305 |
| Work-in-progress | | 64 | 59 |
| Finished work and goods for resale | | 639 | 614 |
| Advance payments to suppliers | | 4 | 1 |
| <i>Listed shares – trading</i> | 30 | 63 | 104 |
| <i>Current receivables</i> | | | |
| Accounts receivable | 31 | 1,136 | 1,054 |
| Tax asset | | 109 | 76 |
| Derivative instrument | 32 | – | 6 |
| Other current receivables | | 84 | 94 |
| Prepaid expenses and accrued income | | 76 | 68 |
| <i>Cash</i> | 33 | 472 | 241 |
| | | 2,622 | 2,622 |
| Total assets | | 15,480 | 14,086 |

Consolidated balance sheet

| SEK m | Note | 2013 | 2012 |
|---|------|---------------|---------------|
| EQUITY | | | |
| <i>Capital and reserves attributable to parent company shareholders</i> | 35 | | |
| Share capital | | 133 | 133 |
| Repurchased shares | | -48 | -56 |
| Reserves | | 725 | 419 |
| Profit brought forward | | 10,848 | 10,411 |
| | | 11,658 | 10,907 |
| <i>Non-controlling interests</i> | | 0 | 0 |
| Total equity | | 11,658 | 10,907 |
| LIABILITIES | | | |
| <i>Long-term liabilities</i> | | | |
| Pension obligations | 36 | 174 | 175 |
| Deferred tax liability | 37 | 130 | 101 |
| Other provisions | 38 | 55 | 35 |
| Interest-bearing liabilities | 39 | 289 | 192 |
| | | 648 | 503 |
| <i>Current liabilities</i> | | | |
| Bank overdraft facilities | 40 | 12 | 86 |
| Debts to credit institutions | 34 | 1,770 | 1,379 |
| Advances from customers | | 25 | 12 |
| Accounts payable | | 602 | 567 |
| Tax liabilities | | 81 | 60 |
| Other provisions | 38 | 9 | 29 |
| Derivative instrument | 32 | 6 | – |
| Other liabilities | | 216 | 126 |
| Accrued expenses and deferred income | 41 | 453 | 445 |
| | | 3,174 | 2,704 |
| Total liabilities | | 3,822 | 3,207 |
| Total equity and liabilities | | 15,480 | 14,086 |
| Pledged assets | 42 | 7 | 7 |
| Contingent liabilities | 43 | 17 | 17 |

Consolidated cash flow statement

| SEK m | Note | 2013 | 2012 |
|---|------|-------------|-------------|
| Operating profit | | 621 | 635 |
| Depreciation | | 161 | 161 |
| Capital gains | | 26 | -54 |
| Other adjustments to non-cash items | | -10 | -20 |
| Paid tax | | -162 | -166 |
| Operating cash flows before movements in working capital | | 636 | 556 |
| <i>Movements in working capital</i> | | | |
| Inventories | | 30 | 197 |
| Accounts receivable | | -30 | 175 |
| Current receivables | | 9 | 7 |
| Current operating liabilities | | -26 | -61 |
| | | -17 | 318 |
| Operating cash flows | | 619 | 874 |
| <i>Investments</i> | | | |
| Acquisition of subsidiaries | 44 | -266 | -125 |
| Sale of subsidiaries | 45 | 20 | 97 |
| Acquisition of fixed assets | | -170 | -214 |
| Sale of fixed assets | | 18 | 22 |
| Investing cash flows | | -398 | -220 |
| <i>Portfolio management</i> | | | |
| Dividends received | | 609 | 503 |
| Administrative costs etc. | | -16 | -19 |
| Purchase of listed shares etc. | | -344 | -420 |
| Purchase of shares in associates | | -214 | -134 |
| Sale of listed shares | | 409 | 150 |
| Cash flow from portfolio management | | 444 | 80 |
| Cash flow after investments and portfolio management | | 665 | 734 |
| <i>Financial payments</i> | | | |
| Interest received | | 33 | 19 |
| Interest paid | | -84 | -110 |
| New borrowings | | 517 | 671 |
| Repayment by instalments | | -118 | -582 |
| Dividends paid | | -796 | -956 |
| Share repurchase | | 10 | -27 |
| Issued call options | | 3 | 2 |
| Cash flow from financial payments | | -435 | -983 |
| Change in cash | | 230 | -249 |
| Cash at the beginning of the year | | 241 | 498 |
| Translation difference in cash | | 1 | -8 |
| Cash at the end of the year | 33 | 472 | 241 |

Change in consolidated equity

| | Note | Attributable to parent company shareholders | | | | Non-controlling interests | Total |
|--------------------------------|--------|---|--------------------|----------|------------------------|---------------------------|--------|
| | | Share capital | Repurchased shares | Reserves | Profit brought forward | | |
| Closing equity 31 Dec 2011 | | 133 | -29 | 92 | 10,293 | 0 | 10,489 |
| Amended accounting policy | 36 | | | | -30 | | -30 |
| Opening balance 1 Jan 2012 | 35 | 133 | -29 | 92 | 10,263 | 0 | 10,459 |
| Total comprehensive income | | | | 327 | 1,075 | | 1,402 |
| Issued call options | | | | | 2 | | 2 |
| Own share repurchase | | | -27 | | | | -27 |
| Dividends | | | | | -957 | | -957 |
| Closing equity 31 Dec 2012 | 35, 36 | 133 | -56 | 419 | 10,383 | 0 | 10,879 |
| Opening balance 1 Jan 2013 | 35 | 133 | -56 | 419 | 10,383 | 0 | 10,879 |
| Total comprehensive income | | | | 644 | 1,233 | | 1,877 |
| Reclassification of associates | 25 | | | -338 | 23 | | -315 |
| Issued call options | | | | | 3 | | 3 |
| Sold repurchased own shares | | | 8 | | 2 | | 10 |
| Dividends | | | | | -796 | | -796 |
| Closing equity 31 Dec 2013 | 35 | 133 | -48 | 725 | 10,848 | 0 | 11,658 |

Change in consolidated interest-bearing net debt

| SEK m | 1 Jan 2013 | Change in cash | Change in loans | Other changes | 31 Dec 2013 |
|------------------------------------|------------|----------------|-----------------|---------------|-------------|
| Receivables | 27 | | | 9 | 36 |
| Cash | 241 | 231 | | | 472 |
| Pension obligations | -175 | | | 1 | -174 |
| Long-term liabilities | -192 | | -100 | -18 | -310 |
| Utilised bank overdraft facilities | -86 | | 74 | | -12 |
| Current liabilities | -1,382 | | -417 | | -1,799 |
| Interest-bearing net debt | -1,567 | 231 | -443 | -8 | -1,787 |

Parent company's income statement

| SEK m | Note | 2013 | 2012 |
|--|------|------------|------------|
| Income from interests in Group companies – dividends | | 325 | 331 |
| Income from interests in associates | 13 | 448 | 367 |
| Result from portfolio management | 14 | 12 | 29 |
| Management costs | | -8 | -8 |
| Profit before financial items | | 777 | 719 |
| Interest income and similar items | 15 | 61 | 92 |
| Interest expense and similar items | 16 | -33 | -31 |
| Profit after financial items | | 805 | 780 |
| Taxes | 17 | – | – |
| Profit for the year | | 805 | 780 |

Parent company statement of comprehensive income

| SEK m | Note | 2013 | 2012 |
|--|------|--------------|--------------|
| Profit for the year | | 805 | 780 |
| Other comprehensive income: | | | |
| Items that will not be recycled to the income statement | | 0 | 0 |
| Items that may subsequently be recycled to the income statement | | | |
| Change in fair value reserve for the year | | 599 | 356 |
| Other comprehensive income, net after tax | | 599 | 356 |
| Comprehensive income for the year | | 1,404 | 1,136 |

Parent company's balance sheet

| SEK m | Note | 2013 | 2012 |
|--|------|--------------|--------------|
| ASSETS | | | |
| Fixed assets | | | |
| <i>Financial assets</i> | | | |
| Interests in subsidiaries | 24 | 1,246 | 1,246 |
| Interests in associates | 25 | 4,421 | 2,934 |
| Listed shares | 26 | 1,192 | 2,223 |
| Receivables from Group companies | | 2,382 | 2,127 |
| | | 9,241 | 8,530 |
| Current assets | | | |
| <i>Current receivables</i> | | | |
| Receivables from Group companies | | 15 | 18 |
| Other current receivables | | 0 | 0 |
| Prepaid expenses and accrued income | | 2 | 2 |
| Cash | 33 | 7 | 7 |
| | | 24 | 27 |
| Total assets | | 9,265 | 8,557 |
| EQUITY AND LIABILITIES | | | |
| Equity | 35 | | |
| <i>Restricted equity</i> | | | |
| Share capital | | 133 | 133 |
| Other funds | | 859 | 598 |
| <i>Non-restricted equity</i> | | | |
| Profit brought forward | | 6,292 | 6,295 |
| Profit for the year | | 805 | 780 |
| | | 8,089 | 7,806 |
| <i>Provisions</i> | | | |
| Pension obligations | | 1 | 1 |
| | | 1 | 1 |
| <i>Long-term liabilities</i> | | | |
| Debts to credit institutions | | 100 | 100 |
| Other non-interest-bearing liabilities | | 5 | 5 |
| | | 105 | 105 |
| <i>Current liabilities</i> | | | |
| Debts to Group companies | | 1,056 | 641 |
| Other liabilities | | 14 | 4 |
| | | 1,070 | 645 |
| Total equity and liabilities | | 9,265 | 8,557 |
| Pledged assets | | – | – |
| Contingent liabilities | 43 | 2,326 | 2,301 |

Parent company cash flow statement

| SEK m | Note | 2013 | 2012 |
|---|------|-------------|-------------|
| Current receivables | | 3 | 4 |
| Current operating liabilities | | 10 | -3 |
| Operating cash flows | | 13 | 1 |
| <i>Portfolio management</i> | | | |
| Dividends received | | 450 | 728 |
| Management costs etc. | | -8 | -8 |
| Purchase of listed shares etc. | | -305 | -307 |
| Sale of listed shares | | 120 | - |
| Cash flow from portfolio management | | 257 | 413 |
| Cash flow after investments and portfolio management | | 270 | 414 |
| <i>Financial payments</i> | | | |
| Interest received | | 61 | 92 |
| Interest paid | | -33 | -31 |
| New borrowings | | 160 | 266 |
| Dividends received from subsidiaries | | 325 | - |
| Own share repurchase | | 10 | -27 |
| Dividends paid | | -796 | -957 |
| Issued call options | | 3 | 2 |
| Cash flow from financial payments | | -270 | -655 |
| Change in cash | | 0 | -241 |
| Cash at the beginning of the year | | 7 | 248 |
| Cash at the end of the year | | 7 | 7 |

Change in parent company's equity

| SEK m | Note | Other funds | | | Profit brought forward | Total |
|------------------------------------|------|---------------|--------------|-----------------|------------------------|--------------|
| | | Share capital | Reserve fund | Fair value fund | | |
| Closing balance 31 Dec 2011 | | 133 | 96 | 146 | 7,277 | 7,652 |
| Total comprehensive income | | | | 356 | 780 | 1,136 |
| Own share repurchase | | | | | -27 | -27 |
| Dividends paid | | | | | -957 | -957 |
| Issued call options | | | | | 2 | 2 |
| Closing balance 31 Dec 2012 | | 133 | 96 | 502 | 7,075 | 7,806 |
| Total comprehensive income | | | | 599 | 805 | 1,404 |
| Reclassification of associates | 25 | | | -338 | | -338 |
| Own share repurchase | | | | | 10 | 10 |
| Dividends paid | | | | | -796 | -796 |
| Issued call options | | | | | 3 | 3 |
| Closing balance 31 Dec 2013 | | 133 | 96 | 763 | 7,097 | 8,089 |

Notes to the financial statements

(All amounts are in SEK m unless stated otherwise)

NOTE 1 General information

Investment AB Latour (publ), corporate registration number 556026-3237, is a mixed investment company with wholly-owned industrial operations and an investment portfolio, which consists of nine significant holdings.

The parent company is a limited company registered in Gothenburg. The head office address is J A Wettergrens gata 7, Box 336, SE-401 25 Gothenburg, Sweden. The parent company is listed on the Nasdaq OMX Stockholm Large Cap list.

The Board of Directors and the Chief Executive Officer have approved these consolidated financial statements for publication on 13 March 2014. The Annual Report and consolidated financial statements will be presented to the Annual General Meeting on 8 May 2014 for approval.

NOTE 2 Accounting policies

Basis of preparation of the consolidated financial statements

The consolidated financial statements for Investment AB Latour have been prepared in accordance with the International Financial Reporting Standards (IFRSs) published by the International Accounting Standard Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the EU. Furthermore, the Group has applied the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Regulations for Groups.

The consolidated financial statements have been prepared using the cost method except for revaluations of available-for-sale financial assets, and financial assets and liabilities (including derivative instruments) measured at fair value through the income statement.

The preparation of statements in conformity with the IFRS requires the use of certain estimates for accounting purposes. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas that involve a significant degree of estimation, that are complex, or are areas where assumptions and estimates are critical to the consolidated financial statements are set out in Note 48.

The parent company applies the same accounting policies as the Group, except in the cases presented below in "The Parent Company's Accounting Policies". The differences between the parent company's and the Group's policies are due to limitations in the ability to apply the IFRS in the parent company because of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen) and also, in some cases, because of tax reasons.

New and amended accounting policies

The following new and amended standards are mandatory for the first time for the financial year beginning 1 January 2013.

Amendments have been made to IAS 1 Presentation of Financial Statements regarding other comprehensive income. The most significant change in the amended IAS 1 is the requirement for items reported in "Other comprehensive income" to be presented with a breakdown according to two groups. The breakdown must be based on whether or not the items can be reclassified to the income statement (reclassification adjustments).

IAS 19 Employee Benefits was revised in June 2011. Prior service costs will be recognised immediately. Interest expenses and expected return on plan assets will be replaced by a net interest cost, calculated with reference to the discount rate, based on the net surplus or net deficit in the defined benefit plan. The impact on the financial statements is reported in Note 36.

Amendments to IFRS 7 Financial Instruments: Disclosures extend the disclosure requirements regarding the netting of financial assets and liabilities. The new disclosure requirements are intended to help investors and other financial statement users to better compare companies that prepare their financial statements in accordance with the IFRS with companies that prepare their financial statements in accordance with US GAAP.

IFRS 13 Fair Value Measurement is intended to make valuations at fair value more consistent and less complex by providing an exact definition and common source in IFRS for fair value evaluations and related information. The standard provides guidance on how to determine fair value for financial and non-financial assets and liabilities.

New standards, amendments and interpretations of existing standards that have not yet come into effect and will not be applied in advance.

IFRS 9 Financial Instruments includes requirements for classification, measurement and presentation of financial liabilities and assets. IFRS 9 states that financial assets must be classified into one of two measurement categories, namely fair value or amortised cost. Classification is determined on the date of initial recognition based on the company's business model and the characteristics of the contractual cash flows. There are no major changes regarding financial liabilities compared to IAS 39. The Group intends to apply the new standard by the beginning of the 2015 financial year and has not yet evaluated the effects.

IFRS 10 Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group intends to apply IFRS 10 for the financial year that starts 1 January 2014 and has not yet evaluated the full effect on the financial statements.

IFRS 12 Disclosure of Interests in Other Entities requires a range of disclosures about an entity's interests in subsidiaries and associates. The Group intends to apply IFRS 12 for the financial year that starts 1 January 2014 and has not yet evaluated the full effect on the financial statements.

None of the other IFRS or IFRIC interpretations not yet in effect are expected to have any significant effect on the Group.

Consolidated financial statements

Subsidiaries

The consolidated financial statements comprise the companies over which Investment AB Latour has a direct or indirect controlling influence.

The acquisition method is used to account for the acquisition of companies. This method means that equity, including the capital portion of untaxed reserves in the subsidiary at the acquisition date, is entirely eliminated. Consequently, only profit generated after the acquisition date is included in Group equity.

The purchase price for the acquisition of a subsidiary is the fair value of transferred assets, liabilities and the shares issued by the Group. The purchase price includes the fair value of all assets or liabilities resulting from an agreement on conditional consideration. If the group-wise cost of the shares exceeds the book value of the company's net assets in the acquisition analysis, the difference is recognised as goodwill in the consolidated statement. If the acquisition cost is lower than the fair value of the acquired subsidiary's net assets and any contingent liabilities, the difference is recognised directly in the income statement. Acquisition-related costs are expensed as they occur. Identifiable acquired assets and transferred liabilities in a business combination are initially valued at fair value at the acquisition date. The Group determines, for each acquisition, if all the non-controlling interests in the acquired entity will be valued at fair value or for the proportional share of the acquired entity's net assets.

Companies acquired during the year are included in the consolidated financial statements with amounts relating to the post-acquisition period. Profits from companies sold during the year have been included in the consolidated income statement for the period up to the point of divestiture.

Latour's foreign Group companies' assets and liabilities are converted at the exchange rate on the balance sheet date. All items in the income statement are converted at the average exchange rate for the year. Translation differences are recognised directly in Group equity.

Internal Group transactions, balance posts, income and expenses on transactions between Group companies are eliminated. Any profit and loss resulting from internal Group transactions reported under assets is also eliminated.

Associated companies

Shareholdings in associated companies, in which the Group holds at least 20 per cent but less than 50 per cent of voting rights or otherwise has a significant but not controlling influence over operational and financial management, are reported according to the equity method.

The equity method entails that the book value of shares in associated companies in the Group's accounts corresponds to the Group's participation in associated companies' equity and any residual value in group-wise surplus and deficits. The Group's share of the profit after tax of its associates, with any adjustment for impairment loss on or reversal of surpluses or deficits, is recognised in the Group's income statement as "Income from interests in associates".

When the Group no longer has a controlling or significant influence,

each remaining holding is revalued at fair value and the change in carrying amount is recognised in the income statement. The fair value is used as the first carrying amount and forms the basis for further reporting of the continuing holding as an associated company, joint venture or financial asset. All amounts relating to the divested entity previously reported in other comprehensive income are reported as if the Group had directly sold the attributable assets or liabilities. This may result in amounts that were previously reported in other comprehensive income being reclassified to the income statement.

If ownership in an associated company is reduced, but a significant influence is retained, only a proportional share of the amounts previously reported in other comprehensive income are, where relevant, reclassified to the income statement.

The parent company recognises associated companies using the cost method.

Net sales

Net sales are made up of invoiced sales, excluding value-added taxes and after deduction of discounts on goods and similar income reductions but before deductions for delivery expenses. Sales are recognised when the significant risks and rewards connected with ownership of the sold goods have been transferred to the buyer and the seller retains neither continuing managerial involvement nor effective control over the goods. Revenue arising from the rendering of services is recognised when the service has been performed. Where appropriate, the Group uses the percentage-of-completion method (see below). Group sales are primarily product sales.

Work in progress

Income and costs attributable to completed services rendered or subcontracted assignments are reported as revenue or expense respectively in relation to the stage of completion of the assignment at the balance sheet date (percentage of completion). The stage of completion of an assignment is determined through expenditures made at the balance sheet date relative to estimated overall expenditures. If a service rendered or subcontracted assignment cannot be measured reliably, revenue is recognised only to the extent the expenses recognised are recoverable. An assignment likely to make a loss is immediately reported as an expense.

Other operating income and operating expenses

Other operating income and operating expenses include income and costs from activities outside ordinary operations. See Note 12.

Finance income and expenses

Finance income and expenses consist of interest income and interest costs, income from dividends and realised and unrealised exchange losses and gains.

Interest income on receivables and interest costs on liabilities are calculated using the effective interest rate method. Interest costs are recognised in the period they occur regardless of how the borrowed funds are used. Interest costs include transaction costs for loans which have been recorded over the term of the contract, which is also valid for any difference between received funds and repayment amounts. Interest from dividends is recorded when the dividend has been adopted and distribution is assured.

Borrowing costs

Borrowing costs that are directly attributable to the production of an asset for which borrowing costs can be included as part of the cost shall be capitalised during the period of time that it takes to complete the work and prepare the asset for its intended use. Other borrowing costs are expensed in the period in which they occur.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method or the weighted average cost method if this is a good estimate of FIFO. The net realisable value is the estimated sales price in the operating activities, with a deduction for applicable variable sales costs. The value of finished goods and work-in-progress includes raw materials, direct work, other direct costs and production-related overheads. Obsolescence is depreciated separately. When assessing net realisable values, consideration is given to the age and turnover rate for the items in question. The change between the opening and closing provision for obsolescence for the year affects operating profit in its entirety.

Translation of foreign currencies

Functional and presentation currencies

Items in the financial statements for the various Group entities are valued in the currency used in the economy in which each company primarily operates (functional currency). Swedish crowns are used in the consolidated financial statements and are the parent company's functional and presentation currencies.

Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency using the exchange rate on the balance sheet date. Exchange gains and losses that are generated through payment of such transactions and from translation of monetary assets and liabilities in foreign currency at balance date rates are reported in the income statement. The exception is when the transactions are hedges that qualify for hedge accounting of the cash flows or net investments where gains/losses are recognised in equity.

Translation differences for non-monetary items, such as shares that are valued at fair value through the income statement are recognised as part of the fair value gain/loss. Translation differences for non-monetary items such as shares that are classified as available-for-sale financial assets are recognised as reserves for fair value in equity.

Group companies

The result and financial position for all Group companies (none of which have a high inflation value) that have a different functional currency than presentation currency are translated to the Group's presentation currency according to the following:

- assets and liabilities for each balance sheet is recalculated to the balance date rate,
- revenue and expenses for each income statement are recalculated at the average exchange rate (unless the average rate is a reasonable approximation of the accumulated effect of the rates on the transaction date, in which case revenue and expenses are recalculated at the transaction date rate), and
- all exchange differences are recorded as a separate portion of equity.

Upon consolidation, exchange differences arising from the translation of net investments in foreign operations, loans and other currency instruments that are identified as hedges of such investments are taken to equity. When a foreign operation is sold, such exchange differences are reported in the income statement as a part of capital gains/losses.

Goodwill and adjustments in fair value that arise when acquiring a foreign company are treated as assets and liabilities in that operation and are converted at the balance date rate.

Property, plant and equipment

Buildings and land largely comprise factories, warehouses and offices. Property, plant and equipment are booked as cost less depreciation. Cost includes expenses directly related to the acquisition of the asset.

Costs after acquisition are added to the asset's carrying amount or are reported as a separate asset, depending on what is appropriate, only when it is probable that any future economic benefit associated with the asset will flow to the Group and the asset's cost can be measured with reliability. All other repairs and maintenance are recognised as costs in the income statement in the period in which they occur.

Assets are depreciated on a straight-line basis according to plan over the estimated useful life as follows:

| | |
|------------------------|-------------|
| Buildings | 25–30 years |
| Land improvements | 10–20 years |
| Machinery | 5–10 years |
| Vehicles and computers | 3–5 years |
| Other inventories | 5–10 years |

The residual values and useful lives of the assets are assessed on every balance date and adjusted as needed.

The carrying amount of an asset is immediately written down to its recoverable amount if the carrying amount exceeds its estimated recoverable amount.

Profits and losses in divestitures are determined by comparing sales revenue and carrying amount and are reported in the income statement.

Intangible assets

Goodwill

Goodwill is the amount by which the cost exceeds the fair value of the Group's share of the acquired subsidiary's or associated company's identifiable net assets on the date of acquisition. Goodwill on the acquisition of subsidiaries is reported as intangible assets. Goodwill on the acquisition of associated companies is included in the value of the holding in the associated company.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill impairment is not reversed. Profit or loss when a unit is sold include the continuing carrying amount of the goodwill related to the divested entity.

Goodwill is allocated to cash generating units when an impairment test is carried out.

Trademarks and licenses

Trademarks and licenses are reported at cost. Trademarks and licenses have a limited useful life and are reported at cost less accumulated amortisation.

Trademarks and licenses are amortised on a straight-line basis in order to spread the cost over their estimated useful life (5–20 years).

Impairment losses

Assets that have an undefined useful life period are not written down but are tested annually for impairment. The value of depreciated assets is tested for impairment whenever there are indications that the carrying amount is possibly not recoverable. The asset is written down by the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less sales costs and value-in-use. When testing for impairment the assets are grouped in the smallest cash-generating units. An impairment test is performed on every balance sheet day on assets, other than financial assets and goodwill, which have previously been written down, to determine whether or not they should be recovered.

Research and development

Expenses for research are recognised when they are incurred. Expenses for development are capitalised to the extent they are expected to yield economic benefits in the future. The carrying amount includes expenses for materials, direct costs for wages and salaries and indirect expenses attributable to the asset in a reasonable and consistent manner. Other expenses for development are recognised in the income statement as costs when they are incurred.

Financial instruments

Financial instruments recognised in the balance sheet include accounts receivable, securities, loan receivables and derivatives. Accounts payable, any issued debt or equity instruments, loan liabilities and derivatives are recorded as liabilities and equity.

Financial instruments are initially recognised at cost equal to the fair value of the instrument including transaction costs for all financial instruments except those categorised as Financial assets recognised at fair value through the income statement. Recognition then takes place on the basis of classification as specified below.

A financial asset or financial liability is recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument. Accounts receivable are recorded in the balance sheet when an invoice has been sent. Liabilities are recorded when an item has been delivered and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recorded when an invoice has been received.

A financial asset is derecognised from the balance sheet when the rights in the contract are realised, mature or the company loses control over them. The same holds true for part of a financial asset. A financial liability is derecognised from the balance sheet when the commitment in the contract is met or otherwise extinguished. The same holds true for part of a financial liability.

Acquisitions and divestitures of financial assets are recognised on the transaction date. This is the date on which the company pledges to acquire or sell the asset.

Fair value of listed financial assets is the equivalent of the asset's listed purchase price on the balance sheet date. Fair value on unlisted financial assets is determined by using valuation techniques such as recent transactions, the price of a similar instrument or discounted cash flows. For further information see Note 34.

Financial assets are controlled at every external reporting instance to determine whether or not there are objective indications that one or a group of financial assets should be written down. In the case of equity instruments classified as Available-for-sale financial assets, there must be a significant or prolonged decline in the fair value of an instrument below its cost before it can be written-down. When an asset classified as available-for-sale is impaired, the cumulative amount of any fair value adjustments previously recognised directly in other comprehensive income are transferred to the income statement. Impairment losses on equity instruments recognised in the income statement are not subsequently reversed in the income statement.

Financial instruments are grouped into categories based on how the company intends to use the acquired financial instrument. Executive management determines classification at the time of acquisition.

The categories are as follows:

Financial assets valued at fair value via profit and loss

This category has two subgroups; financial assets held for trading and those that the company chose initially to designate to this category. A financial asset is classified in this category if the intention is to sell in the short term (for example listed shares, trading, see Note 30). Derivatives are classified as financial assets held for trading if they are not used for hedge accounting. Assets in this category are recognised continuously at fair value and changes in value are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arise when the company provides money, goods and services directly to a customer without any intention to conduct trading in the receivables. This category also includes acquired receivables. Assets in this category are measured at amortised cost. Amortised cost is determined based on the compound interest calculated at the time of acquisition.

Available-for-sales financial assets

This category includes financial assets that are not classified in any other category or financial assets designated on initial recognition as available for sale (for example, listed shares and other long-term securities holdings). Assets in this category are valued at their current fair value and changes in value are recognised in other comprehensive income. The cumulative gain or loss that was recognised in equity is recognised in profit or loss when an available-for-sale financial asset is derecognised.

Other financial liabilities

Financial liabilities not held for trading are initially valued at fair value, net after transaction costs, and thereafter at amortised cost. Amortised cost is determined based on the compound interest calculated at the time the liability was recognised. This means that surpluses or deficits as well as direct issue costs are distributed over the lifespan of the liability.

Derivatives used in hedge accounting

Derivative instruments are recognised in the balance sheet on the contract date and are valued at fair value, both initially and in subsequent remeasurements. The method of recognising the profit or loss arising from remeasurement is determined depending on whether the derivative is identified as a hedging instrument and, if so, the characteristics of the item hedged. The Group identifies certain derivatives as either: a hedge of a very probable forecast transaction (cash flow hedge); or a hedge of a net investment in a foreign operation.

When a transaction is entered into, the Group documents the relationship between the hedge instrument and the hedged item as well as the purpose of the risk management and strategy in order to take different hedging measures. The Group also documents its assessment when initiating the hedge and continuously thereafter to see if the derivative instruments used in hedging transactions are effective in terms of evening out changes in fair value or cash flows in hedged items.

Cash flow hedges

The effective portion of changes in fair value of derivative instruments identified as cash flow hedges, and which qualify for hedge accounting, are recognised in equity.

The gain or loss associated with the ineffective portion is recognised directly in the income statement.

The cumulative profit or loss in equity is recycled into the income statement in the same period in which the hedged item affects profit or loss (e.g. when the forecast hedged sale takes place).

When a hedging instrument matures or is sold or when the hedge no longer qualifies for hedge accounting and cumulative profits or losses relating to the hedge are recognised in equity, these profits/losses remain in equity and are recorded as income/costs at the same time as the forecast transaction is finally recorded in the income statement. When a forecast transaction is no longer assessed as probable, the cumulative profit or loss recognised in equity is transferred directly to the income statement.

Hedge of net investment

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Gains or losses attributable to the hedging instrument associated with the effective portion of the hedge are recognised in equity. Gains or loss associated with the ineffective portion are transferred directly to the income statement.

Any cumulative gain or loss in equity is recognised in the income statement when the foreign operations are sold.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised directly in the income statement under other income alternately other costs.

Cash

Cash consists of cash and cash equivalents and immediately available balances in banks and similar institutions as well as short-term liquid investments with a term of less than three months that run no real risk of fluctuations in value.

Long-term receivables and other current receivables

Long-term receivables and other current receivables are receivables that arise when the company supplies money without intending to trade on the receivable rights. If the expected holding time of the receivable is longer than one year it is a long-term receivable and if it is shorter it is another receivable. These receivables belong to the category Loans and receivables.

Taxes on income

Recorded taxes on income include taxes paid or recovered for the current year, adjustments for previous years' taxes and changes in deferred taxes.

Evaluation of all tax liabilities/prepayment is made on the basis of nominal amounts and according to tax regulations and fixed or announced, and likely to be stipulated, tax rates.

Tax is reported in the income statement except when the underlying transaction is recognised directly against equity, in which case the tax impact is also recognised against equity.

Deferred tax is calculated using the balance sheet method on all temporary differences arising between book and taxable values for assets and liabilities.

Deferred tax assets pertaining to future tax deductions are recorded to the extent it is likely that the deduction can be set off against a surplus on future taxation.

Untaxed reserves including deferred tax liabilities are reported in legal entities.

Deferred tax is not calculated on temporary differences in interests in subsidiaries and associates where the date for the reversal of the temporary difference can be controlled by the Group and it is probable that the difference will not be recovered in the foreseeable future.

From a fiscal perspective, Investment AB Latour is an investment company. Profits on sales of shares are not liable to tax and losses are not deductible. The company must however declare 1.5 per cent of the market value of all shareholdings at the beginning of the year as standard taxable income. However this is only valid for listed shares where the share of votes is under 10 per cent. Dividends received are taxable and dividends paid are deductible. Interest income is taxable while administration costs and interest expenses are deductible.

Cash flow statement

The cash flow statement is prepared using the indirect method. The reported cash flow includes only transactions involving inflows and outflows of cash. Cash includes, besides cash and bank account balances, current financial investments with a maturity period of less than three months.

Leases

A lease is classified either as a finance lease or as an operating lease in the consolidated financial statements. Leased fixed assets, where the Group essentially faces the same risks and enjoys the same benefits as direct ownership, are classified as finance leases. The leased asset is then reported as a fixed asset and future lease payments as interest-bearing debts. A leased asset is classified as an operating lease if the lessor essentially retains ownership of the asset and the rental is charged on a straight-line basis over the lease term. The parent company classifies all leases as operating leases.

Government grants

Government grants are reported in the income statement and balance sheet when it is reasonably certain that the conditions associated with the grant will be satisfied and it is likely that the grant will be obtained. Grants are systematically distributed in the same manner and over the same periods as the costs such grants are intended to compensate. Grants pertaining to investments in property, plant and equipment have reduced the carrying amounts of the assets in question.

Provisions

Provisions are recorded when the Group/company has a formal or informal obligation as a consequence of an event and it is likely that resources must be expended to regulate the obligation and a reliable estimation of the amount can be made.

Provisions for warranties are based on the previous years' actual costs.

Pensions

The Group has several defined contribution and defined benefit pension plans. In Sweden and Italy, employees are covered by defined benefit, alternatively defined contribution, pension plans. In other countries they are covered by defined contribution plans.

In defined contribution plans, the company pays fixed fees to a separate legal entity and has no obligation to pay any additional fees. Group profit is charged with costs as the benefits are earned.

In defined benefit plans, remuneration to employees and ex-employees is paid on the basis of salary at the point of retirement and the number

of years of service. The Group bears the risk for payment of the pledged remuneration.

The liability recognised in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The pension cost and the pension obligation of defined benefit plans are calculated using the Projected Unit Credit Method. The method allocates the cost for pensions at the same rate as employees carry out services for the company which increase their right to future remuneration. The calculation is made annually by independent actuaries.

The company's obligations are valued at the present value of anticipated future payments by using a discount rate. The Group primarily determines this rate using the interest rate for high-quality government bonds measured in the currency in which the benefits are to be paid. For obligations in Sweden, the Group uses the interest rate for 12-year mortgage bonds which are then extrapolated with the growth rate estimate for the 23-year government bond rate to correspond to the remaining maturity period as the obligations in question.

The most important actuarial assumptions are set out in Note 36 which also presents the effects of amendments to accounting policies from 2013. The comparative year has been adjusted in line with this.

The interest cost, setting off anticipated returns against any administrative assets, is classified as a finance expense.

Prior service costs are recognised directly in the income statement. Other pension expense items are charged to comprehensive income.

Actuarial gains and losses resulting from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they occur.

Contingent liabilities

A contingent liability is reported when an obligation may result from events that have occurred and its existence is only confirmed by one or several uncertain future events or when an obligation is not recorded as a liability or provision because it is improbable that an expenditure of resources will be required to regulate it.

Segment reporting

The Group's operations are steered and organised in the Industrial operations and Investment portfolio. Industrial operations are in turn divided into four business areas. These business lines and the investment portfolio make up the Group's operating segments. Income, operating profit, assets and liabilities pertaining to the segments include directly attributable items together with items that can reliably be allocated to the segment in question. Non-allocated items generally comprise interest-bearing assets and liabilities, interest income and expenses, costs common to the Group and taxes.

Parent company accounting policies

The parent company follows the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for legal entities. RFR 2 requires the parent company to follow IFRS/IAS as far as possible. Differences between parent company and Group accounting policies are primarily due to the Swedish Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen) and, in certain cases, special tax regulations. In the following case the parent company's accounting policies are not consistent with the IFRS.

Payments to employees/defined benefit pensions

The parent company's defined benefit pension plans have been calculated according to the Pension Obligations Vesting Act (Tryggandelagen) and the Swedish Financial Supervisory Authority's regulations since this is a prerequisite for fiscal deductions.

NOTE 3 Segment reporting**DEVELOPMENT PER BUSINESS AREA 1 Jan 2013 – 31 Dec 2013**

| SEK m | Industrial operations | | | | | Portfolio management | Total |
|----------------------------------|-----------------------|-------------------|--------------|--------|-------|----------------------|--------------|
| | Hultafors Group | Latour Industries | Specma Group | Swegon | Other | | |
| REVENUE | | | | | | | |
| External sales | 1,153 | 1,704 | 1,152 | 2,935 | – | | 6,944 |
| Internal sales | – | 1 | – | 1 | – | | 2 |
| RESULT | | | | | | | |
| Operating profit | 121 | 184 | – | 346 | -30 | | 621 |
| Income from portfolio management | | | | | | 1,089 | 1,089 |
| Finance income | | | | | | | 33 |
| Finance expense | | | | | | | -85 |
| Taxes | | | | | | | -175 |
| Result for the year | | | | | | | 1,483 |
| OTHER DISCLOSURES | | | | | | | |
| Assets | 980 | 1,612 | 783 | 1,919 | 260 | 9,651 | 15,205 |
| Unallocated assets | | | | | | | 275 |
| Total assets | | | | | | | 15,480 |
| Liabilities | 180 | 290 | 199 | 729 | 60 | 38 | 1,496 |
| Unallocated liabilities | | | | | | | 2,326 |
| Total liabilities | | | | | | | 3,822 |
| Investments in: | | | | | | | |
| tangible assets | 12 | 35 | 17 | 77 | 21 | | 162 |
| intangible assets | 4 | 136 | 5 | 148 | – | | 293 |
| Depreciation | 19 | 39 | 18 | 69 | 16 | | 161 |

DEVELOPMENT PER BUSINESS AREA 1 Jan 2012 – 31 Dec 2012

| SEK m | Industrial operations | | | | | Portfolio management | Total |
|----------------------------------|-----------------------|-------------------|--------------|--------|-------|----------------------|-------------------|
| | Hultafors Group | Latour Industries | Specma Group | Swegon | Other | | |
| REVENUE | | | | | | | |
| External sales | 1,196 | 1,518 | 1,198 | 2,785 | 91 | | 6,788 |
| Internal sales | 1 | 1 | – | – | – | | 2 |
| RESULT | | | | | | | |
| Operating profit | 123 | 149 | -9 | 326 | 46 | | 635 ¹⁾ |
| Income from portfolio management | | | | | | 949 | 949 |
| Finance income | | | | | | | 19 |
| Finance expense | | | | | | | -106 |
| Taxes | | | | | | | -146 |
| Profit for the year | | | | | | | 1,351 |
| OTHER DISCLOSURES | | | | | | | |
| Assets | 964 | 1,483 | 741 | 1,632 | 223 | 8,883 | 13,926 |
| Unallocated assets | | | | | | | 160 |
| Total assets | | | | | | | 14,086 |
| Liabilities | 183 | 247 | 189 | 654 | 61 | 2 | 1,336 |
| Unallocated liabilities | | | | | | | 1,843 |
| Total liabilities | | | | | | | 3,179 |
| Investments in: | | | | | | | |
| property, plant and equipment | 17 | 42 | 18 | 34 | 25 | | 136 |
| intangible assets | 22 | 169 | 5 | 1 | – | | 197 |
| Depreciation/amortisation | 20 | 39 | 18 | 64 | 20 | | 161 |

¹⁾ See Note 36 regarding changes compared to last year's annual report

Executive management has determined the operating segments based on the reports reviewed by Latour's Board of Directors that are used to make strategic decisions. The Board primarily assesses the business areas from an operational perspective but also on the basis of geographic area of interest.

The operations can be divided into two main areas: wholly-owned industrial operations and equity management. The industrial operations are grouped into four business areas: Hultafors Group, Latour Industries, Specma Group and Swegon.

The equity management primarily consists of portfolio management of

long-term holdings where Latour owns at least 10 per cent of the votes.

Segment revenue, segment assets and segment liabilities include amounts of such items that are directly attributable to a segment and amounts of such items that can be allocated to a segment on a reasonable and reliable basis. Segment assets and segment liabilities do not include tax assets and tax liabilities (deferred and current), nor do they include interest-bearing assets and liabilities. The segments' investments in property, plant and equipment and intangible assets include all investments, except for investment in expendable equipment and low-value equipment.

NOTE 4 Geographic markets

Breakdown of sales by geographic markets:

| | 2013 | 2012 |
|------------------------------------|--------------|--------------|
| Sweden | 2,555 | 2,530 |
| Nordic countries, excluding Sweden | 1,362 | 1,472 |
| Europe, excluding Nordic countries | 2,307 | 2,100 |
| Other markets | 720 | 686 |
| Total | 6,944 | 6,788 |

Breakdown of assets by geographic markets:

| | 2013 | 2012 |
|------------------------------------|---------------|---------------|
| Sweden | 12,264 | 11,613 |
| Nordic countries, excluding Sweden | 558 | 547 |
| Europe, excluding Nordic countries | 2,248 | 1,551 |
| Other markets | 410 | 375 |
| Total | 15,480 | 14,086 |

Breakdown of investment by geographic markets:

| | 2013 | 2012 |
|------------------------------------|------------|------------|
| Sweden | 103 | 272 |
| Nordic countries, excluding Sweden | 6 | 8 |
| Europe, excluding Nordic countries | 337 | 49 |
| Other markets | 9 | 4 |
| Total | 455 | 333 |

Historically, the Group's home market has been the Nordic countries, with the majority of production located in Sweden. Nowadays, the Group's main area of expansion is Europe. It is expanding in other parts of the world too. On the criteria of size, no specific countries were deemed relevant to be reported separately.

NOTE 5 Related party transactions

The Douglas family has a controlling influence over Investment AB Latour. Privately and through companies, the Douglas family controls 79.7 per cent of voting rights in Latour. The family has received board representation fees of SEK 1,200,000. In 2013, 115,000 repurchased shares were sold through redemption of call options, giving Investment AB Latour a holding of 582,000 shares at the end of the period. The total number of call options issued to senior executives in the Latour Group is 701,000. The Board was authorised by the Annual General Meeting on 14 May 2013 to resolve on the repurchase and transfer of the company's own shares. The options are based on market terms. For information concerning salaries and other remuneration to the Board, the Chief Executive Officer and other senior executives, see Note 9.

Purchasing and sales for the year between Group companies in the Latour Group totalled SEK 2,529 m (2,559). There were no purchases or sales with the parent company. There were no essential payables or receivables with other closely related persons or associated companies on the balance sheet date.

NOTE 6 Breakdown of expenses by type of cost

| GROUP | 2013 | 2012 |
|---------------------------|--------------|--------------|
| Change in the stock | 3,417 | 3,331 |
| Remuneration to personnel | 1,965 | 1,901 |
| Depreciation/amortisation | 161 | 161 |
| Other costs | 844 | 888 |
| Total | 6,387 | 6,281 |

NOTE 7 Exchange rate differences

Operating profit includes exchange rate differences relating to operating receivables and liabilities as follows:

| GROUP | 2013 | 2012 |
|--------------------------|-----------|-----------|
| Net sales | -1 | -6 |
| Cost of goods sold | -2 | 3 |
| Sales costs | 0 | 0 |
| Other operating income | -3 | 0 |
| Other operating expenses | -1 | -5 |
| Total | -7 | -8 |

NOTE 8 Remuneration to auditors

| GROUP | 2013 | 2012 |
|--------------------------|-----------|-----------|
| <i>PwC</i> | | |
| Audit assignment | 5 | 6 |
| Audit-related activities | 0 | 0 |
| Tax advisory services | 0 | 0 |
| Other services | 2 | 2 |
| <i>Other auditors</i> | | |
| Audit assignment | 2 | 2 |
| Other services | 1 | 1 |
| Total | 10 | 11 |

Remuneration to auditors for auditing services in the parent company amounted to SEK 89,000 (76,000) and for other services SEK 53,000 (75,000).

NOTE 9 Personnel

Salaries, other remuneration and social costs

| | 2013 | | 2012 | |
|----------------|---------------------------------|---------------------------------------|---------------------------------|---------------------------------------|
| | Salaries and other remuneration | Social costs (of which pension costs) | Salaries and other remuneration | Social costs (of which pension costs) |
| Parent company | 4 | 1 (0) | 4 | 1 (0) |
| Subsidiaries | 1,498 | 480 (144) | 1,402 | 458 (135) |
| Group | 1,502 | 481 (144) | 1,406 | 459 (135) |

Of the Group's pension costs, SEK 14 m (14) relates to boards and chief executive officers.

Salaries and other remuneration by country and between board members and others, and employees:

| | 2013 | | 2012 | |
|-----------------------|-----------------------------------|-----------------|-----------------------------------|-----------------|
| | Board and CEO (of which bonus) | Other employees | Board and CEO (of which bonus) | Other employees |
| <i>Parent company</i> | | | | |
| Sweden | 4 (0) | – | 4 (0) | – |
| <i>Subsidiaries</i> | | | | |
| Sweden | 36 (5) | 830 | 36 (4) | 774 |
| Italy | 3 (0) | 82 | 2 (0) | 82 |
| Finland | 6 (0) | 74 | 5 (0) | 81 |
| Germany | 6 (1) | 67 | 4 (0) | 30 |
| Great Britain | 7 (0) | 64 | 6 (0) | 46 |
| Norway | 3 (0) | 57 | 3 (1) | 58 |
| USA | 5 (0) | 49 | 5 (0) | 56 |
| Switzerland | 3 (1) | 41 | 6 (1) | 45 |
| Denmark | 3 (1) | 30 | 4 (0) | 31 |
| Poland | 5 (2) | 20 | 4 (2) | 13 |
| France | 3 (0) | 19 | 1 (0) | 23 |
| The Netherlands | 5 (0) | 14 | 5 (0) | 13 |
| Belgium | 3 (0) | 11 | 3 (0) | 11 |
| Romania | 0 (0) | 5 | 0 (0) | 5 |
| Other countries | 11 (0) | 36 | 4 (0) | 46 |
| Group total | 103 (10) | 1,399 | 92 (8) | 1,314 |

Periods of notice within the Group are, depending on age and position, between 3 and 24 months.

Remuneration to senior executives

Policies

The Chairman of the Board and Board members receive the remuneration decided by the Annual General Meeting. They are not paid extra for committee work.

Remuneration to the Chief Executive Officer and other senior executives is comprised of basic salary, variable remuneration, other benefits and pension. Other senior executives are the members of Group management and business area managers, who report directly to the Chief Executive Officer.

The variable remuneration to the Chief Executive Officer is based on goals achieved during the year and was capped at 76 per cent of basic salary in

2013. Variable remuneration for other senior executives is based on profits and return on operating capital. Under current agreements, this remuneration is capped at 14 and 83 per cent of the basic salary. In order to promote a long range perspective, the Board may, in addition to the annual variable remuneration, decide on compensation connected to the business areas' long-term value development over a period of three years.

The Board may also allow a supplemental remuneration to company management in the form of share-related incentive schemes (e.g. a call option programme) provided that they promote long-term commitment to the business and they are on market-based terms.

2013 Remuneration and other benefits during the year

| (SEK '000) | Basic salary/ Board fees | Variable remuneration ³⁾ | Other benefits ²⁾ | Pension costs | Total |
|--|-----------------------------|-------------------------------------|------------------------------|---------------|--------|
| Chairman of the Board | 1,200 | – | – | – | 1,200 |
| Other Board members (7 people) ¹⁾ | 2,800 | – | – | – | 2,800 |
| Chief Executive Officer | 4,313 | 2,362 | 98 | 1,673 | 8,447 |
| Other senior executives (5 people) | 10,096 | 2,244 | 479 | 2,530 | 15,349 |

¹⁾ Other Board members have received SEK 400,000 each.

²⁾ Other benefits relate mainly to car benefits.

³⁾ Variable remuneration to the Chief Executive Officer in 2013 was equal to 55 per cent of his basic salary and to other senior executives it ranged from 0-44 per cent of their basic salary.

2012 Remuneration and other benefits during the year

| (SEK '000) | Basic salary/ Board fees | Variable remuneration ³⁾ | Other benefits ²⁾ | Pension costs | Total |
|--|-----------------------------|-------------------------------------|------------------------------|---------------|--------|
| Chairman of the Board | 1,000 | – | – | – | 1,000 |
| Other Board members (7 people) ¹⁾ | 2,450 | – | – | – | 2,450 |
| Chief Executive Officer | 3,823 | 1,827 | 112 | 1,312 | 7,074 |
| Other senior executives (5 people) | 7,882 | 1,072 | 385 | 2,724 | 12,063 |

¹⁾ Other Board members have received SEK 350,000 each.

²⁾ Other benefits relate mainly to car benefits.

³⁾ Variable remuneration to the Chief Executive Officer was equal to 48 per cent of his basic salary and to other senior executives it ranged from 0-47 per cent of their basic salary.

Cont.

Note 9 cont.

Pensions

The Chief Executive Officer may retire at the age of 62, whereupon a pension of 60 per cent of his basic salary is paid for 3 years.

The retirement age for other senior executives is 65, whereupon a pension is paid in accordance with the defined-benefit ITP pension scheme or the equivalent. Premiums are paid on an ongoing basis.

Call options

At the close of the year, a total of 701,000 call options had been issued to senior executives. The option premium for the issued call shares in 2013 amounted to SEK 15.20 per call option and the redemption price per share is SEK 170.0. The call option programme should not be regarded as a share-based payment under IFRS 2 as it is based on market conditions.

Severance payment

The period of notice between the company and Chief Executive Officer is 12 months. In the case of dismissal by the company, the Chief Executive Officer will receive severance pay amounting to 12 months' salaries. Severance pay is not set off against any other income. The Chief Executive Officer must give 6 months' notice and does not receive severance pay. The period of notice between the company and other senior executives varies from 6 to 12 months. In the case of dismissal by the company, the senior executives receive their salary during their notice period. Senior executives must give 6 months' notice and do not receive severance pay.

Preparation and decision process

The policies for remuneration to senior executives are decided by the Annual General Meeting. The Chief Executive Officer's salary and employment terms are determined by the Board. The Board has given the Chairman the task of reaching an agreement with the Chief Executive Officer after contact with the Remuneration Committee. The Board is then informed of the outcome of the negotiations.

Remuneration to other senior executives is determined by the Chief Executive Officer in consultation with the Chairman of the Board.

Gender distribution in the executive management

| | 2013 | | 2012 | |
|-------------------------|------|-------|------|-------|
| | Men | Women | Men | Women |
| PARENT COMPANY | | | | |
| Board members | 63% | 37% | 63% | 37% |
| Chief Executive Officer | 100% | 0% | 100% | 0% |

100 per cent (100) of Group senior executives are men.

Average number of employees

| | 2013 | | 2012 | |
|-----------------------|--------------|-----------|---------------------|--------------|
| | or employees | which men | Number of employees | Of which men |
| PARENT COMPANY | | | | |
| Sweden | – | – | – | – |
| SUBSIDIARIES | | | | |
| Sweden | 2,156 | 81% | 2,158 | 81% |
| Finland | 200 | 64% | 216 | 82% |
| Romania | 104 | 38% | 109 | 36% |
| Denmark | 58 | 76% | 62 | 76% |
| Norway | 105 | 71% | 101 | 72% |
| Great Britain | 226 | 65% | 159 | 61% |
| Germany | 136 | 74% | 67 | 61% |
| Italy | 240 | 83% | 237 | 85% |
| USA | 114 | 88% | 115 | 94% |
| Poland | 96 | 74% | 93 | 72% |
| Other countries | 474 | 71% | 375 | 68% |
| Total in subsidiaries | 3,909 | 77% | 3,692 | 77% |
| Total | 3,909 | 77% | 3,692 | 77% |
| OPERATING AREAS | 2013 | 2012 | | |
| Industrial operations | 3,908 | 3,691 | | |
| Portfolio management | 1 | 1 | | |
| Total | 3,909 | 3,692 | | |

NOTE 10 Depreciation/amortisation

Amortisation of intangible fixed assets in the Group amounts to SEK 13 m (15) and depreciation of property, plant and equipment amounts to SEK 146 m (146). Depreciation/amortisation is distributed per function in the income statement as follows:

| GROUP | 2013 | 2012 |
|-----------------------------------|------------|------------|
| <i>Trademarks, licenses</i> | | |
| Cost of goods sold | 4 | 5 |
| Sales costs | 2 | 4 |
| Administrative costs | 2 | 3 |
| Research and development costs | 5 | 3 |
| Total | 13 | 15 |
| <i>Buildings</i> | | |
| Cost of goods sold | 14 | 14 |
| Sales costs | 2 | 2 |
| Administrative costs | 1 | 2 |
| Research and development costs | – | – |
| Other operating expenses | – | – |
| Total | 17 | 18 |
| <i>Land and land improvements</i> | | |
| Cost of goods sold | 1 | 1 |
| Total | 1 | 1 |
| <i>Machinery</i> | | |
| Cost of goods sold | 67 | 67 |
| Sales costs | 1 | 1 |
| Administrative costs | 1 | 4 |
| Research and development costs | 2 | 1 |
| Total | 71 | 73 |
| <i>Equipment</i> | | |
| Cost of goods sold | 26 | 19 |
| Sales costs | 10 | 11 |
| Administrative costs | 22 | 6 |
| Research and development costs | 1 | 2 |
| Other operating expenses | 0 | 16 |
| Total | 59 | 54 |
| Total depreciation | 161 | 161 |

NOTE 11 Leases

Lease costs for premises, machinery, computers and office equipment for the Group were SEK 58 m (53).

Future minimum lease payments in the Group for non-cancellable operating leases fall due as follows:

| Year | Future minimum lease payments |
|--------------|-------------------------------|
| 2014 | 49 |
| 2018–2018 | 119 |
| 2019– | 2 |
| Total | 170 |

The Group leases a building under a finance lease. This is recognised as a fixed asset at a book value of SEK 89 m (90). Future lease payments on this building are recognised as interest-bearing debt amounting to SEK 70 m (73). The term is until 2027. See Note 19.

NOTE 12 Operating income and operating expenses

| | | |
|---|------------------|------------------|
| Other operating income | | |
| GROUP | 2013 | 2012 |
| Capital gains on sales | 2 ¹⁾ | 54 ¹⁾ |
| Share of result in associated companies | 22 ²⁾ | 29 ²⁾ |
| Other income | 40 | 41 |
| Total | 64 | 124 |
| Other operating expenses | | |
| GROUP | 2013 | 2012 |
| Restructuring costs | – | -12 |
| Capital gains on sales | -20 | -22 |
| Valuation forward exchange contracts | -6 | -13 |
| Exchange rate difference | -1 | -6 |
| Other costs | -1 | – |
| Total | -28 | -53 |

¹⁾ SEK 2 m (25) from the reclassification of holdings to associated companies is included.

²⁾ Relates to share of income from Oxeon at SEK -4 m (0), Diamorph at SEK 6 m (3) and Academic Work at SEK 20 m (26).

NOTE 13 Income from interests in associates

| | | |
|---------------------------------|--------------|-------------|
| GROUP | 2013 | 2012 |
| Income from interests after tax | 1,046 | 899 |
| Net change in capital | 14 | 15 |
| Total | 1,060 | 914 |

Individual holdings have affected results as follows:

| | | |
|--------------|--------------|-------------|
| | 2013 | 2012 |
| Assa Abloy | 438 | 365 |
| Fagerhult | 93 | 86 |
| HMS Networks | 18 | 17 |
| Loomis | 97 | 68 |
| Nederman | 32 | 36 |
| Securitas | 167 | 174 |
| Sweco | 131 | 168 |
| Tomra | 84 | – |
| Total | 1,060 | 914 |

Since Latour normally cannot wait for the income statements from each associated company, Latour applies the principle of basing each company's quarterly financial report on the outcome of the previous quarter and then extrapolating an estimated outcome. The companies' results vary which means the reported profit share can deviate from the recorded outcome but this is corrected in the next quarterly financial report. The book value of interests in associates is compared to the market value, which is adjusted for impairment if necessary.

PARENT COMPANY

In the parent company, the dividend income from associates comprises SEK 438 m (367) and capital gains SEK 10 m (0).

NOTE 14 Income from portfolio management

| | | |
|---|-------------|-------------|
| GROUP | 2013 | 2012 |
| <i>Income from fixed assets</i> | | |
| Dividends | 11 | 29 |
| | 11 | 29 |
| <i>Income from current assets</i> | | |
| Dividends | 9 | 4 |
| Capital gains | 25 | 14 |
| Revaluation, booked in the income statement | -2 | 2 |
| | 32 | 20 |
| Total portfolio management | 43 | 49 |
| PARENT COMPANY | 2013 | 2012 |
| <i>Income from fixed assets</i> | | |
| Dividends | 12 | 29 |
| Total portfolio management | 12 | 29 |

NOTE 15 Finance income

| | | |
|--------------------------------------|-------------|-------------|
| GROUP | 2013 | 2012 |
| Interest income | 2 | 7 |
| Exchange gains | 29 | 11 |
| Other finance income | 2 | 1 |
| Total | 33 | 19 |
| PARENT COMPANY | 2013 | 2012 |
| Interest income from Group companies | 61 | 87 |
| Other interest income | – | 5 |
| Total interest income | 61 | 92 |

NOTE 16 Finance expense

| | | |
|--------------------------------------|-------------|-------------|
| GROUP | 2013 | 2012 |
| PRI interest | -6 | -7 |
| Other cost interest | -56 | -64 |
| Exchange losses | -22 | -34 |
| Other finance expense | -1 | -1 |
| Total | -85 | -106 |
| PARENT COMPANY | 2013 | 2012 |
| Interest expenses to Group companies | -30 | -13 |
| Other interest expenses | -3 | -14 |
| Exchange losses | 0 | -4 |
| Total | -33 | -31 |

NOTE 17 Tax on profit for the year

| | | |
|--|-------------|-------------|
| GROUP | 2013 | 2012 |
| Current tax expense for the period | -150 | -157 |
| <i>Deferred tax attributable to changes in temporary differences</i> | | |
| Deferred tax income | 15 | 27 |
| Deferred tax expense | -40 | -16 |
| Total | -175 | -146 |

Difference between actual tax expense and tax expense based on the effective tax rate

| | | |
|---|-------------|-------------|
| GROUP | 2013 | 2012 |
| Profit before tax | 1,658 | 1,493 |
| Tax according to effective tax rate, 22% | -365 | -393 |
| Tax effect due to special taxation rules for investment companies | 177 | 205 |
| Effect of associated company accounts | 62 | 37 |
| Tax effect of non-deductible costs | -50 | -27 |
| Tax effect of previous year adjustments | -12 | – |
| Tax effect of changed tax rate | – | 14 |
| Tax effect of non-taxable income | 20 | 30 |
| Other tax effects | -7 | -12 |
| Tax on profit for the year according to the income statement | -175 | -146 |

| | | |
|---|-------------|-------------|
| PARENT COMPANY | 2013 | 2012 |
| Profit before tax | 805 | 780 |
| Tax according to effective tax rate, 22% | -177 | -205 |
| Tax effect due to special taxation rules for investment companies | 177 | 205 |
| Tax on profit for the year according to the income statement | 0 | 0 |

The effective tax rate for the Group and the parent company is 22 per cent.

Investment companies are allowed a tax deduction for the dividend approved at the subsequent Annual General Meeting. Capital gains are not taxable while capital losses are not deductible. Investment companies are taxed on a standardised basis. See Note 37.

NOTE 18 Intangible assets

| GROUP | Goodwill | Trademarks, licenses | Total |
|--------------------------------------|--------------|----------------------|--------------|
| Accumulated cost | | | |
| Opening balance 1 Jan 2012 | 1,555 | 177 | 1,732 |
| Acquisitions for the year | 186 | 11 | 197 |
| Sales for the year | -33 | -13 | -46 |
| Reclassification | -2 | -1 | -3 |
| Translation difference | -33 | -3 | -36 |
| Closing balance 31 Dec 2012 | 1,673 | 171 | 1,844 |
| Opening balance 1 Jan 2013 | 1,673 | 171 | 1,844 |
| Opening cost from acquisitions | – | 3 | 3 |
| Acquisitions for the year | 285 | 5 | 290 |
| Sales for the year | -13 | – | -19 |
| Reclassification | – | – | 0 |
| Translation difference | 24 | 2 | 32 |
| Closing balance 31 Dec 2013 | 1,969 | 181 | 2,150 |
| Accumulated amortisation | | | |
| Opening balance 1 Jan 2012 | 0 | -97 | -97 |
| Depreciation for the year | – | -15 | -15 |
| Sales for the year | – | 12 | 12 |
| Translation difference | – | 1 | 1 |
| Closing balance 31 Dec 2012 | 0 | -99 | -99 |
| Opening balance 1 Jan 2013 | 0 | -99 | -97 |
| Depreciation for the year | – | -11 | -11 |
| Sales for the year | – | – | 0 |
| Translation difference | – | -2 | -2 |
| Closing balance 31 Dec 2013 | 0 | -112 | -112 |
| Accumulated impairment losses | | | |
| Opening balance 1 Jan 2012 | -13 | 0 | -13 |
| Impairment for the year | – | – | – |
| Closing balance 31 Dec 2012 | -13 | 0 | -13 |
| Opening balance 1 Jan 2013 | -13 | 0 | -13 |
| Sales for the year | 13 | – | 13 |
| Closing balance 31 Dec 2013 | 0 | 0 | 0 |
| Book value | 1,969 | 69 | 2,038 |
| Carrying amounts | | | |
| As at 1 Jan 2012 | 1,542 | 80 | 1,622 |
| As at 31 Dec 2012 | 1,660 | 72 | 1,732 |
| As at 1 Jan 2013 | 1,660 | 72 | 1,732 |
| As at 31 Dec 2013 | 1,969 | 69 | 2,038 |

The effect of depreciation on results is detailed in Note 10.

All goodwill refers to the segment Industrial operations. After testing goodwill for impairment, no write-downs were made in 2013.

Testing goodwill for impairment

Certain valuation assumptions, which are the basis of the evaluation, have been given for the Group's most significant goodwill items.

Group value of goodwill per business area

| GROUP | Book value, SEK m |
|-------------------|-------------------|
| Hultafors Group | 392 |
| Latour Industries | 840 |
| Specma Group | 162 |
| Swegon | 575 |
| | 1,969 |

Assumptions for the Group's significant goodwill items are given below

| | Book value, SEK m | Growth assumption (forecast) | Margin assumption (forecast) |
|--------------------|-------------------|------------------------------|------------------------------|
| 31 Dec 2013 | | | |
| Blue Box Group | 270 | 3-17% | 9-11% |
| Snickers Workwear | 357 | 0-2% | 13.5-14.3% |
| Nord-Lock Group | 336 | 3% | 15% |
| Swegon Ilto | 114 | 3-18% | 8-10% |
| Kabona | 140 | 3-27% | 8.4-12.5% |
| REAC | 212 | 3-11% | 12-13.7% |

| | Discount rate (before tax) | Growth assumption (terminal) | Margin assumption (terminal) |
|--------------------|----------------------------|------------------------------|------------------------------|
| 31 Dec 2013 | | | |
| Blue Box Group | 15% | 2% | 11% |
| Snickers Workwear | 14% | 2% | 13.5% |
| Nord-Lock Group | 14% | 2% | 15% |
| Swegon Ilto | 15% | 2% | 10% |
| Kabona | 14% | 2% | 12.5% |
| REAC | 14% | 2% | 10.5% |

| | Book value, SEK m | Growth assumption (forecast) | Margin assumption (forecast) |
|--------------------|-------------------|------------------------------|------------------------------|
| 31 Dec 2012 | | | |
| Blue Box Group | 261 | 3-20% | 6-11% |
| Snickers Workwear | 357 | 1.6-3% | 12-13% |
| Nord-Lock Group | 334 | 5-9.5% | 15% |
| Swegon Ilto | 107 | 3-12% | 8.5-11.5% |
| Kabona | 140 | 3-15% | 5.8-12% |

| | Discount rate (before tax) | Growth assumption (terminal) | Margin assumption (terminal) |
|--------------------|----------------------------|------------------------------|------------------------------|
| 31 Dec 2012 | | | |
| Blue Box Group | 15% | 3% | 11% |
| Snickers Workwear | 14% | 2% | 12% |
| Nord-Lock Group | 14% | 3% | 15% |
| Swegon Ilto | 15% | 3% | 11% |
| Kabona | 14% | 3% | 12% |

All Group goodwill items have been evaluated as required by IAS 36 in order to determine the individual recoverable amount for all of the smallest cash generating units. The valuations are not market value. Individual assumptions regarding growth, profit margins, tied up capital and investment needs as a risk premium have been made for each of the Group goodwill items. The risk premium increment which has been added onto the risk free interest level is made up of a general risk premium for company investments and a specific risk premium for individual operations based on their circumstances.

Key assumptions

Impairment tests were performed with forecasts for five years (in some cases one or more years following individual testing). Estimations of future cash flows have been made based on the assets' existing structure and do not include future acquisitions. The required return before tax varies from between 10.2 per cent to 12.8 per cent (10.2 to 13.0). In most of the tests the higher part of the interval has been used.

Market and growth

The forecasts are based on previous experience and external sources of information.

Personnel expenses

The forecast personnel expenses are based on anticipated inflation, a certain real wage increase (historical average) and planned rationalisations in company production. The forecast concurs with previous experience and external sources of information.

Exchange rates

Exchange rates forecasts are based on current listed exchange rates and forward rates. The forecast concurs with external sources of information.

| | |
|-------------------|-------|
| Exchange rate EUR | 8.50 |
| Exchange rate DKK | 1.14 |
| Exchange rate NOK | 1.08 |
| Exchange rate GBP | 10.20 |
| Exchange rate CHF | 6.70 |
| Exchange rate PLN | 2.05 |
| Exchange rate USD | 6.60 |

The recoverable amount exceeds the carrying amounts by a good margin for all essential units. The effect of a minor change to a key assumption is not so great that the recoverable amount could fall below its carrying amount. This applies to all cash-generating units where significant value is created. However, the risk is greater for some of the smallest goodwill items because the margin is smaller. Yet they have no significant impact on the Latour Group. The greatest risk of impairment is when disruptive changes in an industry radically alter the position of a company in the market. Each company conducts an annual risk analysis to review and modify its operations in the light of such risks.

NOTE 19 Buildings

| GROUP | 2013 | 2012 |
|--------------------------------|------------|------------|
| Opening cost | 531 | 543 |
| Opening cost from acquisitions | | |
| | 2 | 2 |
| Purchases | 12 | 8 |
| Sales and disposals | -33 | -13 |
| Reclassification | -1 | -1 |
| Translation differences | 8 | -8 |
| Closing cost | 519 | 531 |
| Opening depreciation | -223 | -210 |
| Sales and disposals | 24 | 3 |
| Depreciation for the year | -18 | -18 |
| Translation differences | -2 | 2 |
| Closing depreciation | -219 | -223 |
| Opening impairment | -11 | -10 |
| Impairment for the year | - | -1 |
| Sales and reversals | - | - |
| Closing impairment | -11 | -11 |
| Book value | 289 | 297 |

Depreciation for the year, see Note 10.

Building items include a property owned by the company through a finance lease with the following amounts:

| | 2013 | 2012 |
|----------------------------------|-----------|-----------|
| Cost - capitalised finance lease | 101 | 98 |
| Accumulated amortisation | -13 | -8 |
| Carrying amount | 88 | 90 |

NOTE 20 Land and land improvements

| GROUP | 2013 | 2012 |
|---------------------------|-----------|-----------|
| Opening cost | 26 | 26 |
| Purchases | - | 1 |
| Sales and disposals | -2 | -1 |
| Translation differences | 0 | 0 |
| Closing cost | 24 | 26 |
| Opening depreciation | -7 | -6 |
| Depreciation for the year | -1 | -1 |
| Sales and disposals | 1 | - |
| Translation differences | 0 | 0 |
| Closing depreciation | -7 | -7 |
| Book value | 17 | 19 |

Depreciation for the year, see Note 10.

NOTE 21 Machinery

| GROUP | 2013 | 2012 |
|--------------------------------|------------|------------|
| Opening cost | 1,004 | 1,046 |
| Opening cost from acquisitions | | |
| | 13 | 9 |
| Purchases | 50 | 49 |
| Sales and disposals | -33 | -91 |
| Translation differences | 6 | -9 |
| Closing cost | 1,040 | 1,004 |
| Opening depreciation | -777 | -777 |
| Sales and disposals | 28 | 66 |
| Depreciation for the year | -72 | -73 |
| Translation differences | -4 | 7 |
| Closing depreciation | -825 | -777 |
| Book value | 215 | 227 |

Depreciation for the year, see Note 10.

NOTE 22 Equipment

| GROUP | 2013 | 2012 |
|--------------------------------|------------|------------|
| Opening cost | 565 | 573 |
| Opening cost from acquisitions | | |
| | 14 | 1 |
| Purchases | 71 | 66 |
| Sales and disposals | -56 | -71 |
| Reclassification | -3 | - |
| Translation differences | 2 | -4 |
| Closing cost | 593 | 565 |
| Opening depreciation | -425 | -435 |
| Sales and disposals | 47 | 61 |
| Depreciation for the year | -59 | -54 |
| Reclassification | 4 | - |
| Translation differences | -1 | 3 |
| Closing depreciation | -434 | -425 |
| Book value | 159 | 140 |

Depreciation for the year, see Note 10.

NOTE 23 Construction work in progress and advances for property, plant and equipment

| GROUP | 2013 | 2012 |
|--------------------------------|-----------|-----------|
| Opening cost | 11 | 15 |
| Costs expended during the year | 51 | 8 |
| Completed facilities | -26 | -12 |
| Book value | 36 | 11 |

NOTE 24 Interests in subsidiaries

| | 2013 | 2012 |
|---------------------|-------|-------|
| Opening cost | 1,246 | 1,246 |
| Change for the year | – | – |
| Closing cost | 1,246 | 1,246 |

| Company name | CRN | Domicile | No. shares | Share of equity (%) | Book value (SEK m) |
|---------------------------------------|-----------------------|--------------------|------------|---------------------|--------------------|
| Karpalunds Ångbryggeri AB | 556000-1439 | Stockholm | 3,600 | 100 | 1 |
| Latour Förvaltning AB | 556832-2209 | Stockholm | 500 | 100 | 1.005 |
| Latour-Gruppen AB | 556649-8647 | Gothenburg | 400,000 | 100 | 49 |
| Hultafor Group AB | 556365-0752 | Bollebygd | 349,873 | 100 | |
| Hultafor AB | 556023-7793 | Bollebygd | 30,000 | 100 | |
| Hultafor Group Finland OY | 0664406-9 | Finland | 100 | 100 | |
| Hultafor Group Norge AS | 983513328 | Norway | 1,000 | 100 | |
| Hultafor Group Danmark AS | 14252533 | Denmark | 500,000 | 100 | |
| Hultafor UMI S.R.L. | J32/572/22.11.1996 | Romania | 78,661 | 100 | |
| Hultafor Group Italy | 1660130210 | Italy | 60,000 | 100 | |
| Fisco Tools Ltd | 755735 | Great Britain | 200,000 | 100 | |
| Hultafor Group NL BV | 8054149 | The Netherlands | 25 | 100 | |
| Hultafor Group Sverige AB | 556113-7760 | Bollebygd | 1,000 | 100 | |
| Snickers Workwear Logistics BV | 08117646 | The Netherlands | 200 | 100 | |
| Snickers Workwear Ltd | 01952599 | Great Britain | 100,000 | 100 | |
| Snickers Production SIA Latvia | 40003077239 | Latvia | 100 | 100 | |
| Hultafor Group Belgium NV | 0444.346.706 | Belgium | 50,000 | 100 | |
| Snickers Workwear France SARL | 529,004,046 | France | 7,499 | 100 | |
| Hultafor Group Poland Sp. z o.o. | 146309299 | Poland | 100 | 100 | |
| Snickers Workwear Switzerland AG | CH 036.3.044.124-4 | Switzerland | 1,000 | 100 | |
| Hultafor Group Ireland Ltd | 65695194 | Ireland | 15,700 | 100 | |
| Hultafor Group Germany GmbH | 147860778 | Germany | 50,000 | 100 | |
| Snickers Workwear Austria GmbH | ATU 65856344 | Austria | 35,000 | 100 | |
| Specma AB | 556089-9550 | Gothenburg | 10,000 | 100 | |
| Specma OY | 0292607-7 | Finland | 400 | 100 | |
| Specma Hydraulic Russia | 5087746446046 | Russia | 100 | 100 | |
| Specma Co Ltd | 79274263-4 | China | 1 | 100 | |
| Specma Hydraulic Polska Sp.z o.o. | 320724049 | Poland | 500 | 100 | |
| Specma Component AB | 556219-2202 | Skellefteå | 7,500 | 100 | |
| Specma Wiro AB | 556362-4641 | Motala | 5,000 | 100 | |
| Specma Hydraulic U.S. Inc. | 30-05199401 | USA | 100 | 100 | |
| Specma Do Brasil Ltda | 10.343.468/0001-32 | Brazil | 127,500 | 51 | |
| Samwon Tech (Europe) Ltd | 4 746 517 | Great Britain | 100 | 100 | |
| Specma Hydraulic A/S | 29 92 02 49 | Denmark | 348 | 77.7 | |
| AB Kiruna Hydraulic | 556535-6184 | Kiruna | 4,200 | 100 | |
| Landfall Management | 4542831 | Great Britain | 1,000 | 100 | |
| Swegon AB | 556077-8465 | Vara | 400,000 | 100 | |
| Swegon GmbH | HRB209158 | Germany | 25,000 | 100 | |
| Swegon Ventilation Systems GmbH | HRB4092 | Germany | 2 | 100 | |
| Swegon Climate Systems GmbH | HRB120490 | Germany | 2 | 100 | |
| Swegon Latvia SIA | 40103622444 | Latvia | 2,000 | 100 | |
| Swegon AS | 247231 | Denmark | 5 | 100 | |
| Swegon GmbH Austria | FN 229472 | Austria | 1 | 100 | |
| RCS AG | CH-514.4.028.553-2 | Austria | 100 | 100 | |
| KB Söderby 1:752 | 916634-4441 | Vara | 1 | 100 | |
| Swegon Ltd | 1529960 | Great Britain | 50,000 | 100 | |
| Coolmation Ltd | 01744381 | Great Britain | 63,622 | 100 | |
| Coolmation Service Ltd | 03443661 | Great Britain | 1 | 100 | |
| Climate4Hire Ltd | 03284785 | Great Britain | 1,000 | 100 | |
| Swegon SARL | 409-770-195 | France | 2,000 | 100 | |
| Swegon SA | 48-205-4517 | Switzerland | 100 | 100 | |
| Swegon s.r.o. | 275 90 071 | The Czech Republic | 1 | 100 | |
| Swegon Inc. | 26-1934480 | USA | 1,000 | 100 | |
| Swegon Eesti OU | 11726958 | Estonia | 1 | 100 | |
| Swegon Indoor Climate Systems Co. Ltd | 310000400676739 | China | 1 | 100 | |
| Swegon AS | 933-765-806 | Norway | 1,500 | 100 | |
| OY Swegon AB | 240.505 | Finland | 20,000 | 100 | |
| Lewaco Trading AB | 556343-3423 | Vara | 1,000 | 100 | |
| Swegon Sp.z o.o. | 632031333 | Poland | 1,454 | 100 | |
| Swegon BV | 24408522 | The Netherlands | 100 | 100 | |
| Swegon Belgium S.A. | 893.224.696 | Belgium | 620 | 100 | |
| Swegon S.A. | A-84244763 | Spain | 6,011 | 100 | |
| Swegon ILTO OY | 1615732-8 | Finland | 1,000 | 100 | |
| Swegon BB s.r.l | 03991770276 | Italy | 1 | 100 | |
| Blue Box Group s.r.l | 02481290282 | Italy | 1 | 100 | |
| Blue Box France SA | 48535226400017 | France | 0.9 | 100 | |
| Aplicaciones Climaticas BBG SI | B 97613780 | Spain | 0.65 | 100 | |
| Blue Box Air | U74210MH2008FTC189149 | India | 2,397,500 | 100 | |
| Latour Industries AB | 556018-9754 | Gothenburg | 100,000 | 100 | |
| Carstens AB | 556059-6776 | Bankeryd | 18,500 | 100 | |

Cont.

Note 24 cont.

| Company name | CRN | Domicile | No. shares | Share of equity (%) | Book value (SEK m) |
|------------------------------|--------------------|--------------------|------------|---------------------|--------------------|
| KB Backen Västergård 1:141 | 916634-4490 | Bankeryd | 1 | 100 | |
| LSAB Group AB | 556655-6683 | Hedemora | 1,000 | 100 | |
| Fortiva AB | 556563-6742 | Malmö | 4,000 | 100 | |
| Fortiva Danmark A/S | 182650 | Denmark | 2,550 | 100 | |
| Bergmans Chuck AB | 556059-1736 | Hässleholm | 1,200 | 100 | |
| LSAB Produktion AB | 556456-8060 | Laholm | 400 | 100 | |
| LSAB Norge AS | 95882479 | Norway | 300 | 100 | |
| LSAB Sverige AB | 556222-1746 | Hedemora | 2,500 | 100 | |
| LSAB Instrument Service | 1089847103950 | Russia | 1 | 100 | |
| LSAB Suomi OY | 0140601-0 | Finland | 1,050 | 100 | |
| LSAB Vändra AS | 10120018 | Estonia | 6,000 | 100 | |
| LSAB Latvia SIA | 40003381260 | Latvia | 23,150 | 100 | |
| MachToolRent | 1107847394687 | Russia | 1 | 100 | |
| LSAB Westlings AB | 556442-0767 | Vansbro | 100 | 100 | |
| LSAB Danmark A/S | 34737886 | Denmark | 500 | 100 | |
| LSAB Visträsk Slipservice AB | 556248-1936 | Älvsbyn | 100 | 100 | |
| Kabona AB | 556609-1525 | Borås | 100 | 100 | |
| Specma Tools AB | 556737-4664 | Gothenburg | 1,000 | 100 | |
| Specma Seals AB | 556198-5077 | Gothenburg | 10,000 | 100 | |
| Denstech AB | 556337-4767 | Gothenburg | 1,950 | 100 | |
| AVT Group AB | 556863-5964 | Gothenburg | 500 | 100 | |
| AVT Industriteknik AB | 556596-5786 | Alingsås | 4,000 | 100 | |
| KLT Fastighets KB | 969674-4250 | Alingsås | 1 | 100 | |
| Nord-Lock International AB | 556610-5739 | Gothenburg | 1,000 | 100 | |
| Nord-Lock AG | CH-320.3.028.873-7 | Switzerland | 1,000 | 100 | |
| Nord-Lock ApS | 33,878,605 | Denmark | 100 | 100 | |
| Nord-Lock Co. Ltd | 310000400676819 | China | 1 | 100 | |
| Nord-Lock AB | 556137-1054 | Åre | 8,000 | 100 | |
| Nord-Lock Inc. | 38-3418590 | USA | 1,000 | 100 | |
| Superbolt Inc. | 25-1478791 | USA | 12,000,000 | 100 | |
| Nord-Lock Benelux BV | 2050318 | The Netherlands | 180 | 100 | |
| Nord-Lock Ltd | 4117670 | Great Britain | 100 | 100 | |
| Nord-Lock Poland Sp. z o.o. | 0000273881 | Poland | 10 | 100 | |
| Nord-Lock SARL | 439-251-901 | France | 1,000 | 100 | |
| Nord-Lock Japan Co, Ltd | 1299-01-047553 | Japan | 200 | 100 | |
| Nord-Lock OY | 0893691-1 | Finland | 100 | 100 | |
| Nord-Lock s.r.o. | 27294714 | The Czech Republic | 200,000 | 100 | |
| Nord-Lock Holding GmbH | HRB 175392 | Germany | 1 | 100 | |
| Nord-Lock GmbH | HRB 510204 | Germany | 1 | 100 | |
| Nord-Lock Switzerland GmbH | CH 020.4.041.709-1 | Switzerland | 200 | 100 | |
| Nord-Lock AS | 895 421 812 | Norway | 100 | 100 | |
| Nord-Lock Italy s.r.l | 2 464 160 015 | Italy | 1 | 100 | |
| Nord-Lock PTE. LTD. | 201110682R | Singapore | 50,000 | 100 | |
| REAC AB | 556520-2875 | Åmål | 20,000 | 100 | |
| REAC A/S | 19 353 508 | Denmark | 500,000 | 100 | |
| REAC Poland Sp. z o.o. | 0000444016 | Poland | 5,000 | 100 | |
| FOV Fodervävnader i Borås AB | 556057-3460 | Gothenburg | 60,000 | 100 | |
| Nordiska Industri AB | 556002-7335 | Gothenburg | 840,000 | 100 | 191 |
| PM-LUFT AB | 556048-2118 | Tomelilla | 1,000 | 100 | |
| Farex AB | 556196-7802 | Borlänge | 1,000 | 100 | |
| Total book value | | | | | 1,246 |

Smaller inactive subsidiaries are not included above.

NOTE 25 Interests in associates

| GROUP | 2013 | 2012 | PARENT COMPANY | 2013 | 2012 |
|--------------------------------------|--------------|--------------|------------------------------|--------------|--------------|
| Opening book value | 6,672 | 6,315 | Opening book value | 2,934 | 2,897 |
| Reclassification Tomra ¹⁾ | 1,325 | – | Reclassification Tomra | 1,302 | – |
| Acquisitions during the year | 215 | 159 | Acquisitions during the year | 294 | 37 |
| Sold during the year | – | – | Sold during the year | -109 | – |
| Profit share for the year after tax | 1,068 | 927 | Closing value | 4,421 | 2,934 |
| Dilutive effect | 14 | 15 | | | |
| Dividends received | -588 | -470 | | | |
| Net change in capital | -256 | -274 | | | |
| Closing value | 8,450 | 6,672 | | | |
| | | | Assa Abloy | 1,199 | 1,199 |
| | | | AB Fagerhult | 289 | 289 |
| | | | HMS Networks AB | 250 | 229 |
| | | | Loomis AB | 65 | 65 |
| | | | Nederman Holding AB | 306 | 306 |
| | | | Securitas AB | 585 | 585 |
| | | | Sweco AB | 152 | 152 |
| | | | Tomra AS | 1,495 | – |
| | | | Academic Work | 80 | 109 |
| | | | Closing value | 4,421 | 2,934 |

¹⁾ The holding in Tomra ASA was reclassified as an associated company in 2013. The effect of this change is recognised directly in equity.

Cont.

Note 25 cont.

| GROUP | Number of shares | Share of equity | Market value ¹⁾ | Cost |
|--|------------------|-----------------|----------------------------|-------------------|
| Assa Abloy AB (CRN 556059-3575. Stockholm) ²⁾ | 35,165,243 | 3,295 | 11,949 | 1,697 |
| AB Fagerhult (CRN 556110-6203. Domicile Habo) ⁴⁾ | 6,206,800 | 791 | 1,372 | 571 |
| HMS Networks AB (CRN 556661-8954. Halmstad) | 3,027,322 | 281 | 412 | 250 |
| Loomis AB (CRN 556620-8095. Stockholm) ²⁾ | 7,538,328 | 364 | 1,146 | 108 |
| Nederman Holding AB (CRN 556576-4205. Domicile Helsingborg) | 3,512,829 | 363 | 667 | 306 |
| Securitas AB (CRN 556302-7241. Stockholm) ²⁾ | 39,732,600 | 998 | 2,714 | 1,081 |
| Sweco AB (CRN 556542-9841. Domicile Stockholm) ³⁾ | 28,997,760 | 634 | 3,059 | 186 ³⁾ |
| Tomra AS (CRN 927 124 238. Domicile Asker) | 31,320,000 | 1,509 | 1,872 | 1,495 |
| Academic Work (CRN 556559-5450. Domicile Stockholm) | 26,001,200 | 55 | 303 | 80 |
| Diamorph AB (CRN 556647-5371. Domicile Stockholm) | 11,098,270 | 127 | 125 | 122 |
| Oxeon AB (CRN 556614-1197. Domicile Borås) | 215,200 | 26 | 25 | 25 |
| Other smaller holdings | – | 7 | – | 7 |
| | | 8,450 | 23,644 | 5,926 |

Group participation in associated companies:

| 2013 | Assets | Liabilities | Income | Profit/loss | Share of equity (%) | Share of votes (%) |
|---------------------|--------|-------------|--------|-------------|---------------------|--------------------|
| Assa Abloy AB | 6,234 | 3,503 | 4,596 | 425 | 9 | 30 |
| AB Fagerhult | 1,388 | 881 | 1,523 | 91 | 49 | 49 |
| HMS Networks AB | 206 | 105 | 134 | 20 | 27 | 27 |
| Loomis AB | 956 | 527 | 1,173 | 74 | 10 | 29 |
| Nederman Holding AB | 653 | 467 | 797 | 23 | 30 | 30 |
| Securitas AB | 4,051 | 3,031 | 7,148 | 203 | 11 | 30 |
| Sweco AB | 1,911 | 1,393 | 2,606 | 140 | 32 | 23 |
| Tomra | 1,261 | 646 | 1,039 | 83 | 21 | 21 |
| Academic Work | 237 | 155 | 349 | 24 | 20 | 20 |
| Diamorph AB | 208 | 142 | 71 | 9 | 21 | 21 |
| Oxeon AB | 9 | 3 | 10 | -3 | 31 | 31 |
| 2012 | | | | | | |
| Assa Abloy AB | 5,674 | 3,141 | 4,419 | 473 | 9 | 29 |
| AB Fagerhult | 1,291 | 834 | 1,518 | 76 | 49 | 49 |
| HMS Networks AB | 104 | 19 | 95 | 14 | 25 | 25 |
| Loomis AB | 927 | 556 | 1,172 | 61 | 10 | 29 |
| Nederman Holding AB | 642 | 456 | 681 | 27 | 30 | 30 |
| Securitas AB | 4,184 | 3,248 | 7,231 | 167 | 11 | 30 |
| Sweco AB | 1,490 | 945 | 2,385 | 141 | 32 | 23 |
| Academic Work | 107 | 90 | 351 | 25 | 20 | 20 |
| Diamorph AB | 200 | 149 | 36 | 3 | 22 | 22 |
| Oxeon AB | 15 | 3 | 16 | 0 | 31 | 31 |

¹⁾ Listed holdings at purchase price. Unlisted holdings firstly at the last valuation, secondly at the last traded price and thirdly the acquisition price.

²⁾ Class A shares in Assa Abloy, Loomis and Securitas are unlisted. In this table they have been given the same listing price as corresponding class B shares.

³⁾ The cost of Sweco B is SEK 34 m higher in the Group due to the utilisation of a call option.

⁴⁾ At the end of 2013, 30,000 shares of Latour's holding in Fagerhult were loaned out.

⁵⁾ The class A share in Sweco is listed, but due to limited trade it has been given the same listed price as the class B share.

⁶⁾ Votes in Tomra ASA exceeded 20 per cent in 2013. The effect from the holding now being classed as an associate company is recognised directly in equity.

NOTE 26 Listed shares

| GROUP | 2013 | 2012 | PARENT COMPANY | 2013 | 2012 |
|----------------------------------|--------|-------|----------------------------------|--------|-------|
| Opening cost | 1,771 | 1,498 | Opening cost | 1,740 | 1,470 |
| Purchases | – | 273 | Purchases | – | 270 |
| Reclassification Tomra | -1,302 | – | Reclassification Tomra | -1,302 | – |
| Closing cost | 469 | 1,771 | Closing cost | 438 | 1,740 |
| Opening fair value reserve | 481 | 126 | Opening fair value reserve | 483 | 130 |
| Reversed value reserve Tomra | -338 | – | Reversed value reserve Tomra | - 338 | – |
| Revaluation recognised in equity | 640 | 355 | Revaluation recognised in equity | 609 | 353 |
| Closing fair value reserve | 783 | 481 | Closing fair value reserve | 754 | 483 |
| Book value | 1,252 | 2,252 | Book value | 1,192 | 2,223 |

| INVESTMENT PORTFOLIO | Number | Market value SEK m | Share price SEK | Cost, SEK m | Share of votes % | Share of equity % |
|----------------------|------------|-----------------------|--------------------|-------------|---------------------|----------------------|
| Share | | | | | | |
| Nobia | 23,100,000 | 1,252 | 54 | 469 | 14 | 14 |
| Total | | 1,252 | | 469 | | |

NOTE 27 Other holdings of securities

| GROUP | 2013 | 2012 |
|-------------------------|------|------|
| Opening cost | 1 | 1 |
| Purchases | – | – |
| Closing cost | 1 | 1 |
| Opening impairment | -1 | -1 |
| Impairment for the year | – | – |
| Closing impairment | -1 | -1 |
| Book value | 0 | 0 |

NOTE 28 Long-term receivables

| GROUP | 2013 | 2012 |
|-----------------------|------|------|
| Opening cost | 78 | 54 |
| Increase for the year | 8 | 50 |
| Decrease for the year | -50 | -26 |
| Book value | 36 | 78 |

The Group's interest-bearing receivables have an average interest rate of 3.96 per cent and run for an average period of 24 months.

NOTE 29 Inventories

The value of goods pledged as security for loans or other obligations is SEK 0 (0).

| Inventory value: | 2013 | 2012 |
|------------------------------------|-------|------|
| <i>At net realisable value</i> | | |
| Raw materials and consumables | 6 | 16 |
| Work-in-progress | 1 | 1 |
| Finished work and goods for resale | 31 | 18 |
| <i>At cost</i> | | |
| Raw materials and consumables | 292 | 289 |
| Work-in-progress | 63 | 58 |
| Finished work and goods for resale | 608 | 596 |
| | 1,001 | 978 |

NOTE 30 Listed shares, trading

| GROUP | 2013 | 2012 |
|---|------|------|
| Book value at the beginning of the year | 104 | 88 |
| Acquisitions for the year | 344 | 147 |
| Sales at the actual cost | -381 | -142 |
| Revaluation, booked in the income statement | -4 | 11 |
| Book value at the end of the year | 63 | 104 |

| GROUP | Number | Cost | Book value | Market value |
|--|-----------|------|------------|--------------|
| Atlas Copco | 40,000 | 7 | 6 | 6 |
| Dantherm A/S | 56,364 | 1 | 1 | 1 |
| Husqvarna | 100,000 | 4 | 4 | 4 |
| Klövern | 24,000 | 1 | 1 | 1 |
| Sandvik | 145,000 | 13 | 13 | 13 |
| Trelleborg | 20,000 | 2 | 3 | 3 |
| Volvo B | 200,000 | 19 | 17 | 17 |
| Other shares and interests ¹⁾ | 3,000,200 | 18 | 18 | 18 |
| | | 65 | 63 | 63 |

¹⁾ Shares in the non-listed Scandinavian Insurance Group. Fair value is estimated to be at least the equivalent of the cost.

NOTE 31 Accounts receivable

| GROUP | 2013 | 2012 |
|--|-------|-------|
| Nominal value | 1,185 | 1,083 |
| Provision for bad debts | -49 | -29 |
| Net accounts receivable | 1,136 | 1,054 |
| Reserve for bad debts | | |
| Opening reserve | -28 | -28 |
| Opening reserve for acquired companies | -7 | – |
| Provisions for bad debts for the year | -16 | -4 |
| Realised losses during the year | – | – |
| Reversed unutilised amount | 2 | 3 |
| Exchange rate differences | 0 | 0 |
| | -49 | -29 |

Provisions for, and provisions from, bad debts are recognised in the income statement under Other operating expenses. Amounts recognised in depreciation and amortisation are normally written off when the Group does not expect to recover further amounts. Apart from impairment losses made, the assumption is that there is no credit risk in the outstanding accounts receivable.

| Age analysis of accounts receivable | 2013 | 2012 |
|--|-------|-------|
| Not mature | 894 | 785 |
| Mature receivables not written down as at 31 December 2012 | | |
| Mature less than 3 months | 208 | 221 |
| Mature 3 to 6 months | 15 | 25 |
| Mature more than 6 months | 19 | 23 |
| | 1,136 | 1,054 |

NOTE 32 Derivative instruments

| GROUP | 2013 | 2012 |
|--|------|------|
| Forward exchange contracts – cash flow hedging | -6 | 6 |
| Total | -6 | 6 |

Forward exchange contracts

The nominal amount of outstanding forward exchange contracts on 31 December 2013 was SEK 358 m (350). See Note 34.

None of the cash flow hedges meet the terms for effective hedge accounting which is why the entire change is reported in the income statement. The effect of hedge accounting on the financial statements was SEK -13 m (-13).

Hedges on net investments in foreign operations

Borrowing that has been identified as net investment hedging in Group subsidiaries is SEK 89 m in Italy and SEK 143 m in Finland. The exchange rate gain from the translation of borrowing to Swedish crowns amounts to SEK -8 m (SEK 8 m) at the close of the reporting period and is recognised in other comprehensive income.

NOTE 33 Cash and cash equivalents

Cash and cash equivalents consist of SEK 382 m (241) in bank balances and SEK 90 m (0) in short-term bank deposits. The Group receives interest on bank balances according to a floating interest rate based on the bank's daily rate.

NOTE 34 Financial instruments and financial risk management

Hedge accounting

Latour uses hedge accounting on forward exchange contracts. Changes in market values of cash flow hedges are recognised in other comprehensive income when they are considered effective, otherwise directly in the income statement. Accumulated amounts in other comprehensive income are recycled to the income statement during the periods the hedged item affects results. Unrealised gains or losses that arise from market valuation of derivative instruments attributable to hedges of net investments, and which are attributable to exchange rate fluctuations, are recognised in other comprehensive income.

Book value and fair value of financial assets and liabilities

The table below discloses how fair value is determined for the financial instruments valued at fair value in the statement on financial position. Fair value is determined according to three different levels. Compared to the 2012 annual accounts, there were no transfers between the different levels of the fair value hierarchy and there were no changes in the methods and/or principles used during 2013.

THE GROUP 2013

| <i>Financial assets</i> | Available-for-sales financial assets | Financial assets valued at fair value via profit and loss | Loans and receivables | Financial liabilities valued at fair value via profit and loss | Other liabilities | Total fair value |
|--|---|---|--------------------------|--|----------------------|---------------------|
| Listed shares, management | 1,252 ¹⁾ | | | | | 1,252 |
| Other long-term securities holdings | 0 ²⁾ | | | | | 0 |
| Other long-term receivables | | | 36 ³⁾ | | | 36 |
| Listed shares – trading | | 63 ¹⁾ | | | | 63 |
| Unrealised gains, currency derivatives | | 0 ²⁾ | | | | 0 |
| Other current receivables | | | 1,220 ³⁾ | | | 1,220 |
| Cash | | | 472 ³⁾ | | | 472 |
| Total | 1,252 | 63 | 1,728 | 0 | 0 | 3,043 |
| <i>Financial liabilities</i> | | | | | | |
| Long-term loans | | | | | 310 ³⁾ | 310 |
| Bank overdraft facilities | | | | | 12 ³⁾ | 12 |
| Current loans | | | | | 1,799 ³⁾ | 1,799 |
| Other current liabilities | | | | | 793 ³⁾ | 793 |
| Unrealised gains, currency derivatives | | | | 6 ²⁾ | | 6 |
| Total | | | | 6 | 2,914 | 2,920 |

THE GROUP 2012

| <i>Financial assets</i> | Available-for-sales financial assets | Financial assets valued at fair value via profit and loss | Loans and receivables | Financial liabilities valued at fair value via profit and loss | Other liabilities | Total fair value |
|--|---|---|--------------------------|--|----------------------|---------------------|
| Listed shares, management | 2,252 ¹⁾ | | | | | 2,252 |
| Other long-term securities holdings | 0 ²⁾ | | | | | 0 |
| Other long-term receivables | | | 78 ³⁾ | | | 78 |
| Listed shares – trading | | 104 ¹⁾ | | | | 104 |
| Unrealised gains, currency derivatives | | 6 ²⁾ | | | | 6 |
| Other current receivables | | | 1,148 ³⁾ | | | 1,148 |
| Cash | | | 241 ³⁾ | | | 241 |
| Total | 2,252 | 110 | 1,467 | 0 | 0 | 3,829 |
| <i>Financial liabilities</i> | | | | | | |
| Long-term loans | | | | | 192 ³⁾ | 192 |
| Bank overdraft facilities | | | | | 86 ³⁾ | 86 |
| Current loans | | | | | 1,379 ³⁾ | 1,379 |
| Other current liabilities | | | | | 567 ³⁾ | 567 |
| Unrealised gains, currency derivatives | | | | | 126 ³⁾ | 126 |
| Total | | | | 0 | 2,350 | 2,350 |

¹⁾ Level 1 – measured at fair values obtained from quoted market prices in active markets for identical assets.

²⁾ Level 2 – measured at fair values obtained from inputs other than quoted market prices included within Level 1 that are observable for the assets and liabilities.

³⁾ Level 3 – measured at fair values obtained from information and data for the assets and liabilities which is not based on observable market inputs.

Listed financial assets are measured at the quoted prices on the balance sheet date. Fair value on unlisted financial assets is determined by using valuation techniques such as a recent transaction, the price of a similar instrument or discounted cash flows.

Currency derivatives consist of forward exchange contracts and are included in level 2. Valuation at fair value of forward exchange contracts is based on forward rates established by banks on an active market.

The fair value of accounts receivable and other receivables, current receivables, cash and other liquid funds, accounts payable and other liabilities as well as long-term liabilities are estimated to have the same value as their carrying amount. Market interest is not believed to materially deviate from the discount rate for interest-bearing long-term liabilities and therefore the carrying amount is considered in essence equal to the fair value.

The Group's valuation process is carried out by the Group finance and treasury department where a team works with valuation of the financial assets and liabilities held by the Group.

Financial risk management

The Group's financing operations and management of financial risks is primarily centralised to Group staff. Operations are run according to the finance policy adopted by the Board and are characterised by a low level of risk. The purpose is to ensure the Group's long-term financing, minimise the Group's capital expense and effectively manage and control the Group's financial risks.

Currency exposure

The Group's operations face currency exposure in the form of exchange rate fluctuations. The Group's currency exposure consists partly of transaction exposure relating to purchases and sales in foreign currency, and partly to translation exposure relating to net investments in foreign subsidiaries and exchange rate fluctuations when the results from foreign subsidiaries are converted to Swedish crowns.

Cont.

Note 34 cont.

Transaction exposure

The Group's goal concerning transaction exposure is to hedge 50 per cent of the coming 12 months' budgeted cash flows. The impact of hedging transactions on income was SEK –13 m (–8) and is recognised in the operating statement.

The net currency flows for the year for Swedish units were distributed as follows:

| Currencies (amounts in SEK m) | 2013 | 2012 |
|-------------------------------|------------|------------|
| NOK | 301 | 78 |
| DKK | 58 | 37 |
| GBP | 149 | 119 |
| USD | -209 | -113 |
| EUR | 253 | 273 |
| CHF | 62 | 62 |
| Total | 614 | 456 |

+ = net inflow, – = net outflow

Given a net transaction exposure equivalent to the one in 2013, and that hedging measures had not been taken, results would be affected positively by SEK 6 m if the Swedish crown had become one percentage point stronger than all transaction currencies.

As at 31 December 2013, the Group had outstanding hedging contracts in the following currencies and on these maturity dates.

| Amount in SEK m | 2014 | 2015 | Total |
|-------------------|-------------|------------|-------------|
| Sell EUR | 286 | 54 | 340 |
| Sell NOK | 153 | – | 153 |
| Sell DKK | 43 | 32 | 75 |
| Sell GBP | 34 | – | 34 |
| Sell USD | 39 | – | 39 |
| Sell CHF | 15 | – | 15 |
| Sell PLN | 20 | – | 20 |
| <i>Sell total</i> | <i>590</i> | <i>86</i> | <i>676</i> |
| Buy EUR | -11 | – | -11 |
| Buy USD | -204 | -94 | -298 |
| <i>Buy total</i> | <i>-215</i> | <i>-94</i> | <i>-309</i> |
| Net | 375 | -8 | 367 |

The valuation of the forward exchange contracts at fair value is a derivative instrument and totals SEK -6 m (6), stated in the consolidated balance sheet.

Translation exposure

The need to hedge net assets in foreign subsidiaries is decided on a case-to-case basis and hedges are based on the group-wise value of the net assets. Hedging is conducted through loans in foreign currency. Profit from hedges in foreign operations was SEK –8 m (8). The amount is reported in other comprehensive income and in reserves in equity (see Note 35).

Net assets of the foreign subsidiaries are allocated as follows:

| Currency | 2013 | | 2012 | |
|--------------|--------------|------------|--------------|------------|
| | Amount SEK m | % | Amount SEK m | % |
| EUR | 214 | 43 | 137 | 37 |
| DKK | 13 | 3 | 9 | 2 |
| NOK | 114 | 23 | 123 | 33 |
| USD | 54 | 11 | 43 | 12 |
| GBP | 32 | 6 | 17 | 5 |
| RON | 17 | 3 | 14 | 4 |
| LVL | 13 | 3 | 10 | 3 |
| PLN | 50 | 10 | 19 | 5 |
| JPY | 5 | 1 | 7 | 2 |
| CHF | 6 | 1 | 2 | 1 |
| Other | -16 | -3 | -12 | -3 |
| Total | 502 | 100 | 370 | 100 |

Exchange rate difference for the year from translation of foreign net assets amounted to SEK 23 m (-38) and is reported in other comprehensive income and reserves in equity (see Note 35).

Financing risk and liquidity risk

The Group handles the more short-term liquidity risk within the framework of the financing risk. In a business like Latour's, where long-term financial resources are procured centrally, the short-term liquidity risk is

automatically handled within long-term financing. Nonetheless, high demands are placed on the regular reporting of the cash flow situation in each of the individual business units.

In order to reduce the risk of difficulties in procuring capital in the future and refinancing of matured loans, the Group has the following contracted lines of credit:

| | |
|-------------------------------|--------------|
| Current operating liabilities | 221 |
| Credits granted through 2014 | 802 |
| Credits granted through 2015 | 501 |
| Credits granted through 2016 | 1,066 |
| Credits granted through 2017 | 1,036 |
| | 3,626 |

The Group's net financial liabilities, excluding shareholdings and other securities, was SEK 1,787 m as at 31 December 2013. Most of the Group's loans are in SEK with a maturity period of less than one year, but within the framework for the long-term lines of credit presented above.

Contracts for granted credits with terms longer than one year contain financial covenants, which state that net borrowing debt may not exceed a certain level in relation to the listed market price of the Group's listed securities. This condition was complied with in 2013. Even if the Group's credit limits had been fully utilised as at 31 December 2013 there would still be a substantial margin.

Interest rate risk

The Latour Group's major source of financing is the cash flows from operating activities and the portfolio management as well as from loans. The loans are interest-bearing and thus expose the Group to interest rate risk.

Interest rate risk relates to the possibility of change in the interest rate level having an adverse impact on the Group's net interest and/or cash flows. The Group's financing policy establishes guidelines for setting fixed rates and average loan periods for borrowings. The Group strives to achieve a balance between the estimated cost of servicing loans and the risk that major interest rate fluctuations might adversely affect profits. At the end of 2013, the average fixed loan period was about 6 months.

If the interest rate level of Latour's loan portfolio had been one percentage point higher, the profit/loss for the year would have been affected by SEK –18 m.

The average cost for outstanding long and short term borrowing on the balance sheet date (for long-term borrowing also see Note 39):

| | 2013 Debt | | 2012 Debt | |
|--------------------------|------------|--------------|------------|--------------|
| | % | SEK m | % | SEK m |
| Long-term borrowing SEK | 2.7 | 188 | 3.9 | 86 |
| Long-term borrowing EUR | 2.1 | 74 | 2.1 | 76 |
| Long-term borrowing DKK | 2.5 | 2 | 2.5 | 2 |
| | 2.5 | 264 | 3.1 | 164 |
| Short-term borrowing SEK | 2.1 | 1,287 | 2.8 | 1,037 |
| Short-term borrowing DKK | 3.5 | 46 | – | – |
| Short-term borrowing EUR | 1.3 | 369 | 2.1 | 227 |
| Short-term borrowing USD | 1.5 | 98 | 1.4 | 98 |
| Short-term borrowing CNY | 1.7 | 21 | 2.3 | 21 |
| | 2.1 | 1,821 | 2.6 | 1,383 |

Capital management

The Group's long-term capital structure goals are to ensure that the Group is able to continue developing its operations, so that it can generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep capital expenses low. The Group is able to change the dividend that is paid to the shareholders or sell assets to reduce debt in order to maintain or adjust the capital structure. The Group assesses its capital adequacy by reference to its debt levels. Latour's Board of Directors has set limits on debt levels. The Group's debt cap is set at 10 per cent of the investment portfolio's value and 2.5 times the wholly-owned industrial operations' EBITDA, measured as an average for the last three years and adjusted for acquisitions and divestitures.

Credit risk

The Group has limited exposure to credit risks. These risks are primarily related to outstanding accounts receivable. Losses on accounts receivable arise when customers become insolvent or for other reasons fail to meet their payment obligations. The risks are limited through credit insurance policies. Certain businesses even require payment in advance.

Cont.

Note 34 cont.

Group management is of the opinion that there is no significant credit risk concentration in relation to any specific customer or counterparty or in relation to any specific geographic region.

Price risk

The Group is exposed to a price risk concerning shares due to investments held by the Group and which, in the Group's balance sheet are classified either as available-for-sale financial instruments or assets valued at fair value via profit or loss. The price risk on shares consists of share price risks, liquidity risks and counterparty risks. Share price risk is the risk of value loss due to changes in prices on the stock market. This is the greatest risk in Latour's business and occurs primarily in the valuation of the investment portfolio companies. If the market price of holdings in the investment portfolio changed by 5 per cent it would affect comprehensive income and equity by SEK 63 m (113). Share prices are regularly analysed and monitored by Latour's group management. Latour has an influence on the companies' strategies and decisions through its active ownership, which is in part manifested through board participation. Liquidity risk

can occur if a share, for example, is hard to sell. However, liquidity risk is limited. Counterparty risk is the risk that a party in a transaction with a financial instrument cannot fulfil its obligations and thereby creates a loss for the other party.

The Group is not exposed to any price risk concerning raw materials or commodities.

Operational risks

Operational risk is the risk of loss due to inadequate or failed internal processes and systems. A number of internal guidelines and regulations as well as policies adopted by the Board are the basis of Latour's risk management. Legal reviews of contracts and relations are performed regularly. The Group also has a system of continuous controls that regulate and ensure responsibility and authority in operating activities.

Insurance risks in the Group are managed according to the assessed need for insurance. Matters concerning confidentiality and information security are highly prioritised at Latour and are regulated by internal guidelines. Latour also continuously controls and develops its systems and procedures for IT security.

NOTE 35 Equity

| Reserves GROUP | Hedging reserve | Translation reserve | Fair value reserve | Total |
|---|--------------------|---------------------|--------------------|-------|
| Opening balance 1 Jan 2012 | -2 | -48 | 142 | 92 |
| Translation differences for the year | | -38 | | -38 |
| Available-for-sales financial assets: | | | | |
| Revaluation recognised directly in other comprehensive income | | | 357 | 357 |
| Net asset hedge, currency effects | 8 | | | 8 |
| Closing other reserves 31 Dec 2012 | 6 | -86 | 499 | 419 |
| Opening balance 1 Jan 2013 | 6 | -86 | 499 | 419 |
| Translation differences for the year | | 23 | | 23 |
| Available-for-sales financial assets: | | | | |
| Revaluation recognised directly in other comprehensive income | | | 629 | 629 |
| Reclassification to associates | | | -338 | -338 |
| Net asset hedge, currency effects | -8 | | | -8 |
| Closing other reserves 31 Dec 2013 | -2 | -63 | 790 ¹⁾ | 725 |

¹⁾ The investment portfolio has a fair value of SEK 780 m and issued call options have a fair value of 10 m.

Share capital

The parent company's share capital. The par value of each share is SEK 0.83.

Other contributed capital

Refers to equity contributed by the shareholders. Contributed capital is included here as a form of issue in kind and a new issue at a rate exceeding the par value.

Repurchased shares

Repurchased shares comprise the cost of the company's shares held by the parent company and are recognised as a deduction from equity. Funds from the divestiture of the company's shares are recognised as an increase in equity and transactions costs are recognised directly in equity.

Reserves

Translation reserve

The translation reserve includes all exchange rates differences that occur when the currencies of the financial statements of foreign operations are translated into the presentation currency of the consolidated financial statements. The parent company and the Group present their financial statements in Swedish krona (SEK).

Hedging reserve

The hedging reserve consists of exchange rate differences that occur when translating debts and derivatives classified as hedging instruments of net investments in a foreign unit.

Fair value reserve

The fair value reserve includes the accumulated net change of the fair value of available-for-sale financial assets until the asset is derecognised in the balance sheet.

Profit brought forward including part of comprehensive income for the year

Profit brought forward including part of comprehensive income for the year contains profits earned in the parent company, its subsidiaries and associates. Previous provisions to the statutory reserve, not including transferred share premium reserves, are incorporated in this equity item.

Non-controlling interests

Non-controlling interests comprise the share of equity not owned by the parent company.

Dividends

Dividends are proposed by the Board in accordance with the Swedish Companies Act and are approved by the Annual General Meeting. The dividends proposed, but not as yet approved, for 2013 are SEK 876.6 m (SEK 5.50 per share). The amount has not been reported as a liability.

Earnings per share

| GROUP | 2013 | 2012 |
|--|-------------|-------------|
| Profit for the year | 1,483 | 1,351 |
| Average number of basic shares outstanding | 159,357,121 | 159,421,000 |
| Average number of diluted shares outstanding | 159,986,921 | 159,922,885 |
| Earnings per share related to profit attributable to parent company shareholders | | |
| Basic share | SEK 9.31 | SEK 8.47 |
| Diluted share | SEK 9.28 | SEK 8.45 |

Cont.

Note 35 cont.

| Outstanding shares | Class A | Class B | Total |
|--|-------------------|--------------------|--------------------|
| Number of shares as at 1 January 2013 | 11,947,059 | 147,315,941 | 159,263,000 |
| Repurchase | – | 115,000 | 115,000 |
| Conversion | -2,115 | 2,115 | 0 |
| Total outstanding shares as at 31 December 2013 | 11,944,944 | 147,433,056 | 159,378,000 |
| Own shares | Class A | Class B | Total |
| Shares held as at 1 January 2013 | – | 697,000 | 697,000 |
| Repurchase during the year | – | – | 0 |
| Divestiture | – | -115,000 | -115,000 |
| Total own shares held as at 31 December 2013 | 0 | 582,000 | 582,000 |
| Total number of shares as at 31 December 2013 | 11,944,944 | 148,015,056 | 159,960,000 |

| | 2013 | | 2012 | |
|---|----------------|-----------|----------------|-----------|
| Own shares | Number | Cost | Number | Cost |
| Accumulated at the beginning of the year | 697,000 | 56 | 460,000 | 29 |
| Repurchase during the year | – | – | 237,000 | 27 |
| Repurchase during the year | -115,000 | -9 | – | – |
| Accumulated at the end of the year | 582,000 | 47 | 697,000 | 56 |

The par value of own holdings that were repurchased was SEK 0.2 m as at 31 December 2013. This represents 0.1 per cent of the share capital. The transaction costs in connection with the repurchases are reported as a deduction from equity. These costs have not affected recognised tax expenses. Group own shares have been repurchased to create added value for continuing shareholders in Latour. Call options have been issued to senior executives on all of the repurchased shares.

NOTE 36 Pension obligations

Nearly all employees in the Latour Group are covered either by defined benefit or defined contribution pension plans. Defined benefit pension plans mean that the employee is guaranteed a pension corresponding to a certain percentage of his or her salary. The pension plans comprise retirement pension, sickness pension and family pension. The pension obligations are secured through provisions in the balance sheet and through premiums to insurance companies which thereby assume the obligations towards the employees. The Group's employees outside of Sweden, Italy, Germany and Switzerland are covered by defined benefit pension plans. Payments for these plans normally constitute a percentage of the employee's salary.

Obligations for retirement and family pensions for white-collar workers in Sweden are largely secured through insurance with Alecta. Since Alecta cannot provide enough information to report the ITP plan as a defined benefit plan it is reported as a defined contribution plan. Payments for pension insurance policies with Alecta for the year were SEK 35 m. Alecta's surplus can be divided amongst the insurance policy holders and/or the insured. At the end of 2013, Alecta's surplus in the form of the collective consolidation level was 148 per cent. Pension plans for blue-collar workers in Sweden are defined contribution plans.

The company's costs and the value of outstanding obligations for defined benefit plans are calculated using actuarial calculations which aim to establish the present value of the obligations.

As of 1 January 2013, the Group no longer uses the corridor approach to recognise actuarial gains and losses. Instead, they are recognised immediately in full in other comprehensive income, as required by IAS 19. The amended accounting policy resulted in a SEK 30 m reduction in equity at the beginning of 2012 and a SEK 28 m reduction at the end of 2012. Pension provisions increase by SEK 33 m at the beginning of 2012 and SEK 29 m at year-end 2012. For 2012, the operating profit is increased by SEK 4 m while comprehensive income is reduced by SEK 2 m.

| GROUP | | |
|---|------------|------------|
| Defined benefit obligations | 2013 | 2012 |
| Present value at the beginning of the periods | 204 | 219 |
| Benefits earned during the period | 0 | 0 |
| Interest | 6 | 7 |
| Pension payments | -12 | -10 |
| Acquisition (company) | 25 | 0 |
| Divestiture (company) | – | -4 |
| Actuarial result | -7 | 0 |
| Redemption | -1 | -7 |
| Translation difference | 1 | -1 |
| Closing balance | 216 | 204 |
| Plan assets | | |
| Opening balance | 29 | 29 |
| Acquisition (company) | 16 | 0 |
| Change in reserves | -3 | 0 |
| Closing balance | 42 | 29 |
| Net defined benefit obligations | 174 | 175 |

| Defined benefit obligations per country | 2013 | | | | Total |
|---|------------|-------------|----------|-----------|------------|
| | Sweden | Switzerland | Germany | Other | |
| Present value of obligations | 148 | 32 | 25 | 11 | 216 |
| Fair value of plan assets | 0 | -26 | -16 | 0 | -42 |
| Total | 148 | 6 | 9 | 11 | 174 |

| Defined benefit obligations per country | 2012 | | | | Total |
|---|------------|-------------|----------|-----------|------------|
| | Sweden | Switzerland | Germany | Other | |
| Present value of obligations | 159 | 33 | – | 12 | 204 |
| Fair value of plan assets | 0 | -29 | – | 0 | -29 |
| Total | 159 | 4 | 0 | 12 | 175 |

At the last measurement date, the present value of the defined benefit obligation was approximately SEK 26 m, attributable to active employees and SEK 148 m to retired employees.

| Amount reported in the income statement | 2013 | 2012 |
|--|------------|------------|
| Actuarial result | 0 | 0 |
| Interest on pension provisions | 6 | 7 |
| Cost of defined benefit plans | 6 | 7 |
| Costs of defined contribution plans | 128 | 121 |
| Special employer's tax and taxes on return | 16 | 14 |
| Total pension costs | 150 | 142 |

The actuarial calculation of pension obligations and pension costs is based on the following key assumptions:

| % | 2013 | | |
|-----------------------------|--------|-------------|---------|
| | Sweden | Switzerland | Germany |
| Discount rate ¹⁾ | 4.0 | 2.0 | 3.2 |
| Inflation | 1.8 | 1.0 | 1.8 |
| Pay increases | – | 1.0 | 2.5 |
| Pension indexation | 1.8 | 0.0 | 2.0 |
| % | 2012 | | |
| | Sweden | Switzerland | |
| Discount rate ¹⁾ | 3.5 | 2.0 | |
| Inflation | 1.8 | 0.5 | |
| Pay increases | – | 1 | |
| Pension indexation | 1.8 | 0 | |

¹⁾ See policies in Note 2 page 76.

If the discount rate is lowered by 0.5 per cent, the present value of the obligations increases by 6.7 per cent. If the discount rate is raised by 0.5 per cent, the present value of the obligations decreases by 6.1 per cent.

NOTE 37 Taxes**Deferred tax in the balance sheet**

Temporary differences exist where the carrying amount and taxation value differ for a given asset or liability. Temporary differences have resulted in total deferred tax assets and deferred tax liabilities for the Group as follows:

| GROUP | 2013 | 2012 |
|---------------------------------|-------------|-------------|
| Deferred tax assets | | |
| Intangible assets | 4 | 1 |
| Machinery and equipment | 1 | 1 |
| Inventories | 19 | 15 |
| Current receivables | 5 | 3 |
| Provisions | 10 | 10 |
| Current liabilities | 3 | 5 |
| Other items | 1 | 1 |
| | 43 | 36 |
| Deferred tax liabilities | | |
| Intangible assets | -3 | -4 |
| Buildings and land | -2 | -7 |
| Machinery and equipment | -2 | -3 |
| Inventories | -3 | -1 |
| Current receivables | - | 2 |
| Untaxed reserves | -115 | -87 |
| Provisions | -5 | - |
| Derivative instrument | - | -1 |
| Other items | - | - |
| | -130 | -101 |

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax system. Deferred tax recognised in other comprehensive income amounts to SEK 4 m (7).

There is a fiscal loss carry-forward in the parent company of SEK 1,197 m (1,115) which has not taken into account deferred tax.

NOTE 38 Other provisions

| GROUP | Guarantee provisions | Other provisions | Total |
|-----------------------------------|----------------------|------------------|-----------|
| Opening value 1 Jan 2012 | 30 | 7 | 37 |
| Acquisition (company) | 0 | - | 0 |
| Provisions for the year | 26 | - | 26 |
| Reclassification | 1 | - | 1 |
| Closing value 31 Dec 2012 | 57 | 7 | 64 |
| Acquisition (company) | 10 | - | 10 |
| Provisions for the year | 10 | 2 | 12 |
| Amounts claimed during the year | -22 | - | -22 |
| Closing value 31 Dec 2013 | 55 | 9 | 64 |
| The provisions consist of: | 2013 | 2012 | |
| Long-term part | 55 | 35 | |
| Current part | 9 | 29 | |
| | 64 | 64 | |

Other provisions primarily consist of provisions for restructuring costs.

NOTE 39 Long-term liabilities

| GROUP | 2013 | 2012 |
|---|------------|------------|
| Liabilities to credit institutions falling due in 1-5 years | 194 | 89 |
| Liabilities to credit institutions falling due in >5 years | 1 | 5 |
| Liabilities referring to finance leases | 70 | 70 |
| Other long-term liabilities | 24 | 28 |
| Total | 289 | 192 |

For other details concerning long-term liabilities see Note 34.

Note 40 Bank overdraft facility

The bank overdraft facility available to the Group is SEK 200 m (200), of which SEK 12 m (86) has been used.

NOTE 41 Accrued expenses and deferred income

| GROUP | 2013 | 2012 |
|---------------------------------|------------|------------|
| Accrued interest expenses | 4 | 3 |
| Accrued social security fees | 67 | 63 |
| Accrued other pay-related costs | 171 | 162 |
| Other items | 211 | 217 |
| Total | 453 | 445 |

NOTE 42 Pledged assets

| GROUP | 2013 | 2012 |
|---|----------|----------|
| For own liabilities and provisions | | |
| Relating to pension obligations | | |
| – Floating costs | - | 5 |
| – Other securities | 2 | 1 |
| Other | | |
| – Floating costs | 3 | - |
| – Property mortgages | 2 | 1 |
| Total | 7 | 7 |

NOTE 43 Contingent liabilities

| GROUP | 2013 | 2012 |
|-------------------------|-----------|-----------|
| Underwriting commitment | 9 | - |
| Other obligations | 8 | 17 |
| Total | 17 | 17 |

| PARENT COMPANY | 2013 | 2012 |
|-----------------------------|--------------|--------------|
| Guarantees for subsidiaries | 2,326 | 2,301 |
| Total | 2,326 | 2,301 |

The parent company has pledged to assume certain obligations that may befall Group companies.

NOTE 44 Business combinations

| | 2013 | 2012 |
|--|------------|------------|
| Intangible assets | 3 | - |
| Property, plant and equipment | 26 | 10 |
| Financial assets | 28 | - |
| Inventories | 77 | 18 |
| Accounts receivable | 64 | 30 |
| Other current receivables | 6 | 8 |
| Cash | 22 | 15 |
| Deferred tax liability | - | - |
| Long-term net borrowing | -58 | -1 |
| Current liabilities | -100 | -45 |
| Net identifiable assets and liabilities | 68 | 35 |
| Group goodwill | 285 | 186 |
| Total purchase price | 353 | 221 |
| Additional purchase price | 59 | -81 |
| Previously settled purchase price | -3 | - |
| Cash settlement purchase price | 291 | 140 |
| Acquisition of non-cash items | -3 | - |
| Cash in acquisitions | -22 | -15 |
| Effect on Group cash | 266 | 125 |

Transaction costs in connection with business combinations for the year amount to SEK 6 m.

Cont.

Note 44 cont.

MBL/ABU Reac Polen

On 2 January 2013, the Group acquired the operations of MBL/ABU through a newly-formed company, Reac Polen. The acquired operations contributed SEK 78 m in revenues and SEK 21 m in net profit for the period 2 January to 31 December 2013. If the acquisition had been made on 1 January 2013, the figures would be the same.

Goodwill is attributable to the synergies that will be created when the acquired operations are merged with Reac Group's existing operations.

An estimated additional purchase price has been reserved. The final price is based on performance in 2013 and may amount to as much as SEK 54 m. This sum has also been reserved.

Transaction costs for the acquisition, that were charged to the income statement for the period, amounted to SEK 1 m.

| | |
|---|-----|
| Intangible assets | 2 |
| Property, plant and equipment | 3 |
| Inventories | 2 |
| Current liabilities | -2 |
| Net identifiable assets and liabilities | 5 |
| Group goodwill | 129 |
| Total purchase price | 134 |
| Additional purchase price | -54 |
| Cash settlement purchase price | 80 |
| Acquired cash | - |
| Change in Group cash at acquisition | 80 |

Coolmation Group

The Group acquired all the shares in the Coolmation Group on 1 February 2013. The Coolmation Group of companies includes the parent company, Coolmation Ltd, the wholly-owned companies Coolmation Service Ltd and Climate4Hire Ltd. The acquired operations contributed SEK 76 m in revenues and SEK 4 m in net profit for the period 1 February to 31 December 2013. If the acquisition had been made on 1 January 2013, the company's revenues would have been SEK 80 m and profit for the year would have been SEK 4 m.

Goodwill is attributable to the synergies that will be created when the service and sales organisations are merged with Swegon's existing operations.

Transaction costs for the acquisition, that were charged to the income statement for the period, amounted to SEK 2 m.

| | |
|---|-----|
| Property, plant and equipment | 10 |
| Financial assets | 25 |
| Inventories | 3 |
| Accounts receivable | 12 |
| Other receivables | 1 |
| Cash | 6 |
| Long-term liabilities | -11 |
| Current liabilities | -11 |
| Net identifiable assets and liabilities | 35 |
| Group goodwill | 31 |
| Cash settlement purchase price | 66 |
| Acquired cash | -6 |
| Change in Group cash at acquisition | 60 |

NORDTEC SRL

The Group acquired all the shares in NORDTEC SRL on 7 March 2013. The acquired operations contributed SEK 18 m in revenues and SEK 0 m in net profit for the period 7 March to 31 December 2013. If the acquisition had been made on 1 January 2013, the company's revenues would have been SEK 18 m and profit for the year would have been SEK 0 m.

Goodwill is attributable to the synergies that will be created when the service and sales organisations are merged with Hultafors Group's existing operations.

| | |
|---|----|
| Property, plant and equipment | 1 |
| Accounts receivable | 3 |
| Cash | 2 |
| Long-term liabilities | - |
| Current liabilities | -4 |
| Net identifiable assets and liabilities | 2 |
| Group goodwill | 4 |
| Cash settlement purchase price | 6 |
| Acquired cash | -2 |
| Change in Group cash at acquisition | 4 |

Walter Meier GmbH

The Group acquired all the shares in Walter Meier GmbH on 3 June 2013. The acquired operations contributed SEK 196 m in revenues and SEK 10 m in net profit for 2013. If the acquisition had been made on 1 January 2013, the company's revenues would have been SEK 307 m and profit for the year would have been SEK 14 m.

Goodwill is attributable to the synergies that will be created when the service and sales organisations are merged with Swegon's existing operations.

Transaction costs for the acquisition, that were charged to the income statement for the period, amounted to SEK 2 m.

| | |
|---|-----|
| Intangible assets | 1 |
| Property, plant and equipment | 10 |
| Financial assets | 3 |
| Inventories | 59 |
| Accounts receivable | 38 |
| Other receivables | 3 |
| Cash | 7 |
| Long-term liabilities | -45 |
| Current liabilities | -60 |
| Net identifiable assets and liabilities | 16 |
| Group goodwill | 104 |
| Cash settlement purchase price | 120 |
| Acquired non-cash items | -3 |
| Acquired cash | -7 |
| Change in Group cash at acquisition | 110 |

RCS AG

The Group acquired all the shares in RCS AG on 27 September 2013. The acquired operations contributed SEK 8 m in revenues and SEK 0 m in net profit for the period 27 September to 31 December 2013. If the acquisition had been made on 1 January 2013, the company's revenues would have been SEK 34 m and profit for the year would have been SEK 0 m.

Goodwill is attributable to the synergies that will be created when the service and sales organisations are merged with Swegon's existing operations.

An estimated additional purchase price has been reserved. The final price is based on performance in 2013 to 2014 and may amount to as much as SEK 4 m. This sum has also been reserved.

Transaction costs for the acquisition, that were charged to the income statement for the period, amounted to SEK 1 m.

| | |
|---|----|
| Property, plant and equipment | 1 |
| Inventories | 1 |
| Accounts receivable | 4 |
| Cash | 6 |
| Long-term liabilities | -1 |
| Current liabilities | -8 |
| Net identifiable assets and liabilities | 3 |
| Group goodwill | 14 |
| Additional purchase price | 4 |
| Cash settlement purchase price | 10 |
| Acquired cash | -6 |
| Change in Group cash at acquisition | 4 |

Kiruna Hydraulik AB

The Group acquired all the shares in Kiruna Hydraulik AB on 1 October 2013. The acquired operations contributed SEK 12 m in revenues and SEK 0 m in net profit for the period 27 September to 31 December 2013. If the acquisition had been made on 1 January 2013, the company's revenues would have been SEK 40 m and profit for the year would have been SEK 0 m.

Goodwill is attributable to the synergies that will be created when the service and sales organisations are merged with Specma Group's existing operations.

| | |
|---|-----|
| Property, plant and equipment | 1 |
| Inventories | 10 |
| Accounts receivable | 5 |
| Other receivables | 2 |
| Long-term liabilities | -1 |
| Current liabilities | -11 |
| Net identifiable assets and liabilities | 6 |
| Post acquisition purchase price settlements | 3 |
| Group goodwill | 3 |
| Additional purchase price | -1 |
| Change in Group cash at acquisition | 5 |

Other acquisitions

In addition to reported acquisitions, the Group also made a couple of other smaller acquisitions. Assets of approximately SEK 5 m were taken over and generated SEK 2 m in Group goodwill. The impact of these acquisitions on earnings in 2013 was marginal.

NOTE 45 Subsidiary divestitures

| | 2013 | 2012 |
|--------------------------------|------|------|
| Intangible assets | – | 35 |
| Property, plant and equipment | 7 | 22 |
| Long-term receivables | – | 16 |
| Inventories | 19 | 15 |
| Accounts receivable | 10 | 14 |
| Other receivables | 2 | 4 |
| Cash | – | 1 |
| Long-term net borrowing | -14 | -5 |
| Current liabilities | -4 | -36 |
| Net result as at sales date | 0 | 4 |
| Result on sale of subsidiaries | 0 | 28 |
| Received purchase price | 20 | 98 |
| Non-cash items | – | – |
| Cash in divested companies | – | -1 |
| Effect on Group cash | 20 | 97 |

Brickpack AB was sold in the fourth quarter of 2013. Brickpack had annual sales in excess of SEK 50 m and an operating profit of SEK 0 m in 2013.

NOTE 46 Government grants

Government grants have affected the Group's income statement and balance sheet as follows:

| GROUP | 2013 | 2012 |
|--|------|------|
| Grants that affected income for the year | 2 | 2 |
| Grants that affected assets | 7 | 4 |
| Grants that affected liabilities | 0 | 0 |

Grants consist primarily of development and investment aid.

NOTE 47 Post balance sheet events

On 3 March 2014, the Group entered into an agreement for the acquisition of 80 per cent of the shares in Elvaco AB. The company develops and markets communication equipment and software for the collection, processing and presentation of metrics data. Elvaco has 20 employees and annual sales in excess of SEK 60 m.

NOTE 49 Definitions

| | |
|-----------------------------|---|
| Return on equity | The amount of net income returned as a percentage of shareholders' equity. |
| Return on operating capital | Operating profit as a percentage of average operating capital |
| Return on total capital | Profit/loss after net financial items plus financial costs in relation to the average balance sheet total. |
| Direct return | Dividends as a percentage of the share purchase price. |
| EBIT (Operating profit) | Profit before financial items and taxes. |
| EBIT multiple | Operating profit in relation to market value adjusted for net debt. |
| EBITA | Result before net financial items, tax and depreciation on intangible assets related to acquisitions. |
| EV (Enterprise Value) | The company's market value plus net debt. |
| Adjusted equity | Equity and the difference between book value and fair value in associated companies. |
| Adjusted equity ratio | Equity and the difference between book value and fair value in associated companies in relation to adjusted total assets. |
| Net debt/equity ratio | Interest-bearing liabilities and interest-bearing provisions less cash and cash equivalents in relation to adjusted equity. |
| Net borrowings | Interest-bearing liabilities plus interest-bearing provisions less cash and interest-bearing receivables. |
| P/E ratio | The share purchase price in relation to profit after paid tax. |
| Operating margin | Operating profit as a percentage of net sales. |
| Equity ratio | Equity in relation to total assets. |
| Net asset value | The difference between the company's assets and liabilities, when the investment portfolio (incl. associated companies) is recognised at market value and operative subsidiaries that are owned at the end of the period are recognised in an interval based on EBIT multiples for comparable listed companies in each business area. |
| Operating capital | Total assets less cash and cash equivalents and other interest-bearing assets and non interest-bearing liabilities. |
| Profit margin | Profit after net financial items plus finance expense as a percentage of invoiced sales. |

NOTE 48 Significant estimates and judgements

To be able to prepare the financial statements in accordance with generally accepted accounting practice, executive management and the Board of Directors must make judgements and assumptions that affect the asset and liability items, and revenue and expense items reported in the annual accounts, as well as other disclosures, for example contingent liabilities. These judgements are based on historic experience and the various assumptions that the management and the Board of Directors consider reasonable in the current circumstances. In cases where it is not possible to ascertain the carrying amounts of assets and liabilities through information from other sources these estimations and assumptions form the basis of the valuation. Actual outcomes could differ from these estimates if other assumptions are made or other circumstances arise.

The assumptions can have a significant effect on Latour's result and financial position especially in the areas of income accounting and uncertain receivables, measurement of intangible and fixed assets, restructuring measures, pension obligations, taxes, disputes and contingent liabilities (see each respective note).

Executive management and the audit committee have discussed the development, the selection and the disclosures concerning the Group's critical accounting policies and estimations, and the application of these policies and estimations.

Testing goodwill for impairment

Each year, the Group tests goodwill for impairment according to the accounting principle described in Note 2.

The recoverable amount for cash generating units is determined by calculating value-in-use. These calculations require certain estimations to be made (Note 18).

Pension obligations

The present value of pension obligations depends on a number of factors that are established on an actuary basis with the help of a number of assumptions. Discount interest is included in the assumptions used to determine the net cost (income) of pensions.

The Group establishes appropriate discount interest rates at the end of every year. This is the interest used to determine the present value of estimated future payments that are assumed necessary to pay for pension obligations. See Accounting Policies Note 2 (page 76) for information on how the Group determines an appropriate discount rate.

Other important actuarial assumptions concerning pension obligations are based in part on current market conditions. Further details are given in Note 36.

Warranties

The management of each subsidiary estimates necessary reserves to guarantee future warranty demands based on information concerning historical warranty demands as well as current trends which indicate that historical information can differ from future demands.

The factors that may affect the information about warranty demands include the success of the Group's productivity and quality initiative as well as the cost of labour and material.

Proposed allocation of profits

SEK 763 m of parent company equity on the balance sheet date was attributable to assets and liabilities valued at fair value in accordance with Chapter 4, paragraph 14a of the Swedish Annual Accounts Act. Group equity includes changes in value for the net sum of SEK 790 m.

The following profits in the parent company are at the disposal of the Annual General Meeting:

| | |
|------------------------|--------------------|
| Profit brought forward | SEK 6,290.5 m |
| Profit for the year | <u>SEK 804.9 m</u> |
| | SEK 7,095.4 m |

The number of shares entitling the holder to receive dividends was 159,378,000 as at 13 March 2014, after the exclusion of repurchased shares. The Board of Directors proposes the following allocation:

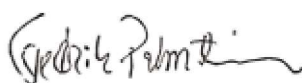
| | |
|--|----------------------|
| A dividend payment to shareholders of SEK 5.50 per share | SEK 876.6 m |
| To be carried forward | <u>SEK 6,218.8 m</u> |
| | SEK 7,095.4 m |

The Board of Directors is of the opinion that the proposed dividend payment is justified in view of the demands that the operations place on the amount of equity, taking into consideration the scope and risks of the business and the company's and Group's consolidation requirements, liquidity and overall position.

The income statement and balance sheet will be presented for approval by the Annual General Meeting on 8 May 2014.

The Board of Directors and the Chief Executive Officer declare that the consolidated financial reports have been prepared in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and that they give a true and fair view of the Group's financial position and performance. The Annual Report has been prepared in line with generally accepted accounting practice in Sweden and gives a true and fair view of the parent company's financial position and performance. The Directors' Report for the Group and the parent company gives a true and fair view of the development of Group and parent company operations, financial positions and performance and describes the principal risks and uncertainties faced by the parent company and the Group's companies.

Gothenburg, 13 March 2014



Fredrik Palmstierna
Chairman



Mariana Burenstam Linder
Member



Anders Böös
Member



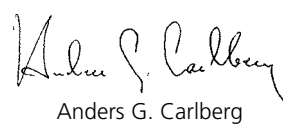
Eric Douglas
Member



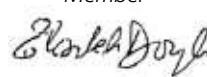
Carl Douglas
Member



Jan Svensson
Member/CEO



Anders G. Carlberg
Member



Elisabeth Douglas
Member



Caroline af Ugglas
Member

Our independent Auditor's Report was given on 14 March 2014

Öhrlings PricewaterhouseCoopers AB



Helén Olsson Svärdröm
Authorised Public Accountant
Principal auditor

Auditor's report

To the Annual General Meeting of the shareholders of Investment AB Latour (publ), corporate identity number 556026-3237

Statement on the Annual Report and the consolidated financial statements

We have conducted an audit of the Annual Report and consolidated financial statements of Investment AB Latour for 2013. The company's Annual Report and consolidated financial statements are included in the printed version of this document on pages 62–95.

The responsibilities of the Board of Directors and the Chief Executive Officer for the Annual Report and the consolidated financial statements
The Board of Directors and the Chief Executive Officer are responsible for the preparation of an annual report that gives a true and fair view, as required by the Swedish Annual Accounts Act, and consolidated financial statements that give a true and fair view, as required by the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act, and for the internal control that the Board of Directors and the Chief Executive Officer consider necessary in the preparation of an annual report and consolidated financial statements that are free from material misstatement, whether due to irregularities or errors.

Auditor's responsibility

Our responsibility is to express an opinion on the Annual Report and consolidated financial statements based on our audit. We conducted our audit in line with International Standards on Auditing and generally accepted auditing practice in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Annual Report and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report and consolidated financial statements. The auditor decides which procedures to use, by assessing the risks of material misstatement in the Annual Report and the consolidated financial statements, whether due to irregularities or errors. In making those risk assessments, the auditor considers the components of the internal control that are relevant to how the company prepares the Annual Report and consolidated financial statements to give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Chief Executive Officer, as well as evaluating the overall presentation of the Annual Report and the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Annual Report has been prepared as required by the Swedish Annual Accounts Act and presents fairly, in all material respects, the financial position of the parent company as at 31 December 2013,

and its financial performance and its cash flows for the year, in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as at 31 December 2013, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other sections of the Annual Report and the consolidated financial statements.

We therefore recommend that the Annual General Meeting adopts the income statement and the balance sheet of the parent company and the Group.

Statement on other legal and statutory requirements

In addition to our audit of the Annual Report and consolidated financial statements, we have conducted an audit of the proposal for the appropriation of the company's profit or loss, and an audit of the management of Investment AB Latour by the Board of Directors and the Chief Executive Officer for the 2013 financial year.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for the appropriation of the company's profit or loss, and the Board of Directors and the Chief Executive Officer are responsible for the management of the company in accordance with the Swedish Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion, with a reasonable level of assurance, on the proposal for appropriation of the company's profit or loss and on its management based on our audit. We conducted the audit in line with generally accepted auditing practice in Sweden.

As a basis for our opinion on the Board of Directors' proposal for appropriation of the company's profit or loss, we have examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in compliance with the Swedish Companies Act.

As a basis for our opinion on whether discharge shall be granted to the members of the Board and the Chief Executive Officer for their activities during the financial year, in addition to our audit of the Annual Report and consolidated financial statements, we have examined significant decisions, actions taken and circumstances in the company in order to determine the possible liability to the company of any member of the Board or the Chief Executive Officer. We have also examined whether any member of the Board or the Chief Executive Officer has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the company's Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We recommend that the Annual General Meeting appropriate the profit as proposed in the Directors' Report and grant the members of the Board and the Chief Executive Officer discharge from liability for the financial year.

Gothenburg, 14 March 2014

Öhrlings PricewaterhouseCoopers AB



Helén Olsson Svärdröm
Authorised Public Accountant
Principal auditor

Corporate Governance

Investment AB Latour (publ) is a Swedish public limited company whose shares are listed on NASDAQ OMX Stockholm Large Cap list. Latour's corporate governance is based on laws, listing agreements, guidelines and best practice. This corporate governance statement has been prepared in accordance with the provisions of the Swedish Code of Corporate Governance ("the Code"), and chapter 6, paragraphs 6–9 of the Swedish Annual Accounts Act and chapter 9, paragraph 31 of the Swedish Companies Act and is applicable to the 2013 financial year. The auditor is of the opinion that the corporate governance statement has been prepared and that disclosures according to chapter 6, paragraph 6 second paragraph 2–6 of the Swedish Annual Accounts Act (for example, the most important parts of the company's system for internal control and risk management pertaining to financial reporting) are consistent with other parts of the Annual Report.

Latour's Articles of Association and further information about Latour's corporate governance practices can be found on our website [www.latour.se/en/Corporate Governance](http://www.latour.se/en/Corporate%20Governance).

Annual General Meeting

The Annual General Meeting must be held within six months of the end of the financial year. The Annual General Meeting may be held in Gothenburg or Stockholm. All shareholders recorded in the registered list of shareholders before the Annual General Meeting and who have announced their intention to attend have the right to participate and vote for their entire shareholdings.

The 2013 Annual General Meeting authorised the Board to decide on the acquisition of Latour shares on one or more occasions until the next Annual General Meeting. Both class A and class B shares may be acquired and the total number of shares may be such that, after acquisition, the company does not hold more than ten (10) per cent of all shares issued in the company.

Nomination process

Board members are elected by the Annual General Meeting to serve for one year. At the 2013 Annual General Meeting, the Nomination Committee presented proposals for election of the Chairman and other members of the Board, remuneration to the Board and possible remuneration for committee work. The Annual General Meeting decided that the Nomination Committee until the 2014 Annual General Meeting shall be comprised of Gustaf Douglas and at least two representatives for other major shareholders. Since then the following members have been appointed to the Nomination Committee: Gustaf Douglas (chairman, principal owner), Björn Karlsson (Bertil Svensson's family and foundation) and

Per Erik Mohlin (SEB Funds). None of them has received any remuneration for their work in the Nomination Committee.

Board of Directors

Latour's Board of Directors is comprised of nine members, including the Chief Executive Officer (see page 101). There are no deputies. All members are elected for a one-year term. The secretary of the Board is the Chief Financial Officer of the Group. Fredrik Palmstierna was elected Chairman of the Board by the 2013 Annual General Meeting. The members of the Board represent 87 per cent of the voting shares in the company and 80 per cent of the share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly-owned companies in the industrial operations. They are therefore not represented in the investment company's board.

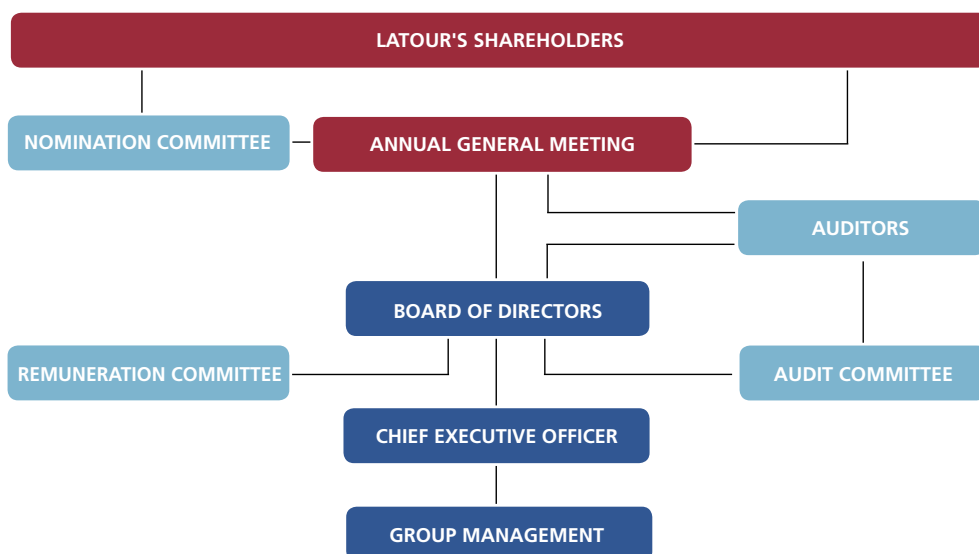
Each year, the Board establishes written rules of procedure that regulate the Board's meetings, the business of these meetings, the division of responsibilities among Board members and the Chief Executive Officer and certain other matters. The Board issues instructions for the Chief Executive Officer that regulate his work tasks and reporting obligation to the Board of Directors.

The present Board has had four ordinary meetings to date, not including the constitutional meeting and two additional Board meetings. Two of the Board members were unable to attend on one occasion and one of the Board members

The composition of the Board of Directors, the number of meetings and attendance to date in the 2013/2014 financial year

| Name | Board meetings* | Remuneration, SEK'000 |
|--------------------------|-----------------|-----------------------|
| Mariana Burenstam Linder | 7 of 7 | 400 |
| Anders Böös | 7 of 7 | 400 |
| Anders G. Carlberg | 7 of 7 | 400 |
| Carl Douglas | 4 of 7 | 400 |
| Elisabeth Douglas | 6 of 7 | 400 |
| Eric Douglas | 6 of 7 | 400 |
| Fredrik Palmstierna | 7 of 7 | 1,200 |
| Jan Svensson | 7 of 7 | 0 |
| Caroline af Ugglas | 7 of 7 | 400 |

*Of which one was the constitutional meeting.



Latour's corporate governance process from owner to Group management. The Annual General Meeting is the highest decision-making body in the Group where the company's Board of Directors is elected.

was unable to attend on three occasions. Otherwise there has been full attendance. The company's auditor attended two Board meetings and presented reports and observations from the audits performed. Matters dealt with by the Board include strategic changes in portfolio investments, acquisitions and sales of subsidiaries, the company's risk exposure, budgets and forecasts for the subsidiaries as well as a financial review of operations.

Under the direction of the Chairman, the Board has evaluated its work and all Board members have presented their views.

Committees

The Board has appointed a Remuneration Committee and an Audit Committee. The Remuneration Committee consists of Fredrik Palmstierna (chairman), together with Anders G. Carlberg, Caroline af Ugglas and Eric Douglas. Chief Executive Officer Jan Svensson participates as an additional member. The Audit Committee is comprised of the entire Board except the Chief Executive Officer.

The Remuneration Committee has held one meeting and all members were present. The Committee presents proposals to the Board concerning remuneration to the Chief Executive Officer and supports him in determining remuneration to the other senior executives. The Board then decides on these matters.

The Chief Executive Officer receives fixed and variable remuneration. Variable remuneration is based on the achievement of individual goals. Remuneration to other senior executives consists of a basic salary and variable remuneration based on a fixed key ratio. The variable remuneration is capped at a certain number of monthly salaries.

The Audit Committee has met twice. All members and the company's auditor were present. The business of the meetings has included financial risks and the focus of auditing. The auditor also presented observations made during the audit.

Accountants

The 2013 Annual General Meeting elected Öhrlings Price-waterhouseCoopers to serve as auditors. Helén Olsson Svärdröm is the principal auditor. Helén Olsson Svärdröm has been active in the auditing firm since 1985 and involved in Latour auditing since 2004, with the responsibility for Group coordination. She has no other assignments in companies that are closely related to Latour's larger owners or Chief Executive Officer.

The auditors presented oral and written reports at the Board meetings in December 2013 and March 2014 concerning auditing and internal control, to the extent that it is relevant to the Group's financial reporting.

Group management

Latour's industrial operations are grouped into four business areas. The investment portfolio is managed by the parent company, Investment AB Latour. The subsidiary Latour-Gruppen AB is the parent company for all the business areas that are part of the wholly-owned industrial operations.

The Group management consists of the Chief Executive Officer and the Chief Financial Officer. The business area managers lead operations in the operative parent companies that own shares in the underlying companies and are responsible for business areas' performance and management. The Group's business organisation is built on decentralised

responsibility and authority. The business areas are responsible for developing their own operations and for meeting financial targets that include return on operating capital, tied up capital, operating margins and growth.

Internal control relating to financial reporting

Internal control relating to financial reporting is based on a control environment that includes the organisation, decision-making channels, authorisation and responsibilities documented and communicated in steering documents, such as the delegation of duties between the Board and the Chief Executive Officer, and instructions for authorisation, accounting and reporting.

The risks identified concerning financial reporting are managed by the Group's control structure.

Steering documents have been distributed to the appropriate staff to support complete and correct financial reporting. Follow-up of efficiency and compliance is conducted through programmed controls and manual procedures. All reporting is done in the Group's common reporting system. The Group management makes regular visits to the subsidiaries for a financial follow-up and it actively participates in the subsidiaries' boards where it reviews financial reporting.

The Board of Latour receives monthly financial reports and the Group's financial situation is discussed at every Board meeting.

A review of the Group's internal control of essential processes was carried out. The majority of the companies have presented a self-assessment concerning the reliability of their procedures. The inadequacies that were noted did not affect the reliability of control over reporting but necessary measures are being taken. This is followed up throughout the year.

The above information concerning internal control has not been reviewed by an auditor.

Structured process for risk management

Latour makes an annual structured analysis of the risk exposure in the company and the aggregate investment portfolio. This analysis assesses each business area on the basis of a number of external and internal factors. External factors are business cycles, environmental impact and political decisions. Internal factors are financial risk and risks connected to IT structure and management as well as customer, competition and supplier trends and developments.

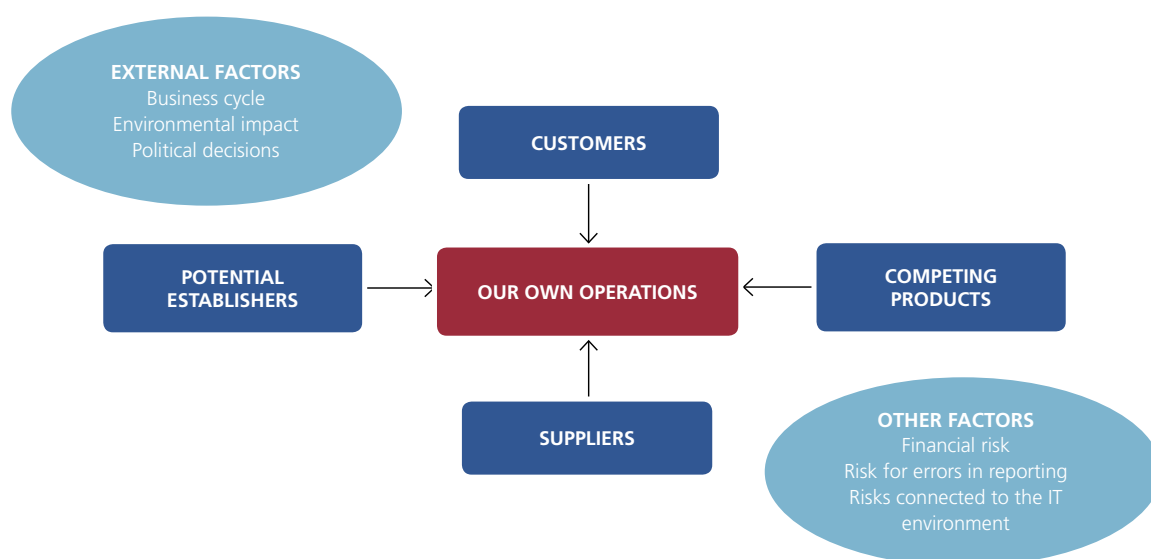
Latour's investment portfolio companies are analysed from a financial, industrial and geographic perspective. When both the portfolios have been analysed, a balanced risk assessment is made for Latour's aggregate investment portfolio.

An important risk exposure that was identified from an investment portfolio perspective is the fact that many holdings have customers in construction-related sectors. However, construction-related sectors have multiple dimensions as described in the Directors' Report.

From a financial perspective, another potential risk is the need for new share issues in the larger listed holdings. However, the risk for defensive new share issues or crisis issues is considered low at present. Offensive new share issues for expansion are not considered a risk. They are considered the same as any other investment opportunity.

An account of how Latour manages financial risks is presented in Note 34 on pages 88-90.

Latour's policy concerning wholly-owned industrial operations is that Latour will own high-quality companies with long-term, sound profitability, and minimise risks by invest-



Latour analyses risk exposure in the company and investment portfolio every year. The assessment of each business area is based on a number of critical factors shown in the diagram.



ing in product development, focusing on quality in internal processes, maintaining cost awareness and ensuring access to competent employees and managers.

The Board is of the opinion that, from a business perspective, the Group has a well-balanced spread of risk in line with the comprehensive and communicated company policy.

Application of the Swedish Code of Corporate Governance

Latour applies the Swedish Code of Corporate Governance with the following exceptions.

According to definitions in the Code, the majority of Latour's Board is not independent and several of the Board

members have been on the Board for a long time. The company is of the opinion that long experience of the business and continuity offer enormous advantages in a company like Latour.

The special auditing function in the form of internal auditing does not exist in the Latour Group. Discussions with the company's external auditors concerning the focus of auditing, together with the controls performed by Group management and existing control functions in the various business areas, are considered to be of an acceptable level.

Gothenburg, 13 March 2014

Board of Directors

Investment AB Latour (publ)

Auditor's report on the Corporate Governance Statement

To the Annual General Meeting of shareholders of Investment AB Latour (publ) Corporate identity number 556026-3237

The Board of Directors is responsible for the Corporate Governance Statement for 2013 on pages 97-100 and for ensuring that it has been properly prepared in accordance with the Swedish Annual Accounts Act.

We have read the Corporate Governance Statement and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinion. This means that our statutory review of the Corporate Governance Statement is different

and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the Annual Report and the consolidated financial statements.

Gothenburg, 14 March 2014
Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdröm
Authorised Public Accountant
Principal auditor

Latour's Board of Directors



Fredrik Palmstierna



Mariana Burenstam Linder



Anders Böös



Anders G. Carlberg



Carl Douglas



Elisabeth Douglas



Eric Douglas



Jan Svensson



Caroline af Ugglas

Fredrik Palmstierna born 1946. Chairman of the Board since 2008, Board member 1985-87 and since 1990. Bachelor of Science (Econ.). M.B.A. Member of the boards of Securitas AB, AB Fagerhult, Hultafor AB, Nobia AB, Academic Work AB and Stiftelsen Viktor Rydbergs Skolor. Shares in Latour*: 1,802,600 class A, 2,420,000 class B (Fredrik Palmstierna with family and companies).

Mariana Burenstam Linder born 1957. Board member since 2011. Bachelor of Science (Econ.). CEO of Burenstam & Partners AB. Chairman of the board of the Sweden America Foundation. Member of the boards of BTS AB and Stiftelsen Svenska Dagbladet. Shares in Latour*: 17,461 class B.

Anders Böös born 1964. Board member since 2005. Former CEO of H&Q AB and Drott AB. Chairman of IFS AB. Member of the boards of Stronghold AB, Newsec AB, East Capital Baltic Property Fund AB and Tundra Fonder AB. Shares in Latour*: 30,000 class B.

Anders G. Carlberg born 1943. Board member since 2011. Bachelor of Science (Econ.). Chairman of Herenco AB. Member of the boards of Axel Johnson Inc, Gränges AB, SSAB, Beijer-Alma, Mekonomen and Sweco AB. Shares in Latour*: 29,100 class B (with family).

Carl Douglas born 1965. Board member since 2008. Bachelor of Arts. Entrepreneur. Vice chairman of Assa Abloy AB and Securitas AB. Member of the board of Swegon AB. Shares in Latour*: 384,000 class B.

Elisabeth Douglas born 1941. Board member since 1987, Chairman 1991-1993. University studies at Sorbonne, Paris, France, and the University of Stockholm. Shares in Latour*: 1,040,000 class B and through companies 9,935,000 class A and 111,114,500 class B.

Eric Douglas born 1968. Board member since 2002. Economic college graduate and three years studies at the University of Lund in "Economy for Entrepreneurs". Entrepreneur since 1992. Chairman of Pod Investment AB and Sparbössan Fastigheter AB. Vice chairman of AB Fagerhult. Board member of Latour Industries AB, etc. Shares in Latour*: 454,000 class B.

Jan Svensson born 1956. Board member since 2003. Mechanical engineer and Bachelor of Science (Econ.). President and CEO of Investment AB Latour. Chairman of the board of AB Fagerhult, Nederman Holding AB and Oxen AB. Member of the boards of Assa Abloy AB, Loomis AB and Tomra Systems ASA. Shares in Latour*: 164,000 class B and 142,000 call options class B (with family).

Caroline af Ugglas born 1958. Board member since 2003. Bachelor of Science (Econ.) from the University of Stockholm. Head of equities and corporate governance at Livförsäkringsaktieföretaget Skandia. Member of the boards of Connecta AB and The Swedish Corporate Governance Board. Shares in Latour*: 4,300 class B.

Except for Jan Svensson, everyone is independent in relationship to the company and the company management.

Caroline af Ugglas, Mariana Burenstam Linder, Anders Böös, Anders G. Carlberg and Jan Svensson are independent in relationship to the major shareholders in the company.

*Ownership at the end of 2013

Latour



Latour's company culture is characterised by the fact that we are a small, flexible organisation with short decision-making channels. The parent company consists of some ten employees and the aim is to provide an attractive, stimulating and productive workplace.

The main functions in the parent company are management, treasury and finance and business development. Group management has the overriding responsibility for management, business development, financial governance, follow-up of results and communication.

Clear and delegated responsibilities

The wholly-owned companies are managed with clear and delegated responsibilities. Leadership plays a central role in Latour's corporate governance and close collaboration with the management

teams in the wholly-owned companies is of great importance. Corporate governance of the listed holdings is performed efficiently by experienced Board members. This is an area where Latour benefits from our broad business network.

Good relationships with stakeholders

Latour is committed to maintaining good relationships with representatives in the company's network and other stakeholders with long-term, substantial influence on the company. External stakeholders should feel that the company's communication with the wider community is open and maintains a high standard and that contact with Latour is easy and straight-forward. ■

From the left: Johan Thungren, project employee, Anders Mörrck, CFO, Kristin Larsson, Group accountant, Katarina Rautenberg, CEO assistant and accountant, Teresa Enander, business development, Pär Arvidsson, business development, Simon Knutsson, business development, Fredrik Berntsson, project employee, Torbjörn Carlén, cash manager, Jonas Davidsson, Group controller, Bo Jägnefält, former business development, Jan Svensson, President and CEO.

Group management

Jan Svensson born 1956
President and Chief Executive Officer since 2003.

Mechanical engineer and Bachelor of Science (Econ.).
Shares in Latour: 164,000 class B and 142,000 call options class B (with family).

Anders Mörrck born 1963
Chief Financial Officer since 2008.

Bachelor of Science (Econ.).
Shares in Latour: 18,000 class B and 57,000 call options class B.

Auditor

Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdström born 1962.
Authorised public accountant, Principal auditor.

Five year overview

| (SEK m) | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|--------------------|-------------|-------------|-------------|-------------|
| PARENT COMPANY | | | | | |
| Dividends paid | 877 ¹⁾ | 796 | 957 | 491 | 360 |
| Equity/debt ratio (%) | 88 | 91 | 93 | 100 | 98 |
| Adjusted equity/debt ratio ²⁾ (%) | 95 | 96 | 96 | 100 | 98 |
| GROUP | | | | | |
| Dividends received | 560 | 499 | 430 | 279 | 292 |
| Return on equity (%) | 13 | 13 | 18 | 6 | 6 |
| Return on total capital (%) | 12 | 12 | 17 | 6 | 6 |
| Adjusted equity/debt ratio ²⁾ (%) | 88 | 86 | 84 | 85 | 82 |
| Adjusted equity ²⁾ | 26,830 | 20,223 | 16,709 | 13,783 | 11,051 |
| Net debt/equity ratio ²⁾ (%) | 7 | 8 | 7 | 2 | 7 |
| Net asset value ²⁾ | 33,799 | 25,726 | 22,653 | 20,536 | 15,850 |
| DATA PER SHARE | | | | | |
| Profit after tax ³⁾ | 9.31 | 8.47 | 14.13 | 5.37 | 4.21 |
| Listed price 31 December | 171.9 | 124.2 | 106.7 | 124.6 | 99 |
| Net asset value per share ⁴⁾ | 212 | 162 | 142 | 157 | 122 |
| Share price as a percent of net asset value ⁴⁾ (%) | 81 | 77 | 75 | 79 | 81 |
| Earnings per share before dilution | 9.31 | 8.47 | 14.13 | 5.37 | 4.21 |
| Earnings per share after full dilution | 9.28 | 8.45 | 14.10 | 5.36 | 4.21 |
| Administration costs, as a percent of portfolio value (%) | 0.06 | 0.08 | 0.11 | 0.07 | 0.08 |
| Cash flow from current operations per average number of shares | 3.9 | 5.5 | 2.8 | 3.7 | 5.4 |
| Equity ⁵⁾ | 73 | 68 | 66 | 94 | 76 |
| Dividends paid | 5.50 ⁶⁾ | 5.00 | 6.00 | 3.75 | 2.75 |
| Return (%) | 3.2 ⁷⁾ | 4.0 | 5.6 | 3.0 | 2.8 |
| P/E-ratio | 18 | 15 | 8 | 23 | 24 |
| Total outstanding shares | 159 378,000 | 159 263,000 | 159,500,000 | 131,000,000 | 131,000,000 |
| Average number of outstanding shares | 159,357,121 | 159,421,000 | 144,898,630 | 131,000,000 | 131,000,000 |
| Average number of shares after full dilution | 159,986,921 | 159,922,885 | 145,224,005 | 131,172,973 | 131,067,110 |
| Bought back shares | 582,000 | 697,000 | 460,000 | 460,000 | 460,000 |
| Average number of bought back shares | 629,575 | 539,000 | 460,000 | 460,000 | 460,000 |

¹⁾ Proposed dividend based on the number of outstanding shares as of 2014-02-20.

²⁾ Including surplus value in associated companies.

³⁾ Calculated on an average number of outstanding shares.

⁴⁾ Calculated on the average of the multiple span applied since 2006.

⁵⁾ Calculated on the number of outstanding shares per the balance date.

⁶⁾ Proposed dividends.

⁷⁾ Calculated on the proposed dividend.

Shareholder information – Annual General Meeting

Time and location

The Annual General Meeting will be held at 5.00 p.m. on Thursday 8 May 2014 at the Radisson Blu Scandinavia Hotel, Södra Hamngatan 59, Gothenburg, Sweden.

Participation

Shareholders who wish to participate in the Annual General Meeting must be entered in the share register held by Euroclear Sweden AB by Friday 2 May 2014, and must notify the company no later than 3.00 p.m. on Friday 2 May 2014.

Notice of attendance

Shareholders may notify the company of their intention to attend either by telephone +46 31 89 17 90, or in writing to Investment AB Latour (publ), Box 336, SE-401 25 Gothenburg, Sweden, or via Latour's website www.latour.se/en.

Registration

Shareholders who have their shares held in the name of a nominee must arrange in sufficient time before Friday 2 May 2014 to have the nominee temporarily register their shares in their own name in order to be able to participate in the proceedings at the Annual General Meeting.

Dividends

The Board of Directors recommends to the Annual General Meeting that a

dividend of SEK 5.50 per share be paid and Tuesday 13 May 2014 be set as the record date. If the Annual General Meeting decides to accept this recommendation, the dividend is expected to be sent from Euroclear Sweden AB on Friday 16 May 2014 to all those who are registered in the share register on the record date.

Information dates

| | |
|------------------|--|
| 5 May 2014 | Quarterly report per 31 March 2014 |
| 8 May 2014 | Annual General Meeting |
| 20 August 2014 | Quarterly report per 30 June 2014 |
| 6 November 2014 | Quarterly report per 30 September 2014 |
| 18 February 2015 | Year-end report 2014 |
| Week 15 2015 | Annual report 2014 |

All new shareholders are sent a printed annual report the year they become shareholders, without any need to register.

After the first year, the annual report is distributed to those who notify the company that they wish to receive a printed copy. Please register for an electronic subscription to quarterly reports, year-end reports and press releases at www.latour.se. Please register for a printed copy of the annual report via www.latour.se, or call +46 31-891790, or info@latour.se or send your request to Investment AB Latour (publ), Box 336, SE-401 25 Gothenburg, Sweden.



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