Investment AB Latour (publ) Annual Report 2007

Contents

Latour in summary

Latour is a mixed investment company whose business concept is to invest in sound companies with strong development potential and good prospects for the future.

Latour's operations are divided into two business lines. One is made up of the wholly owned industrial and trading operations and the other is a portfolio with listed holdings in which Latour has at least ten percent of the votes.

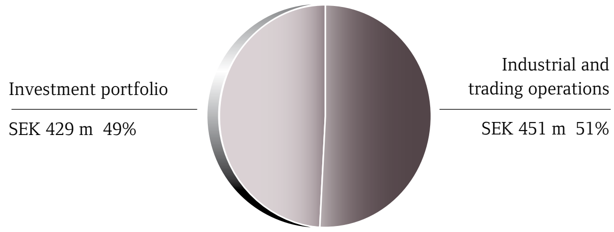
Wholly owned industrial and trading operations in six business areas
Latour creates added value in its holdings by being an active and steadfast owner who, with financial strength and solid industrial know-how, contributes to the development of the companies. The industrial and trading operations consist of some 60 companies organised in six business areas.

Concentrated investment portfolio
Portfolio management consists primarily of an investment portfolio concentrated to major holdings in Assa Abloy, Elanders, Fagerhult, Munters, Nederman, OEM International, Securitas, Securitas Direct, Securitas Systems and Sweco.

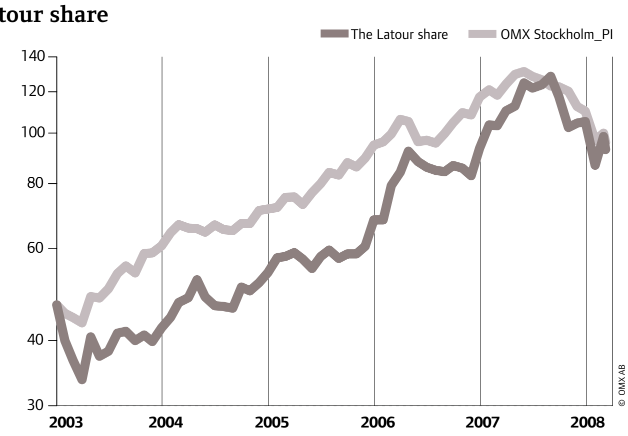
Share listed since 1982
The Latour share has been listed since 1982. It can be found on the OMX Nordic Exchange Stockholm Large Cap list. The Large Cap list contains companies with a market value of over a million euros. Latour's market value at the end of 2007 was SEK 13.8 billion.

Total return of 19,000 percent since the start
Latour's share has generated a total return of 19,000 percent since current operations started at the end of 1985. This can be compared with the development of the OMX Nordic Exchange, which has grown by 2,000 percent during the same period (SIX Return Index).

The Latour Group's profit in 2007



The Latour share



Latour at a glance

Group profit	■ Group profit after net financial items totalled SEK 1,034 m (1,232). Adjusted for capital gains profit was SEK 929 m (713). Group profit after tax amounted to SEK 880 m (1,119), which corresponded to SEK 6.71 (8.54) per share.
Wholly owned company profit	■ Operating profit in the industrial and trading companies totalled SEK 652 m (710). Adjusted for acquisitions and divestitures profit amounted to SEK 628 m (416), an increase for comparable units in profits by 35 percent.
Developments in the investment portfolio	■ The value of Latour's investment portfolio decreased by 6.7 percent, which can be compared to the OMX Nordic Exchange index that fell by 6.0 percent. Measured over a period of five years, 2003–2007, the investment portfolio has increased in value by 66 percent.
Net worth	■ The Latour share's net worth at the end of 2007 was SEK 14.0–16.7 billion (14.7–16.6). Information on the calculation of net worth is found on pages 8–9.
The Latour share's development	■ The value of the Latour share grew by 11 percent during 2007. Measured over a period of five years, 2003–2007, the value of the share increased by 126 percent, which can be compared to index by 135 percent. The Annual General Meeting on 8 May 2007 approved authorisation to buy back and transfer shares. A decision for a share split 3:1 was also made. Trading of the shares commenced on 1 June 2007. During 2007 100,000 shares have been bought back. The number of outstanding shares at the end of the year amounted to 131,000,000.
Total return	■ The total return on the Latour share amounted to 15 percent, which can be compared to a relevant index, the SIX Return Index, which was –3 percent in 2007. The total return on the Latour share was 170 percent during the latest five year period, 2003–2007, which can be compared to 176 percent for the index.
Acquisitions and divestitures	■ Three major acquisitions worth SEK 174 m and two large divestitures worth SEK 44 m were carried out within the industrial and trading operations. More shares in the investment portfolio were acquired in Elanders, OEM, Sweco, and Nederman. Nederman is a new holding and at the end of 2007 Latour owned 23.2 percent of the capital and votes.
Dividends	■ Proposed dividends are SEK 3.50 (2.83) per share. Calculated on Latour's share price at the end of 2007 this is a return of 3.4 (3.0) percent.
Important events after 2007	■ On 17 March 2008 EQT announced that an offer made on Securitas Direct in 2007 would be followed through at the price of SEK 27.50 per share. This entailed a capital gain of SEK 645 m for Latour, which sold its entire holding to EQT.

Comments by the Chief Executive Officer

When I look back on 2007 I see a year of continued development in the wholly owned companies. We have taken a further leap in concentrating the business according to our plan and at the same time we increased our turnover and profitability.

Turnover in the wholly owned companies reached SEK 6.7 billion in 2007, which can be compared to SEK 4.2 billion in 2003. Organic growth has been 10 percent annually since 2003 and operating margins have increased from 4.1 percent to 9.9 percent during the same period, which made for an operating profit of SEK 652 m in 2007.

This excellent development in the wholly owned companies has contributed to a transformation in the past few years. We have gone from having a stable investment portfolio and wholly owned companies with a low value, compared to how equivalent companies are valued on the stock exchange, to having a stable investment portfolio and wholly owned companies with the same value as their listed equals. The wholly owned companies which were worth SEK 1.2 billion in 2003 are now worth SEK 6 billion at the end of 2007. This is something the employees in the wholly owned companies have every reason to be proud of.

Important events in the investment portfolio

2007 was a turbulent year on the OMX Nordic Exchange. Our holdings could not resist falling prices across the board during the second half of the year despite the fact that these are well run companies with good prospects.

For example, Assa Abloy continues to be profitable and Elanders has been refined into a full-service company that handles advanced information logistics. In doing so Elanders has removed itself from the conventional printing business, which struggles with serious profitability problems.

Securitas has had an eventful year. Alf Göransson was appointed CEO. The valuables transport service section, now Loomis AB, has struggled with major problems in its English Cash Management operations. These have now been divested and Loomis can concentrate on its core business in preparation for the planned introduction to the stock exchange.

Fagerhult has improved its profit level considerably. The company has worked determinedly on the strategy adopted in 2004 which entailed more concentration, internationalisation and growth.

Sweco was very successful in 2007 – the best year in the history of the company – in part due to its intense

Jan Svensson

growth in Eastern and Central Europe. Prospects are bright and its marketing positions are strong, particularly in water and the environment as well as infrastructure and energy.

We also acquired 23 percent of Nederman in 2007. This is a quality company which has a strong product range for good working environment products and sells primarily in export markets. The company's international focus is a good platform for continued growth as the demand for products for good working environments grows internationally.

After the end of the year we divested our holding in Securitas Direct to EQT, which generated capital gains of SEK 645 m.

Important events in the wholly owned industrial and trading operations

During the year we have continued to restructure the wholly owned industrial and trading operations in keeping with our long-term intentions to concentrate on fewer and larger business areas in solid industries, preferably with the right qualifications for international expansion. The results have been excellent. Growth was 16 percent adjusted for acquisitions and divestitures. Sales outside of the Nordic region went from SEK 854 m to SEK 1,546 m during the period 2003–2007, which is an increase of 81 percent and at the same time profitability improved. Of course I should point out that the generally good economy has contributed positively to these developments.

The individual business areas that have been the most successful are Air Treatment, Hand Tools and to a certain degree Automotive. Air Treatment has grown 16 percent annually in 2004–2007. In the past year growth was 27 percent, with good profitability. It is particularly satisfying that the business area grew by 30 percent outside of our traditional Nordic markets.

The Snickers acquisition contributed positively to Hand Tools in 2007, partially because it made the product portfolio more complete. This makes international expansion possible.

Automotive has also made progress. HordaGruppen, which had been caught in a negative trend, turned the tide this year. As a direct effect of joint development work between business area companies, Automotive received a significant order from the automotive industry. The order is a confirmation of how industrially correct it was to combine the expertise and know-how of Autotube and HordaGruppen.

It has been and will continue to be important to invest in product development in all the business areas. Naturally we are open to acquisitions that supplement our product range or market coverage.

Results of actions taken in 2007

Actions taken in 2007 have produced good results. Consolidated profit after net financial items amounted to SEK 1,034 m (1,232), adjusted for capital gains this is an increase by 30 percent. The board therefore proposes that the dividend is raised to SEK 3.50 (2.83) per share, which is a dividend yield of SEK 3.4 (3.0) percent calculated at the rate at the end of the accounting period.

Return on equity was 8 (11) percent. At the same time the share price rose by 11 (37) percent, which can be compared to the OMX Nordic Exchange index which fell by 6 percent. The total return for the year was 15 (41) percent. Since the company started in 1985 the total return on investments has been more than 19,000 percent, which can be compared with the OMX Nordic Exchange index which, according to Six Return Index, rose by 2,000 percent in the same period.

Of the total consolidated profit of SEK 880 m after tax the wholly owned industrial and trading operations generated SEK 451 m or 51 percent. However, they only represent 40 percent of Latour's total net worth.

Challenges in the coming years

During 2008 we will continue our work on concentration according to our long-term plan, in order to create units that are large enough to achieve greater internationalisation. In addition to organic growth Latour, which is a financially stable player, can purchase quality companies that strengthen the business areas.

Acquisitions were relatively few in 2007, largely due to the fact that prices were inflated. We expect prices to normalise in the coming years.

We will prioritise the Hand Tool and Air Treatment business areas in our continued international expansion. We will also work hard to establish Air Treatment's Meptek, acquired in 2007, on the Swedish and Norwegian markets. Meptek produces high quality ventilation equipment that saves energy by recycling heat. We believe this kind of product will be in great demand in both new construction and renovation of existing housing, for instance in the renovation of the governmental housing program from the sixties.

We will also be looking for ways to expand in Hydraulics. We are very good in the Nordic region. The next step is to grow internationally.

Prospects for 2008

Our perspective on the investment portfolio, which is made up of good companies with management known for its skill, is positive for the long-term. We are convinced that in the long run these companies are good investments. Short-sighted fluctuations in the value of the investment portfolio will never be a reason to redirect the placement of our investments.

Latour's wholly owned operations are in industries where we expect continued good business prospects in 2008 as well. This, together with the fact that these companies are in good shape, leads us to be optimistic about the coming years. Internationalisation will continue to have a significant impact on our operations in the future.

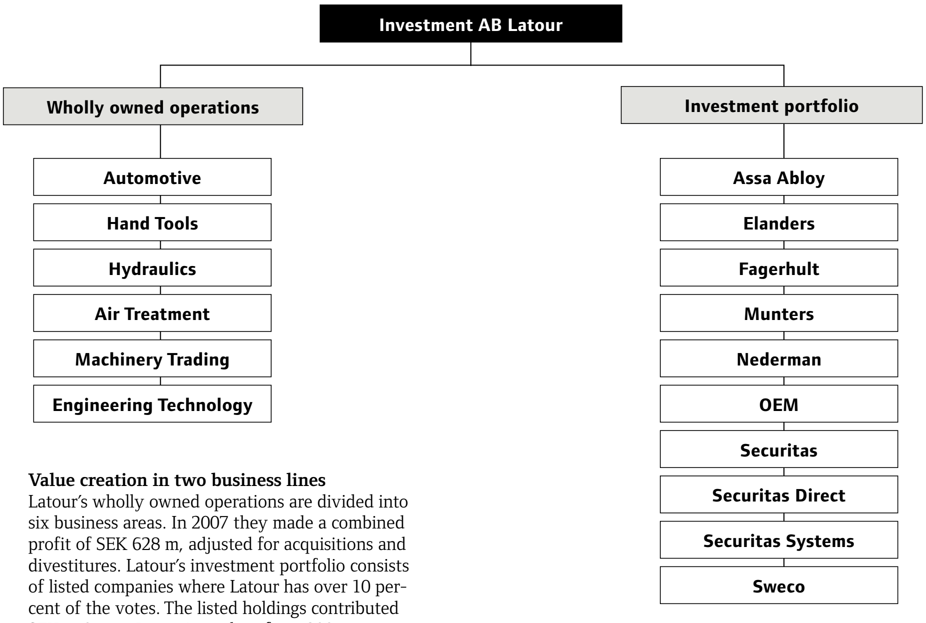
As a result of our involvement in the portfolio companies' boards and the company management in the industrial and trading operations we are well equipped to take on the companies' challenges in 2008 – something I am convinced will lead to continued positive development in the Latour share.

Jan Svensson

Chief Executive Officer

Long-term investment company that stands sturdily on two legs

Latour is a mixed investment company whose business concept is to invest in sound companies with strong development potential and good prospects for the future.



Value creation in two business lines
Latour's wholly owned operations are divided into six business areas. In 2007 they made a combined profit of SEK 628 m, adjusted for acquisitions and divestitures. Latour's investment portfolio consists of listed companies where Latour has over 10 percent of the votes. The listed holdings contributed SEK 450 m to Latour's total profit in 2007.

SEK 1,000 has become SEK 190,000 since the start

- Latour's current operations started at the end of 1985. Since then the value of SEK 1,000 invested in Latour has grown to around SEK 190,000.
- This entails a total return, which includes price development and dividends, of 19,000 percent from when Latour started until 31 December 2007. The return related to the share price represents 8,000 percentage units of this yield and 11,000 percentage units stem from dividends.
- This can be compared with the development on the OMX Nordic Exchange (Six Return Index) which only reached 2,000 percent, including dividends, during the same period.

Latour's operations are divided into two business lines. One is made up of the wholly owned industrial and trading operations and the other is a portfolio with listed holdings.

Latour 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.

The industrial and trading operations consist of some 60 companies organised in six business areas. The portfolio management consists primarily of an investment portfolio concentrated to major holdings in Assa Abloy, Elanders, Fagerhult, Munters, Nederman, OEM International, Securitas, Securitas Direct, Securitas Systems and Sweco.

A market value of SEK 13.8 billion on 31 December 2007

On 31 December 2007 Latour, which is quoted on the

OMX Nordic Exchange Large Cap list, had a market value of SEK 13.8 billion. In 2007 the Latour share rose by 11 percent compared to the OMX Nordic Exchange (SIX Return Index) which fell by 6 percent.

A small company's flexibility and a large company's strength

Latour is a combination of a large and a small company. We have the strength and structure of a large company but the entrepreneurial spirit and proximity to decision-making that usually characterises small companies – and which is a major factor in our success.

We also have a long-term perspective that permeates everything we do. This culture has proven to be of great importance when we, for instance, acquire companies since this makes it attractive to belong to Latour.

Positive synergies between the two business lines

Latour is characterised by a deep respect for the know-how in good companies. With our extensive entrepreneurial insight and experience we can play an active role in the companies we own. By getting to know a company we discern their opportunities. We are primarily active as members of the board of a company and completely respect the division between board work and the daily running of a company. Through Latour's interests in global listed companies we can contribute to the development abroad of our wholly owned companies.

Business line 1: The wholly owned industrial and trading operations

The wholly owned industrial and trading operations consist of six business areas that together employ more than 3,400 people: Automotive, Hand Tools, Hydraulics, Air Treatment, Machinery Trading and Engineering Technology.

Latour's financial goals are for the industrial and trading operations to have an annual growth in total turnover of at least 10 percent, an operating margin that exceeds 10 percent of turnover and a return on working capital that surpasses 20 percent. Last year's good business climate in combination with our strategic investments resulted in an increase in turnover in keeping with targeted goals in all the business areas.

The combined turnover of these business areas in the current structure is SEK 6.7 billion. The total operating profit, adjusted for acquisitions and divestitures, amounted to SEK 628 m, which is an increase of 51 percent.

Read more about developments in the wholly owned industrial and trading operations on pages 14–27, where the first page gives a general description.

Business line 2: Portfolio with listed holdings

The investment portfolio contains 10 companies and the voting share exceeds 10 percent in all of them.

Latour's investment portfolio is dominated by holdings in Securitas, Securitas Direct, Securitas Systems, Assa Abloy and Sweco. Latour is the principle owner of these companies.

On 31 December 2007 Latour's investment portfolio had a market value of SEK 11 billion, which was a value reduction of 6.7 percent during 2007.

The total profit from portfolio management and associated companies amounted to SEK 450 m during the year.

Read more about developments in the investment portfolio on pages 28–49, where the first page gives a general description.

Continuous improvement

In order to strengthen its role as an investment company Latour continually reviews its structure in the industrial and trading operations. The long-term plan is to reduce the number of business areas in order to create greater resources to develop those that remain. This entails acquisitions and divestitures similar to those carried out during the past few years.

Concentration will lead to fewer but larger business areas

Our long-term goal is to be able to grow much more with fewer but larger business areas in established industries on international markets. Thus far concentration has generated positive results. The company has grown organically since 2003 by about SEK 1 billion annually. During the same period the Group has sold operations with a combined turnover of SEK 1.2 billion and acquired companies with a total of SEK 1.7 billion in turnover. We are particularly pleased to note that restructuring and growth has taken place while profits have steadily improved.

The Latour share's net worth

The Group's net worth on 31 December 2007 amounted to SEK 107–127 per share (SEK 112–127 on 31 December 2006). This entails an average unchanged level during 2007, adjusted for paid dividends. This can be compared with developments in 2006, when the net worth increased by 36 percent, adjusted for paid dividends.

Development can also be compared with development on the OMX Nordic Exchange (SIX Return Index) which diminished by 6 percent in 2007.

Background: The investment portfolio and wholly owned operations

As previously described, Latour consists of in part wholly owned operations and in part an investment portfolio. The market value of the listed holdings is simple to calculate since there is a stipulated market price available. To determine the value of the wholly owned operations is more complicated. This is because the market value, the price potential buyers are willing to pay, is not as well defined.

The old method: This is how the wholly owned operations were previously valued

Latour has previously chosen to use a method where all the wholly owned operations have been valued based on the same key ratio, P/e 12, without regard to the industry, business cycle or developments in equivalent companies listed on the stock exchange. This can be a rather imprecise way to value the wholly owned operations and whose value, during certain periods, can differ considerably from the market's evaluation of similar listed companies. For this reason Latour began to use a somewhat modified method for net worth evaluation in 2007.

New method: This is how the wholly owned operations are now valued

Starting in 2007 the reported net worth to a greater extent takes into consideration the market's valuation of similar operations. The value is presented in the form of an interval. It is calculated with the help of so-called EBIT-multiples that are multiplied by a 12 month rolling operating profit/loss (EBIT) for each business area. The key to a true and fair value is to find true and fair multiples. This is done by identifying comparable listed companies in the industries where Latour's wholly owned operations are active. An EBIT-multiple is calculated for each company by relating the company's operating profit/loss to its market value.

The individual business areas are valued in intervals in the table to reflect the variations that occur in the listed companies' valuations.

The net worth for the wholly owned operations is then combined with the market value of the listed holdings. After that the value of other assets is added on and Group net debt then subtracted. The remaining amount is Latour's net worth.

This is how the method works – step by step

1

Identification of listed comparable objects

First listed companies operating in the same industries as Latour's wholly owned industrial and trading operations are identified. At the end of 2007 there were 37 listed companies that met the criteria and which were therefore included in the calculation of Latour's net worth.

2

Calculation of EBIT-multiples

When all comparable objects have been identified a review is made of the companies' EBIT-multiples. An EBIT-multiple is calculated by taking market value and dividing it by operating profit/loss (EBIT). For example, a company that has a share price of SEK 100 and an operating profit of SEK 10 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, so that each business area receives its own multiple span. The reason a span is necessary is because there are variations in the listed companies' valuations, which lead to different EBIT-multiples. Let us say that there are two comparable objects for the business area Engineering Technology, where one has a multiple of 10 and the other has a multiple of 14. The EBIT-multiple used to calculate the value of the Engineering Technology business area is in the span 10–14.

Net worth 2007-12-31

	EBIT[1]	EBIT-multiple Span	Valuation SEK m[2] Span	Valuation SEK/share[3] Span
Automotive	25	5 – 9	125 – 224	1 – 2
Hand Tools	137	9 – 13	1,231 – 1,779	9 – 13
Hydraulics	89	6 – 10	535 – 891	4 – 7
Air Treatment	248	8 – 12	1,981 – 2,972	15 – 23
Machinery Trading	83	6 – 10	499 – 831	4 – 6
Engineering Technology	76	5 – 9	381 – 686	3 – 5
Other operations	0	4 – 6	0 – 0	0 – 0
	658		**4,752 – 7,383**	**36 – 56**
Listed shares				
Assa Abloy			3,342	25
Elanders			292	2
Fagerhult			622	5
Munters			832	6
Nederman			220	2
OEM International			74	1
Securitas			2,425	19
Securitas Direct			696	5
Securitas Systems			621	5
Sweco			2,005	15
			11,129	**85**
Other assets			140	1
Liabilities			–1,988	–15
Calculated value			**14,033 – 16,664**	**107 – 127**

1) Rolling 12 month operating profit/loss, current company structure.
2) EBIT-multiple recalculated taking into consideration the share price 2007-12-31 for comparable companies in each business area.
3) Calculated on the number of outstanding shares.

Unchanged in 2007. Latour's net worth per 31 December 2007 was between SEK 14.0–16.7 billion. This entails an average unchanged level, which can be compared to the OMX Nordic Exchange, SIX Return Index, that fell by 6 percent during the same period.

4

Combining the net worth of the wholly owned operations

When the spans for the EBIT-multiples are established, such as 10–14 in the example in step 3, a valuation of each business area can be made. This is done by first calculating a 12 month rolling operating profit/loss (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. An example: Let us say that the Engineering Technology business area shows a 12 month rolling operating profit/loss (EBIT) of SEK 100 m. If the EBIT-multiple 10–14 is then applied on the result we will end up with a value of SEK 1–1.4 billion. When these calculations have been made for all the business areas the result is combined for a total value of the wholly owned operations in one span.

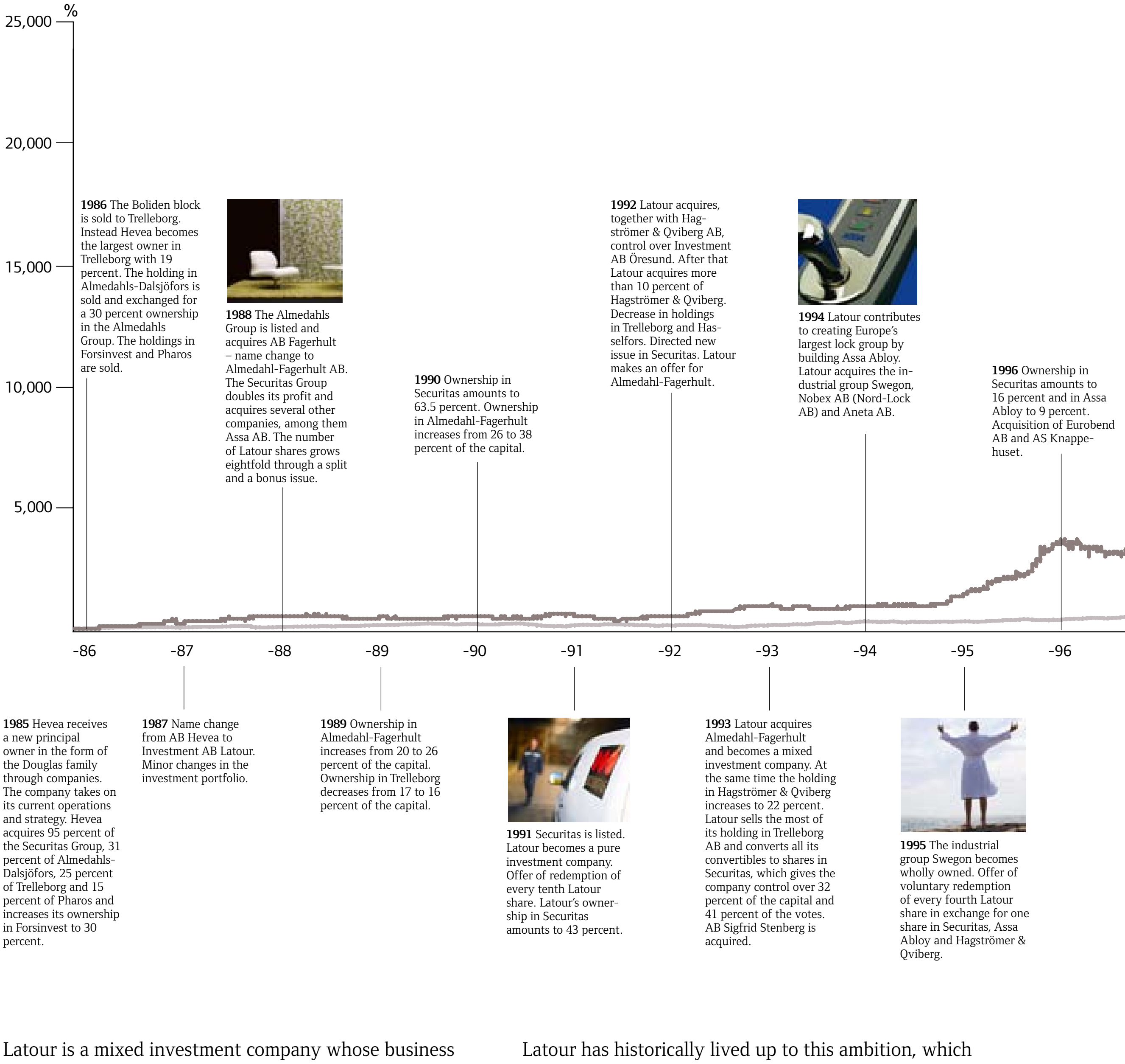
5

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 arrive at a net worth for the listed holdings. This is multiplied by the number of shares owned in each listed company. These share prices lead to a net worth for the listed holdings. This is then combined with the net worth of the wholly owned operations, which has been calculated into a span in steps 1–4. This total is the net worth, also given as a span, for Latour's entire holdings.

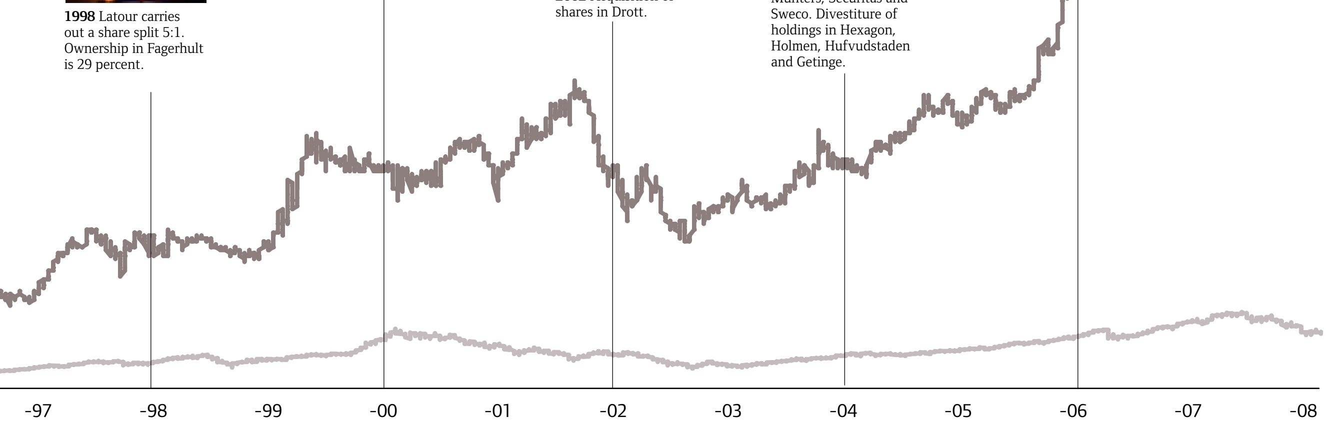
The Latour share's total return

Latour's history stretches back to the end of 1985. Since then the total return, including share development and dividends, has been over 19,000 percent. This means that someone who invested SEK 10,000 in Latour when it started up would have received a total return of over SEK 1.9 m at the end of 2007.

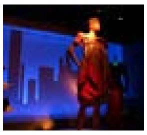


Latour is a mixed investment company whose business concept is to invest in sound companies with strong development potential and good prospects for the future. Our long-term ambition, through an active ownership, is to create growth and added value in these holdings and this will be reflected in the development of the company's share.

Latour has historically lived up to this ambition, which can be seen in the diagram above. This shows the Latour share's total return, which includes both the development of the share and dividends that have been paid, in relation to the OMX Nordic Exchange in its entirety (SIX Return Index, which in addition to price growth takes dividends into consideration.)



1997 Distribution of Fagerhult and Säkl. Acquisition of 16 percent of the capital in Sweco and 10 percent of the capital in Piren.



1998 Latour carries out a share split 5:1. Ownership in Fagerhult is 29 percent.

1999 Increased ownership in Fagerhult, NEA, Piren and Sweco.

2000 Sales of holdings in Piren and BT Industrier. Buyback of Latour shares.

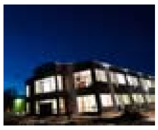
2001 Acquisition of Dayco Automotive (Autotube). Buyback and redemption of Latour shares.

2002 Acquisition of shares in Drott.

2003 Acquisition of folding ruler operations in Germany and Romania. Liquidation of Marieholms Yllefabriks AB and Oy Almedahl. Sales of Stig Wahlström AB. Acquisition of shares in Munters corresponding to 5 percent of the capital. Increased holdings in Elanders, Fagerhult and Sweco.

2004 Reorganisation of the wholly owned industrial and trading operations from three to eight business areas. The Hydraulics business area acquires Näsström System AB (Specma Component AB) and WiroArgonic AB. Increased holdings in Assa Abloy, Munters, Securitas and Sweco. Divestiture of holdings in Hexagon, Holmen, Hufvudstaden and Getinge.

2005 Concentration in the Hand Tools business area through the acquisition of Wibe Stegar. Crafts operations in Almedahls are sold. Almedahl-Kinna and Holma-Helsinglands are sold.



2006 Shares corresponding to 6.9 percent of the capital and 11 percent of the votes in OEM International are acquired. Securitas distributes shares in Securitas Direct and Securitas Systems to owners, among them Latour. All the shares in NEA are sold. Concentration of the wholly owned operations continues according to plan, in part through the divestiture of the Filters business area. Acquisitions were made in four business areas, among them Hand Tools which bought Snickers Workwear.

2007 Shares corresponding to 23.2 percent of the votes and capital of Nederman are acquired. Concentration of the wholly owned operations continues according to plan. The Textile business area ceases to exist in connection with the sales of Almedahls AB. Acquisitions were made in the business areas Engineering Technology, Air Treatment and Machinery Trading.

Our success is based on the company's long-term management aimed at contributing to added value in our holdings, both in the wholly owned operations and the investment portfolio companies. This has created a competitive total return from the start as well as during shorter, measurable periods.

Whether the time since the company was formed in 1985 is broken down into the past year or ten or twenty year periods or looked upon as a whole, the Latour share has had a higher total return than the average for the OMX Nordic Exchange.

The Latour share

Data per share (SEK)	2007	2006 [1]	2005 [1]	2004 [1]	2003 [1][6]
Profit after tax [2]	6,71	8.54	5.40	7.62	2.55
Listed price 31 December	104	94	68	54	42
Equity [3]	77	83	66	57 [7]	20
Dividends paid	3.50 [4]	2.83	2.33	2.00	2.00
Yield	3.4%	3.0%	3.4%	3.7%	4.7%
Investment portfolio yield	4.1% [5]	2.3%	2.7%	2.1%	2.8%
P/e ratio	15	11	13	7	17
Total outstanding shares	131,000,000	131,100,000	131,100,000	131,100,000	131,460,000
Average number of outstanding shares	131,046,405	131,100,000	131,100,000	131,237,214	132,537,534
Bought back shares	460,000	360,000	360,000	360,000	12,611,400
Average number of bought back shares	413,595	360,000	360,000	12,834,186	11,533,866

[1] Recalculated for the split 3:1 which was carried out in June 2007.
[2] Calculated on an average number of outstanding shares.
[3] Calculated on the number of outstanding shares on the balance date.
[4] Proposed dividends.
[5] Calculated on proposed dividends.
[6] Not recalculated according to IFRSs.
[7] According to IAS 39 per 2005-01-01.

Definitions: See note 48.

Ownership structure 2007-12-31

Size of holding	Number of shareholders	Number of A shares	Number of B shares	% of capital	% of votes
1 – 500	2,923	24,981	502,373	0.4	0.2
501 – 1,000	1,257	48,111	859,703	0.7	0.4
1,001 – 5,000	2,191	286,893	4,582,714	3.7	2.1
5,001 – 10,000	352	207,207	2,228,596	1.8	1.2
10,001 – 15,000	90	119,555	1,004,489	0.9	0.6
15,001 – 20,000	42	72,300	668,639	0.6	0.4
20,001 –	159	24,699,723	96,154,716	91.9	95.1
Total	**7,014**	**25,458,770**	**106,001,230**	**100.0**	**100.0**

Latour share turnover

Trading in Latour B	2007	2006	2005	2004
Average number of traded shares/business day	25,797	31,743	25,497	18,489
Average trading per business day, SEK ’000	2,926	2,670	1,498	898
Average value per closing, SEK ’000	94	127	88	69
Number of shares per closing	832	1,511	1,500	1,422
Number of closings per business day	31	21	17	13

Recalculated for the split 3:1 which was carried out in June 2007.

The ten largest owners 2007-12-31

Shareholder	Number A shares	Number B shares	% share capital	Number of votes	% of votes
Gustaf Douglas, family and companies	20,802,500	79,643,500	76.4	287,668,500	79.8
Bertil Svensson, family and companies	1,019,750	1,593,010	2.0	11,790,510	3.3
Fredrik Palmstierna, family and companies	1,802,160	719,165	1.9	18,740,765	5.2
Roburs Funds		1,581,250	1.2	1,581,250	0.4
SEB Investment Management		1,485,900	1.1	1,485,900	0.4
Göran Sundblad, family and foundation	35,265	928,020	0.7	1,280,670	0.4
Fourth AP Fund		894,400	0.7	894,400	0.2
Bank of New York		651,300	0.5	651,300	0.2
SEB Fondinvest		620,000	0.5	620,000	0.2
Didner & Gerge Aktiefond		570,000	0.4	570,000	0.2
Other shareholders (6,984)	1,799,095	16,854,685	14.2	34,845,635	9.6
(of 7,014 shareholders in total)					
Investment AB Latour, share buyback		460,000	0.4	460,000	0.1
	25,458,770	**106,001,230**	**100.0**	**360,588,930**	**100.0**

76.4 percent of the company's share capital is owned by the principal shareholder with family and companies. Other board members own 2.0 percent. Swedish institutional investors own 8.2 percent of share capital. Foreign ownership accounts for 1.7 percent.

Type of share	Total shares	%	Number of votes	%
Class A (10 votes)	25,458,770	19.4	254,587,700	70.6
Class B (1 vote)	106,001,230	80.6	106,001,230	29.4
Total number of shares	**131,460,000**	**100.0**	**360,588,930**	**100.0**

Five year overview

	2007	2006	2005	2004	2003[4]
Parent company					
Dividends received, SEK m	274	256	223	167	182
Dividends paid, SEK m	458[1]	371	306	262	263
Equity/debt ratio	93%	94%	63%	61%	62%
Adjusted equity/debt ratio[2]	95%	95%	84%	80%	82%
Group					
Return on equity	8%	11%	9%	14%	13%
Return on total capital	8%	10%	10%	11%	8%
Equity/debt ratio	75%	78%	76%	52%	49%
Adjusted equity/debt ratio[3]	78%	80%	78%	73%	72%
Adjusted equity, SEK m[3]	12,003	12,467	9,862	8,208	6,976
Net debt/equity ratio[3]	15%	13%	16%	23%	25%

[1] Proposed dividend based on the number of outstanding shares as of 2008-02-26.
[2] Including surplus value in investment portfolio.
[3] Including surplus value in associated companies.
[4] Not recalculated according to IFRSs.

The wholly owned industrial and trading operations

A year with strong numbers

The wholly owned industrial and trading operations consist of six business areas that in total employed more than 3,400 people and had a turnover of SEK 6.7 billion in 2007.

Automotive PAGE 16

Hand Tools PAGE 18

Hydraulics PAGE 20

Air Treatment PAGE 22

Machinery Trading PAGE 24

Engineering Technology PAGE 26

Our vision is doubled turnover

Our vision for the wholly owned industrial and trading operations is to double turnover to some SEK 10 billion between 2006 and 2010, all the while we focus on concentrating operations to fewer but larger units.

Financial goals on a yearly basis

The financial goals for the wholly owned industrial and trading operations are to annually increase turnover by at least 10 percent, have an operating margin higher than 10 percent of turnover and a return on working capital surpassing 20 percent.

The goals were met in 2007

The good economy in combination with our strategic investments in 2007 led to an increase in the turnover of the wholly owned industrial and trading operations and a return that met our targets.

Total turnover increased in 2007 by SEK 1,417 m to SEK 6.7 billion, which is 27 percent higher compared with 2006. The total operating profit amounted to SEK 652 m, which adjusted for capital gains is 51 percent higher compared with 2006. The return on working capital was a mean of 34 percent.

The market value of the wholly owned industrial and trading operations is in an interval of SEK 4.8 to 7.4 billion, according to the valuation model on page 9.

Important events during 2007

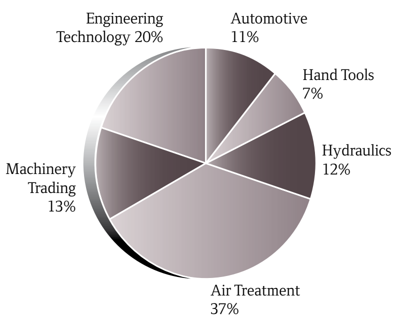
- AVT Industriteknik AB, with an annual turnover of SEK 50 m, was acquired in the Engineering Technology business area.
- Meptek OY, with an annual turnover of EUR 19 m, was acquired in the Air Treatment business area.
- BBM Verktyg AB, with an annual turnover of SEK 30 m, was acquired in the Machinery Trading business area. The section of the business area that sold machines to the Swedish woodworking industry, with a turnover of around SEK 130 m, was divested.
- Almedahls AB, with a turnover of SEK 94 m in 2006, was sold in 2007 to Almedahl-Kinna AB, a subsidiary of Domicet OY, Finland. The remaining textile company, FOV Fabrics, will be reported from 2007 under other assets and not as a business area.

Key ratios for the wholly owned companies (SEK m)

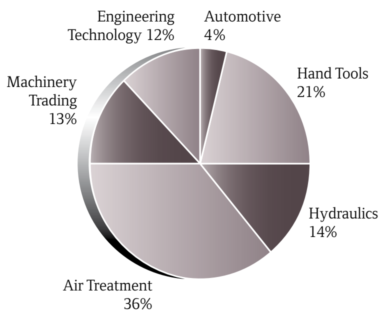
Business area	Turnover	(of which export)	Operating profit/loss	Working capital	Investments	Operation margins	Return on working capital	Number of employees
Automotive	610	199	25	279	19	4.1%	9.0%	441
Hand Tools	1,098	764	137	346	12	12.5%	39.5%	592
Hydraulics	1,185	337	89	356	22	7.5%	25.0%	675
Air Treatment	1,931	1,314	237	450	65	12.3%	52.5%	956
Machinery Trading	1,158	376	86	186	24	7.4%	46.3%	281
Engineering Technology	602	217	76	181	36	12.7%	42.1%	349

Five year overview	2007	2006	2005	2004	2003
Invoiced sales	6,730	5,313	4,852	4,434	4,169
(of which export)	3,343	2,359	2,271	2,115	1,964
Operating profit/loss	652	710	342	242	173
Working capital	2,423	2,013	1,458	1,405	1,730
Total assets	3,792	3,315	2,505	2,351	2,583
Number of employees	3,444	3,171	2,973	3,117	2,971
Return on capital employed	30.0%	25.2%	24.2%	15.8%	10.1%
Operation margins, percent	9.6%	7.7%	7.0%	5.5%	4.1%

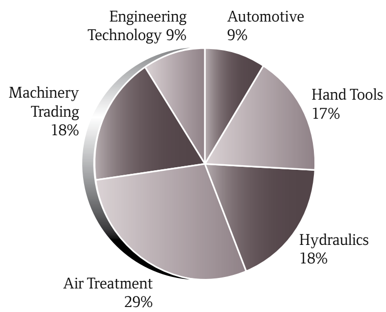
Proportion of the Group investments



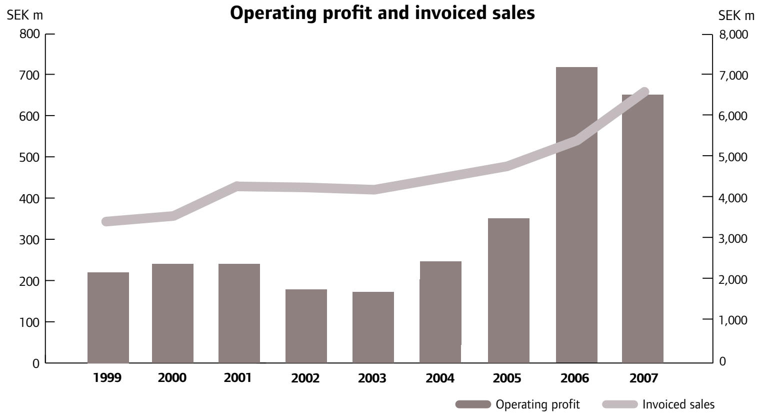
Proportion of the Group operating profit/loss



Proportion of the Group turnover



Operating profit and invoiced sales



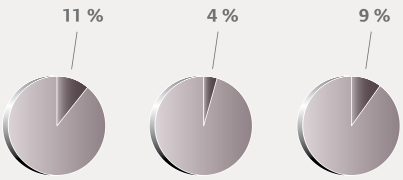
COMPANIES IN THE BUSINESS AREA:

Autotube AB
Autotube HordaGruppen AB

Automotive Business Area

Sven-Olov Libäck
Automotive Business Area Manager

PROPORTION OF THE GROUP INVESTMENTS, OPERATING PROFIT/LOSS AND NET SALES

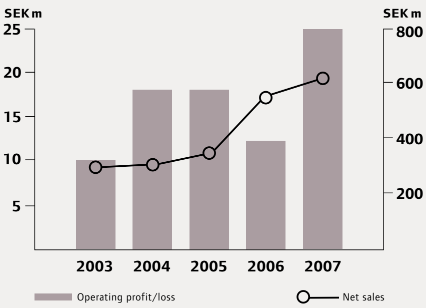


Proportion of the Group investments

Proportion of the Group operating profit/loss

Proportion of the Group net sales

NET SALES AND OPERATING PROFIT/LOSS



NET SALES AND OPERATING PROFIT/LOSS

(SEK m)	2007	2006	2005	2004	2003
Net sales	610	561	363	312	290
(of which export)	199	160	86	61	59
Operating profit/loss	25	12	18	18	10
Working capital	279	247	143	128	129
Investments	19	71	26	12	9
Operating margin, percent	4.1	2.1	4.8	5.8	3.4
Return on working capital, percent	9.0	4.9	12.3	14.2	7.8
No. of employees	441	443	284	278	258

Business concept
Automotive's business concept is to meet the needs of the automotive industry for moulded conduits and pipes with high technological competence in air and fluid distribution.

Goals and goal achievement
The Automotive business area's overriding financial goals are to annually achieve:
- increased turnover by at least 10 percent
- an operating margin exceeding 6 percent
- a return on working capital exceeding 20 percent

An exceptionally high demand for heavy vehicles contributed to Autotube AB, principal company in the Automotive business area, reaching all the profitability targets in 2007. The subsidiary Autoube HordaGruppen AB, which was acquired in 2006, is currently working on increasing growth and quality in manufacturing processes with the intention to achieve the overriding financial goals within two to three years.

Market 2007: Exceptionally high demand for heavy vehicles
The global demand for heavy vehicles in 2007 originated mainly in Eastern Europe and Asia; in particular from China and Russia.

In 2007 Automotive, whose most important group of customers are European manufacturers of trucks, buses and cars as well as system suppliers to these producers, strengthened its position with the large customers in Central Europe. This led to a number of prototype orders; the stage before a real order in what most often is a long process of several years to become a new supplier to the automotive industry. The hope is that this will lead to a breakthrough with a number of European car manufacturers in 2008 and 2009. Automotive works closely with several large customers, which means the business area gets involved very early in the development process.

In order to be accepted as a partner to the automotive industry great demands are put on development capacity as well as on quality assurance and delivery reliability. Automotive has incorporated these requirements in the business, which has resulted in an intensified product and production development. In the light of this Automotive will increase investments in product development.

The increasing competition from new and cost-effective markets is a constant threat. Automotive's main competitors are large global players that have significant size advantages in production, which is often done in low cost countries.

At the same time, Automotive increased its purchases of raw materials from low cost countries such as China. The business area has also transferred parts of its production to Eastern Europe.

Market forecast for 2008: Continued demand for heavy vehicles

Last year's positive trend in truck sales is predicted to continue in 2008 as well. The strong growth in Asia and also in Eastern Europe is the main driving force. One market that is expected to continue to be strong is Russia. The market for cars is expected to decline, particularly in the USA.

Operations: The three most important events in 2007

1. Improvements in HordaGruppen. Extensive improvement work was carried out in HordaGruppen's three plants (Horda, Bor and Ohs). The work involved, in addition to changes in the organisation and layout in production, downsizing the business by some 20 people. This has led to a substantial improvement in profits. Rationalisations will continue during 2008.

2. Launching a new chassis product developed by Autotube. By reaching optimal series production of the new chassis component, a further development of an existent and important product, continuity in deliveries to customers was achieved, which meant maintaining turnover volumes of approximately SEK 30 m.

Pipe systems for heat exchanges of crankhouse gases.

3. Approaching manufacturers of smaller engines. The current diesel trend in Europe is positive for Automotive, which primarily delivers components to larger engines.

Upcoming EU demands on lower emissions are pushing development towards more fuel efficient but also smaller engines. This is a solid trend that Automotive has caught on to by successfully approaching manufactures of smaller engines.

Operations: Stronger competition through lean production

To meet customers' demands for the highest quality, fast and reliable deliveries and yearly price cuts of 3–5 percent, Automotive's philosophy is to always work on continuous improvement. During 2007 work to implement lean production in all the plants in Automotive was initiated. The goal is to increase productivity and thereby strengthen competitiveness. The work is part of a Swedish national pilot project and Autotube AB is one of ten companies that have been chosen to participate. The project, which aims to improve competitiveness among Swedish suppliers, is financed by state run Nutek, Vinnova and the Knowledge Foundation and inspired by Japanese Toyota, the guru of efficient production.

Committed employees are a prerequisite for the work for change to succeed. This, in turn, requires investing in education and smooth-running communication processes. Both these areas will continue to be prioritised to continually increase productivity and efficiency. The some 440 people currently employed have a high level of expertise at the same time as staff turnover is low. The current lack of trained staff in the automotive industry is not applicable to Automotive's business. Sick leave remains on a low level. Automotive, whose principal sales are made on the Scandinavian market, increased its exports from 28 percent to 33 percent, a number which is expected to rise even further in the future.

Automated production cells for bending, endforming, brazing and washing AC pipes.

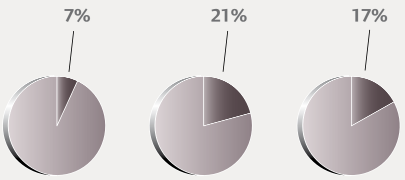
Challenges in 2008

One of Automotive's challenges during 2008 will be to introduce lean production in accordance with the Japanese model. Autotube in Varberg is the pilot factory and is expected to have completed the work halfway through the year, at which time Autotube AB in Ulricehamn will take over. At the end of the year all of Automotive's factories should have implemented lean production. The result is expected to be an even higher level of productivity. Further activities to enhance internationalisation is another challenge.

COMPANIES IN THE BUSINESS AREA:

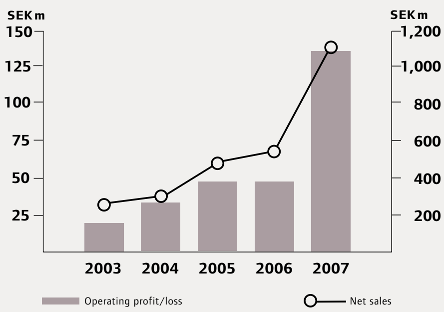
Hultafors AB
TA Ljungberg Patent AB
Wibe Stegar AB
Hultafors OY, Finland
Hultafors Norway AS
Hultafors Denmark AS
Hultafors Präsident GmbH, Germany
Hultafors U.M.I. S.R.L., Romania
Snickers Workwear AB
Snickers Intellectual Property AB
Snickers Workwear Logistics BV, The Netherlands
Skillers Workwear NA Inc, USA
Snickers Production SIA Latvia, Latvia
Snickers Original NV, Belgium
Tradewear Ltd, Ireland
Snickers Original SIA, Latvia
Snickers Original GmbH, Germany

PROPORTION OF THE GROUP INVESTMENTS, OPERATING PROFIT/LOSS AND NET SALES



Proportion of the Group investments | Proportion of the Group operating profit/loss | Proportion of the Group net sales

NET SALES AND OPERATING PROFIT/LOSS



NET SALES AND OPERATING PROFIT/LOSS

(SEK m)	2007	2006	2005	2004	2003
Net sales	1,098	545	462	299	268
(of which export)	764	301	249	168	146
Operating profit/loss	137	48	48	30	20
Working capital	346	191	175	110	101
Investments	12	23	17	8	22
Operating margin, percent	12.5	8.8	10.3	10.2	7.5
Return on working capital, percent	39.5	25.0	27.1	27.6	19.8
No. of employees	592	375	374	335	282

Hand Tools Business Area

Bo Jägnefält
Hand Tools Business Area Manager

Business concept
Hand Tools' business concept is to be a complete supplier of functional work equipment of the highest quality to professional craftsmen.

Goals and goal achievement
The Hand Tools business area's over-riding financial goals are to annually achieve:

- increased turnover by at least 10 percent
- an operating margin exceeding 10 percent
- a return on working capital exceeding 20 percent

All the targets were achieved during 2007. The turnover was doubled by the acquisition of Snickers Workwear, one of the leading brands on the market for work wear in Europe. At the same time the current trade conditions were good, which led to a high demand. This, in combination with effective cost control, affected the operating profit positively and resulted in an increase of operating margins by 12 percent.

Market 2007:
Characterised by strong demand
Hand Tools' markets were characterised by a strong demand in 2007. At the same time the business area faced continuous price press and full compensation for increased costs for raw materials could not be achieved.

Development in areas where the large distributors launch their own brands continued also during 2007. Hand Tools chose to work aggressively to profile and strengthen the brands in the business area: Hultafors (hand tools), Wibe (lad-ders) and Snickers (work wear). Together they form Hultafors Group, whose three brands will be marketed together and whose sales corps will be combined. These measures are expected to increase our distributors' effectivety and competi-tiveness in the long-term.

Among Hultafors' competitors are global players such as Snap-on/Bahco, Stanley Tools and Irwin Industrial Tools.

Our vision is for Hultafors Group's brands to be the most sought after among distributors and the first choice of craftsmen.

All of Hultafors Group's brands are well represented in the Nordic region with strong market positions. The acqui-sition of Snickers Workwear opens up possibilities for Hand Tool's other brands to penetrate the European market.

Market forecast for 2008:
Strong demand at the beginning of the year but growing uncertainty
The good demand in construction related products is expected to continue during the first half of 2008.

The turbulence on the financial market makes it more difficult to analyse development during the second half of the year. To counter growing uncertainty and yet achieve profitability targets there is a contingency plan aimed at reducing the business area's costs.

Operations: The three most important events in 2007

1. Successful integration of Snickers Workwear. A motivated organisation enables the integration of Snickers Workwear to go according to plan. Besides a doubled turnover and the addition of a whole new business area, the acquisition has led to an expansion of our brand portfolio with one of the most competitive work wear brands on the market.

2. Production move to China. Following a long period of discussions with the authorities the strategically important production move from Eskilstuna to China commenced in 2007. Our intention is to complete the move by mid 2008. The move is expected to increase profitability and competitiveness. This will release resources to strengthen product development and marketing.

3. High degree of capacity utilisation in production and good logistics. During 2007 all of Hand Tool's production plants utilised capacity to the fullest and the delivery capacity was very high for the industry. Snickers Workwear made significant improvements during the year in its ability to deliver thanks to committed work by a knowledgeable organisation.

Operations: Planning an expansion in Europe with a mix of its own sales companies and franchising

Through high utilisation of production resources in 2007 Hand Tools managed to deliver according to expectations. A number of measures were taken to ensure the success of the strategic acquisition of Snickers Workwear. A new CEO was appointed, production capacity was expanded and the work to merge the sales organisations in Europe commenced.

The plan is to present the whole Hultafors Group in Europe at the end of 2008. The strategy is for the group to have its own sales companies on the main markets. Therefore the business area will acquire Snickers Workwear's franchise companies in Denmark and Norway during the first quarter of 2008. Annual turnover will thereby increase by approximately SEK 100 m.

To achieve the overriding growth target acquisitions of appropriate producers, preferably in Europe, are needed in addition to organic growth. In January 2008 a letter of intent was signed with British measuring tape manufacturer Fisco Tools Ltd to take over 100 percent of the shares, which will lead to an increase in turnover by SEK 100 m annually. Fisco Tools Ltd and Hultafors have worked together since 1985.

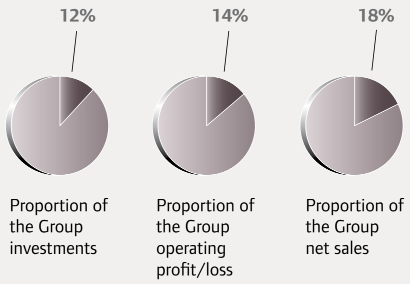
Challenges in 2008

Hand Tool's greatest challenge in 2008 is to ensure that our employees have sufficient training and information to feel they are part of the business area's vision. Commitment, low absence levels and low staff turnover bides for a successful result. At the same time the need for information and communication is growing as Hand Tools prepares to evolve into Hultafors Group with a common brand platform.

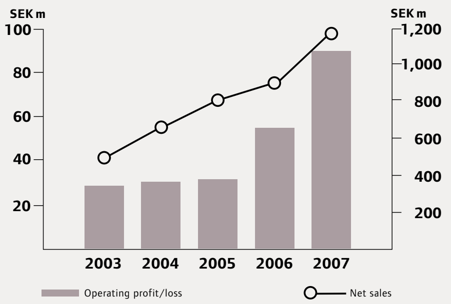
COMPANIES IN THE BUSINESS AREA:

Specma Hydraulic AB
Eurobend Hydraulic AB
JMS Systemhydraulik AB
Specma Component AB
Specma Hydraulic i Övik AB
WiroArgonic AB
Hymat Oy, Finland
Specma Hydraulic Shanghai Co L

PROPORTION OF THE GROUP INVESTMENTS, OPERATING PROFIT/LOSS AND NET SALES



NET SALES AND OPERATING PROFIT/LOSS



NET SALES AND OPERATING PROFIT/LOSS

(SEK m)	2007	2006	2005	2004	2003
Net sales	1,185	893	798	645	500
(of which export)	337	258	253	247	204
Operating profit/loss	89	56	32	31	28
Working capital	356	331	278	273	191
Investments	22	26	18	15	8
Operating margin, percent	7.5	6.2	4.1	4.8	5.6
Return on working capital, percent	25.0	16.7	11.6	11.2	14.7
No. of employees	675	618	529	509	375

Hydraulics Business Area

Mats Lundgren
Hydraulics Business Area Manager

Business concept

The Hydraulics business area develops, manufactures and markets specialised conduction systems for hydraulics to Nordic industry. We also offer a broad range of hydraulic, pneumatic and conduction components. Operations focus on three areas: Component, OEM and Industry & Marine.

Goals and goal achievement

The Hydraulics business area's overriding financial goals are to annually achieve:

- increased turnover by at least 10 percent
- an operating margin exceeding 10 percent
- a return on working capital exceeding 25 percent

The growth targets were exceeded due to an increase in turnover by approximately 15 percent, including the acquisitions, growth was 34 percent. A good economy in combination with a number of new customers and the development of existing customers are the underlying factors. This led to a substantial increase in the operating margin.

Market 2007: Intensified price press during the year

One result of last year's good economy was that many of our large customers reached their maximum capacity. The effect of this lack of capacity can be seen in the growth rate levelling off somewhat towards the end of the year. At the same time it gave customers an opportunity to consolidate their business.

In order to meet the toughening competition in prices Hydraulics took measures to increase sales and profitability and to lower the total costs in the business area. During the past year there has been a huge lack of hydraulic components on the global market, the shortage of hydraulic pumps for example. This situation has created new business opportunities, which Hydraulics has been able to take advantage of.

At the same time the globalisation trend, where it is important to establish the business close to a company's customers, has continued in 2007. This is a trend that Hydraulics took advantage of by establishing offices in China last year. More establishments abroad are being planned.

The most important groups of customers are among manufacturers of contractor machines and trucks such as Volvo, Kalmar, Dynapac, Scania and Ålö. The five largest customers represent approximately 30 percent of turnover.

Amongst our direct competitors are four global manufacturers with a broad product range. Dacke Hydraulic is a serious competitor on the Nordic market. All together the five largest competitors answer for approximately 75 percent of turnover on the Swedish market. The market share for the Hydraulics business area is around 15 percent.

Market forecast for 2008: Growth will level off during the second half year

The market is expected to continue to be strong during the first half year of 2008, especially in the business area Heavy Vehicles. During the second half year it is believed that the market will level off after several years of rapid growth. Further instability in customers' orders and difficulties in obtaining knowledge about the customers' long term plans are some of the reasons behind that assessment.

Operations: The three most important events in 2007

1. The consolidation of Kalmar as a strategic customer. By signing a partner agreement with Kalmar, manufacturer of large trucks for ports, sales potentials have increased dramatically. Hydraulics expects to be able to double sales to Kalmar and its owner Cargotec within three years. Today sales to Kalmar represent about 8 percent of the total turnover.

Increased production time and fewer after sales problems were among the most important results for Kalmar after changing its supplier to Specma.

2. The opening of a new assembly unit in China. The establishment in Shanghai is the first concrete step Hydraulic has taken in following its customers out into the world, a trend which started amongst the really big companies and which has now spread to medium-sized companies as well. In Shanghai hydraulic hoses are assembled for Kalmar and Konecranes.

3. Development of two new breakthrough products. Hydraulics has developed a completely new high temperature hose for truck manufacturer Scania and a new filter for marine applications. The latter is an effect of development work with JMS, which was acquired at the end of 2006.

Operations: Plans for further establishments abroad

The trend to follow our large customers out into the world and establish business there is necessary in order to be able to compete with the market leaders. After last year's establishment in China, Hydraulics is looking at the possibility of establishing units in Brazil, where Scania, Volvo and Dynapac are some of our customers. These plans for Brazil may be realised during 2008.

The establishment in China also meant that Hydraulics increased its purchases from there, which led to a substantial reduction in purchasing costs. Also included in our cost strategy was the move of a simpler component assembly line to Lithuania that was completed at the end of 2007. This instantly lowered production costs to 30 percent of equivalent production in Sweden. We plan to employ 15-20 people in Lithuania at the end of 2008. Coordinating and streamlining the sales organisation is another measure that will increase profitability.

Another strong trend is customers' growing demands on system solutions and new competitive products. Through the acquisition of JMS in 2006 Hydraulics radically increased its ability to offer system solutions. The plan is for this area to increase further from the current 20 percent of turnover.

The establishment of Specma Hydraulics in Lithuania combined with investments in automation processes ensures competitiveness in the long term.

One key to success is for the business area to have its own production of core products to be able to control the whole business chain. Currently production in Hydraulics is about 20 percent of turnover. However, this is a shortcoming in Hydraulics, in particular concerning hydraulic hoses, which is one of the business area's key products. Our ambition is therefore to acquire a manufacturer of hydraulic hoses.

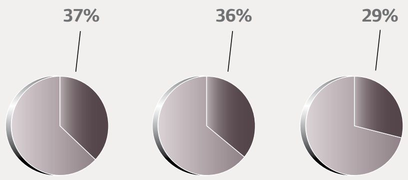
Challenges in 2008

The greatest challenge in 2008 is to better integrate our sales organisation, which currently has around fifty sales people. Today there is certain cooperation within the business area's various companies and we plan to strengthen this. Another challenge is to continue searching for suitable acquisition candidates in the Nordic region and Europe.

COMPANIES IN THE BUSINESS AREA:

Swegon AB
Swegon AS, Norway
Swegon AS, Denmark
Oy Swegon AB, Finland
Swegon GmbH, Germany
Swegon GmbH, Austria
Swegon Ltd, England
Swegon S.á.r.l., France
Swegon SA, Switzerland
Swegon Sp. z o.o, Poland
Meptek/Ilto Air Oy, Finland
Swegon s.r.o. The Czech Republic
Swegon Hungaria Kft., Hungary
Swegon BV, Holland
Swegon s.r.l, Italy
Swegon Belgium S.A.
Swegon Indoor Climate S.A., Spain

PROPORTION OF THE GROUP INVESTMENTS, OPERATING PROFIT/LOSS AND NET SALES

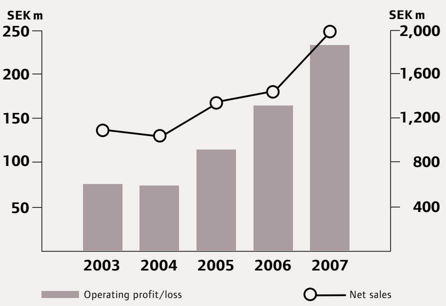


Proportion of the Group investments

Proportion of the Group operating profit/loss

Proportion of the Group net sales

NET SALES AND OPERATING PROFIT/LOSS



NET SALES AND OPERATING PROFIT/LOSS

(SEK m)	2007	2006	2005	2004	2003
Net sales	1,931	1,445	1,244	1,068	1,078
(of which export)	1,314	902	740	619	618
Operating profit/loss	237	159	114	74	75
Working capital	450	324	289	275	250
Investments	65	50	33	29	17
Operating margin, percent	12.3	11.0	9.1	7.0	7.0
Return on working capital, percent	52.5	49.0	39.3	27.1	30.0
No. of employees	956	834	786	747	788

Air Treatment Business Area

Mats Holmqvist
Air Treatment Business Area Manager

Business concept
The business concept for the Air Treatment business area is to supply well thought-out system solutions, comprising air treatment aggregates and mounted components that together create a good indoor climate.

Goals and goal achievement
The Air Treatment business area consists of the parent company Swegon AB, Meptek/Ilto Air Oy and a number of subsidiaries in Scandinavia and the rest of Europe.The overriding financial goals are to annually achieve:

- increased turnover by at least 10 percent
- an operating margin exceeding 10 percent
- a return on working capital exceeding 20 percent

All the goals were exceeded in 2007. Continued high demand led to an increase in turnover by 34 percent and an increase in operating profit/loss by 48 percent. At the same time the business area's return on working capital surpassed 40 percent.

Market 2007: Swegon grew more than the European market
Last year was characterized by an exceptionally strong growth in the building trade. It resulted in a market growth of almost 10 percent, which can be compared to a normal annual increase of on the average of two to four percent. Swegon had a growth rate of more than 30 percent, a result that stemmed partly from high demand and partly from the company pursuing an aggressive growth strategy. Swegon continues to be a market leader in Sweden and the Nordic region and increased its market shares last year in each of the geographical areas by a couple percentage points to 32 percent and 17 percent. Swegon's competitors in Sweden are mainly Fläkt Woods and Systemair, outside Sweden German Trox and GEA and Finnish Halton are our main competitors.

A lack of manpower and a lack of raw materials pushed the building trade to maximum capacity in 2007. Therefore the extremely rapid growth is expected to level off somewhat.

Energy and comfort issues are getting hotter all the time in the market for air treatment and ventilation. At the same time the society requires more energy efficient solutions customers are less and less willing to accept noise and drafts. Swegon has an obvious competitive edge in this area. Obviously the company has an environmental impact due to its use of energy and raw materials, but according to studies the positive effects derived from the energy saved during the products' life cycles are 40 times greater than the negative ones. A huge opportunity for Swegon on the Swedish market is the vast need for repairs in the so-called million housing program. There will doubtlessly be huge potential for streamlining energy use while renovating these apartment buildings, and that means great potential for Swegon's products as well.

Market forecast for 2008: Continued growth

Expectations in 2008 are high. The belief is that the construction business will follow the market and it will continue to grow. Swegon is entering the new year with a good order stock and a high rate of sales. While expectations are positive for most 2008, a certain decline is predicted on the Nordic markets although it may not appear until 2009.

Operations: The three most important events 2007

1. Exciting acquisition of ILTO Air. The purchase of the Finnish company is strategically important and provides Swegon with a good opportunity to grow further. ILTO Air has a large market share in Finland and it also broadens Swegon's range to include housing ventilation. The acquisition augments turnover by around SEK 200 m.

2. New product wowed the market. Two years ago a new comfort module for supplying cold air was launched and it has surpassed already high expectations. This success led to an increase in turnover by close to SEK 100 m, which is about 40 percent more than anticipated results. The new product, Parasol, does not only facilitate project planning and installations it also allows for a better design architecturally.

3. Strong sales put continued pressure on production. In 2007 Swegon's production units once again proved their ability to handle high volume growth. For example, production in the Kvänum factory grew by more than 30 percent for the second year in a row.

Swegon is successful throughout Europe and has equipped 30 St. Mary Axe in London with 200 GOLD aggregates.

Operations: Growth project "Go for 2" doubles turnover in record time

Swegon manufactures, markets and sells air treatment aggregates, air born and water born climate systems together with acoustic products for all types of buildings via its own sales company and partners in more than 30 European countries. Some of our main principles are proximity to the customer, becoming involved at an early stage of the construction process and delivery of full-service solutions instead of individual components.

Two years ago all the business areas in Latour were challenged to double their turnover within five years. Swegon took this challenge seriously by starting the internal project "Go for 2", which has had an enormous effect on the company. The growth goal, a turnover of around SEK 2.5 billion, will be reached before the end of this period.

In addition to a strong support by all the employees, heavy investment in the sales corps is one of the most important factors behind Swegon's success. Last year 35–40 new people were hired in sales, particularly in the markets in Europe. Our total sales corps is 200, which is 20 percent of our entire personnel.

Swegon's factories have handled the intense growth in volume with rational manufacturing methods.

In 2008 we will complete the transformation of the factory in Kvänum so that it only produces the air conditioning system GOLD, one of Swegon's biggest products. This means the shut down of module aggregate manufacturing in Kvänum, which will be taken over by the German AL-KO Therm, a company Swegon has a comprehensive cooperation agreement with.

In order to correct an age unbalance Swegon works consciously to recruit young people. A "Young Advisory Board" has been created to give younger employees the chance to come with solutions in company strategic problems and challenges. A couple of the challenges are IT communication with customers in the future and how can Swegon attract more young people.

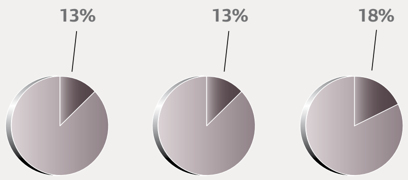
Challenges in 2008

Continued growth is the biggest challenge in 2008. One way is to speed up the rate of acquisitions. The expanded sales corps is expected to continue to generate growth. At the same a consolidation of new markets is planned as well as the ongoing work to improve productivity in the factories.

COMPANIES IN THE BUSINESS AREA:

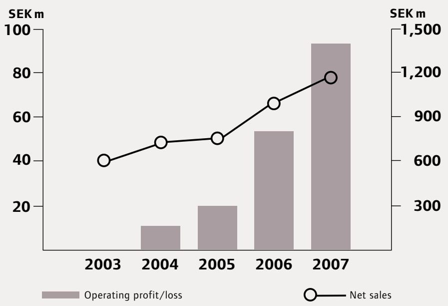
AB Sigfrid Stenberg
Carstens AB
BBM Verktyg AB
KMU AB
MaskinCentrum i Örnsköldsvik AB
Mekana AB
Woodtechnique Verktygssystem AB
Woodtechnique AS, Norway
Woodtechnique OY, Finland
Flextek AS, Denmark
Granaths Hårdmetal AS, Denmark
JMC Teknik ApS, Denmark
Machine Trading Team OY, Finland

PROPORTION OF THE GROUP INVESTMENTS, OPERATING PROFIT/LOSS AND NET SALES



Proportion of the Group investments | Proportion of the Group operating profit/loss | Proportion of the Group net sales

NET SALES AND OPERATING PROFIT/LOSS



NET SALES AND OPERATING PROFIT/LOSS

(SEK m)	2007	2006	2005	2004	2003
Net sales	1,158	928	735	720	602
(of which export)	376	240	213	205	171
Operating profit/loss	86	53	20	12	0
Working capital	186	191	176	193	184
Investments	24	9	11	8	7
Operating margin, percent	7.4	5.7	2.7	1.6	0.0
Return on working capital, percent	46.3	27.6	11.3	6.1	0.0
No. of employees	281	255	235	236	231

Machinery Trading Business Area

Sonny Schön
Machinery Trading Business Area Manager

Business concept:
The Machinery Trading business area's basic business concept is to contribute to higher productivity in companies in the woodworking and engineering industries with machines, tools, maintenance and other services.

Goals and goal achievement
The Machinery Trading business area's overriding financial goals are to annually achieve:

- increased turnover exceeding 10 percent
- an operating margin exceeding 6 percent
- a return on working capital exceeding 20 percent

Riding on the very positive market situation in 2007 Machinery Trading greatly surpassed all its goals.

Market 2007: Strong development in a good economy
As expected the market in 2007 was strong as a result of the generally good industrial and business cycles. The Machinery Trading business area had several breakthroughs, particularly in Finland, where a previously acquired company doubled its turnover from SEK 35 to 70 m.

Other markets where Machinery Trading operates are Sweden and Denmark and in all three countries the business area surpassed forecasts. In Denmark and Finland market shares grew by four percentage points to 23 respectively 12 percent. In Sweden, where direct deliveries from German companies are big, our market share remained at 14 percent. In general market shares are lower in the highly competitive market for tools to the engineering industry than in the machine market.

Machinery Trading meets several of its competitors in their respective markets as well as within every operating area. In the past few years the arrival of larger international manufacturers has increased.

There is a "Scandinaviation" going on in Machinery Trading, which means that we plan to grow throughout Scandinavia but also broaden our product range on all the markets. We also plan to increase our geographical presence in Norway in 2008. Last year's acquisition of BBM was a step in this expansion.

Machinery Trading's business is highly affected by developments in the automotive, wind power and paper industries. On the automotive side Scania and Volvo compensated for weakened sales in the West by increased sales in the East – Eastern Europe and Asia – which were very good. A positive trend in 2007 was the growing interest for wind power in the world, which particularly affects the Danish market.

Market forecast for 2008: Continued strong but levelling off
The industrial cycle is expected to remain strong during 2008 but a continued rise

is not expected. Developments depend entirely on the general industrial cycle where the automotive industry is the single most important factor and crucial to Sweden.

The Machinery Trading business area started 2008 with a larger order stock than in 2007, which was an all time high.

Operations: The three most important events during 2007.

1. Two deals that create better focus in our product range to the woodworking industry. Machinery Trading plans to sell tools only to the woodworking industry. The acquisition of tool company BBM and the divestiture of the woodworking machine division in Stenberg are two steps in this direction.

2. Acquisition of a service company in Denmark. This acquisition is the starting point of Machinery Trading's plans to develop as a service partner outside of Sweden. At the time of acquisition three people worked in the company. We plan to increase this number to some 15 people in 2008.

3. Overtake of Specma Machines from the Machinery Trading business area. This is a deal which opens the door to more business on the after sales market and which makes it possible to sell directly to the end customer and sell on commission.

Operations: Offer our products and services to all of Scandinavia

Machinery Trading is one of Europe's largest machine suppliers to the engineering and woodworking industries. The business area's strength is that it is specifically organised to provide service and after sales built on added value around the products. When properly packaged there is an obvious development potential for the business area, whether it is a matter of suggesting the right machines, sharing knowledge about installations, getting machines up and running, educating personnel or signing guarantee contracts. We plan to raise our profile regarding the services we offer in 2008.

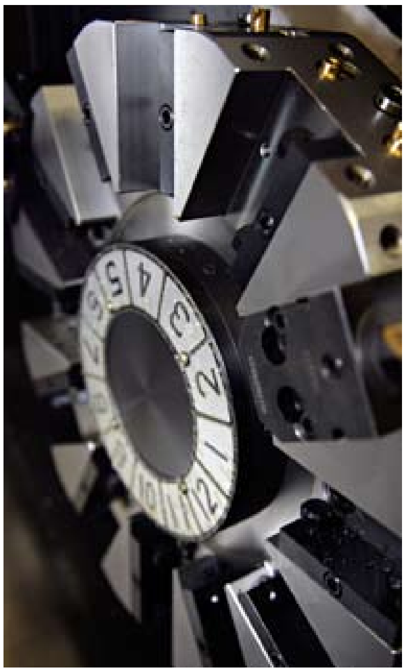
The background to Machinery Trading's plans to develop services related to the sales of machines and tools is that all our customers are active on markets characterised by intense international competition with extremely high demands on quality, high productivity, delivery precision and a constant price press. The Machinery Trading's biggest customer group in the engineering industry is made up of sub-contractors from, for example, the automotive and wind power industry. Customers to the woodworking industry are manufacturers of construction related products such as kitchen and bathroom fittings, windows, doors and flooring.

Working with service and maintenance, where a good business model has been created in Sweden, is also a way to make the business less sensitive to business cycles. Over 100 people out of a total of 290 now work in service operations, which is partly organised in special service companies.

In order to be an interesting employer in a situation where there is a labour shortage, Machinery Trading attracts existing and new employees with its strategy to deal with customers' entire situation. This is sweetened with a bonus and incentive program that covers many of our employees. Service technicians are offered training and education on a regular basis. No company in Machinery Trading has sick leave statistics over one percent, which indicates a successful personnel policy as well as interested and committed employees.

Challenges in 2008

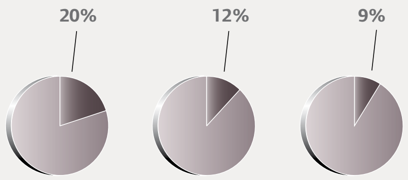
The greatest challenge is continued growth. At the same time the business area must take care of the acquisitions already made, new businesses must be acquired to achieve the heavy expansion we are striving for. Our ambition to increase the part of the total turnover that is generated by tools and the after sales market is part of this challenge.



COMPANIES IN THE BUSINESS AREA:

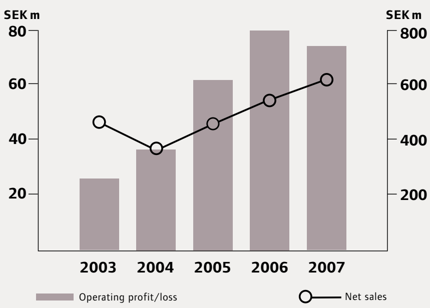
Specma AB
Brickpack AB
AVT Industriteknik AB
Nord-Lock AB
Specma AS, Norway
Nord-Lock Ltd, England
Nord-Lock France, France
Nordlock Inc., USA
Nord-Lock Oy, Finland
Nord-Lock Poland Sp. z o.o
Nord-Lock s.r.o., The Czech Republic

PROPORTION OF THE GROUP INVESTMENTS, OPERATING PROFIT/LOSS AND NET SALES



Proportion of the Group investments | Proportion of the Group operating profit/loss | Proportion of the Group net sales

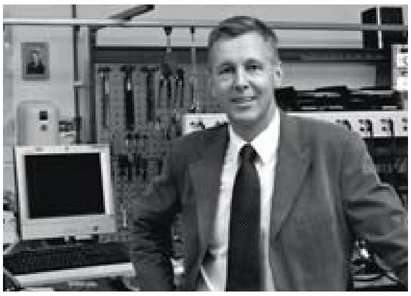
NET SALES AND OPERATING PROFIT/LOSS



NET SALES AND OPERATING PROFIT/LOSS

(SEK m)	2007	2006	2005	2004	2003
Net sales	602	538	436	372	434
(of which export)	217	201	157	116	94
Operating profit/loss	76	80	61	37	25
Working capital	181	160	132	109	117
Investments	36	36	17	6	8
Operating margin, percent	12.7	14.8	14.0	10.0	5.8
Return on working capital, percent	42.1	49.2	46.2	34.3	21.4
No. of employees	349	350	280	256	257

Engineering Technology Business Area



Per Englund
Engineering Technology Business Area Manager

Business concept

The Engineering Technology business area is made up of several smaller operating areas, where each has their own business concept and business model. The common denominator is that our customers are in the manufacturing industry and that every offer has tremendous added value.

Goals and goal achievement

The Engineering Technology business area's overriding financial goals are to annually achieve:

- increased turnover by at least 10 percent
- an operating margin exceeding 10 percent
- a return on working capital exceeding 20 percent

Despite enormous one-off costs all the financial targets were met in Engineering Technology in 2007. The business area consists of four prioritised areas; Lock Components, Gaskets & Seals, Automation and Tools. Adjusted for acquisitions and divestitures the business area's turnover increased by 25 percent.

Market 2007: Characterised by continued good growth

This was another good year for the manufacturing and construction industries which contributed to continued good growth in every Engineering Technology market.

Turnover in Lock Components increased by 20 percent once again. A shortage of certain steel qualities as well as hitting our production capacity limit led to certain delivery problems, but this will be taken care of by enlarging capacity in 2008.

The demand for Gaskets & Seals is normally steered by the business cycle. The reason last year was exceptional, with a growth of 15 percent, was because so many maintenance stops in the process industry coincided and led to a high demand on the after sales market. Invoicing in the OEM section grew by 30 percent. However, this was mainly due to an increase in higher prices for raw materials.

Automation had a record high order inflow in 2007 which filled the order books for 2008 long before New Year. Customers consist largely of Swedish companies with international manufacturing and many factories, which raises the chances of repetitive orders. The business area entered a new and interesting segment through a number of orders to the medical technique industry and this contributes to lessening the dominance of automotive related industries. Our goal concerning automotive customers is to continue to grow by taking on complex projects and following them out into the world.

Turnover in Tools, which works with distribution of electrical and compression tools for professional users, grew by over 20 percent.

The business area's market is fragmented which makes it difficult to estimate its market share. However, Engineering Technology is one of the leaders in all its core areas.

Market forecast for 2008: Continued strong market

The forecast for the markets Engineering Technology is active in continues to be good and they are not expected to slow down in 2008. On top of that the business area's order books are full.

Operations: the three most important events 2007

1.Focused operations. During the year the work to reduce the number of operating areas continued and they have now shrunk from eight to four. A part of this process was the acquisition of AVT Industriteknik and the divestiture of Specma Machines to Stenberg, which is part of the Machinery Trading business area.

Maintenance work at a refinery

2. Turbulent start for AVT Industriteknik. AVT Industriteknik constructs and sells special machines to assembly lines and is a good complement to the Automation area. Problems with the company's project portfolio, which was taken over by Engineering Technology when it acquired AVT in 2006, led to measures such as changing company management and new routines for follow-up and steering. The extra costs in connection with this charged profits by SEK 5 m.

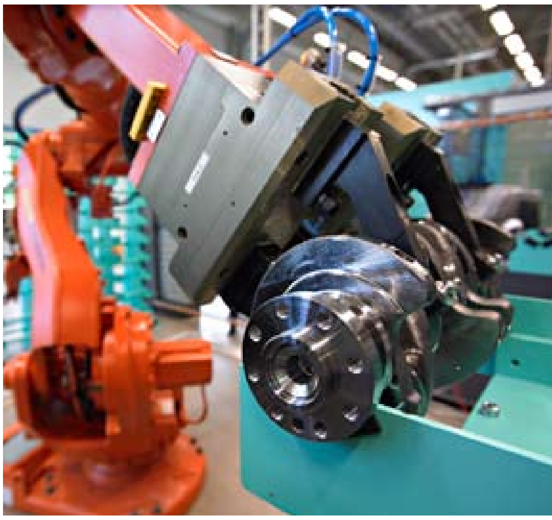
3. Several new recruitments on management level. In order to continue consolidation of acquisitions successfully and continue positive development for the entire business area we have reinforced several leading positions.

Operations: Focusing to achieve size and strength

The whole point of concentrating operations in the Engineering Technology business area is to grow bigger and stronger. The four prioritised areas are all believed to have high development potential. The business area is characterised, with the exception of Automation, by many relatively small customers.

Lock Components consists of the product Nord-Lock and its vision is to offer the world's best bolt securing system that provides safe locking for bolted joints exposed to severe vibration and dynamic load. We are continually expanding the manufacturing unit's capacity to handle the growing demand and the sales organisation has been strengthened.

Gaskets & Seals consists of OEM business directed at industry in general, and after sales which is primarily focused on the process industry. Both OEM and after sales business are characterised by many different variations delivered in relatively small volumes with a high level of service. This makes big demands on the operations' internal work flows, flexibility and efficiency. A new organisation that will lower transaction costs and raise service levels has been launched.



Work on a crankshaft with the help of a robot.

Automation consists of two units; Specma Automation in Laxå, specialised in robotised automation and AVT Industiteknik in Alingsås, which is mainly specialised in the construction of assembly lines.

Tools consists of the distribution of electrical and compression tools for professional users. The dominant brand is Fein, one of the world's oldest manufacturers of electrical tools. Fein has a very good reputation and its tools are state-of-the-art.

Challenges in 2008

The biggest challenge in 2008 is to develop rather than concentrate. Focus will be on the four core areas according to the plan established by the business area. Our operations are well positioned, which is a good indication that both growth and profitability targets will be met.

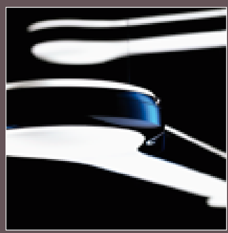
Latour's listed holdings

Strong development from the start

Latour's investment portfolio consists of 10 well consolidated companies where Latour has at least 10 percent ownership. The combined profit from portfolio management and associated companies during the year was SEK 450 (555) m

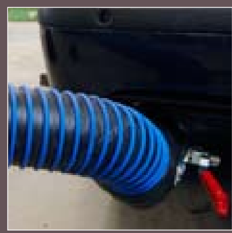
ASSA ABLOY PAGE 30

Elanders PAGE 32



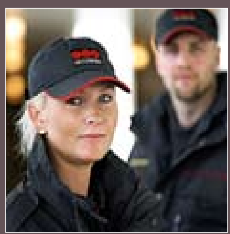
Fagerhult PAGE 34

Munters PAGE 36



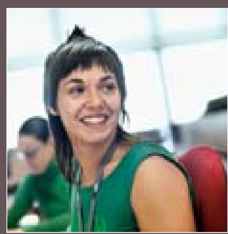
Nederman PAGE 38

OEM PAGE 40

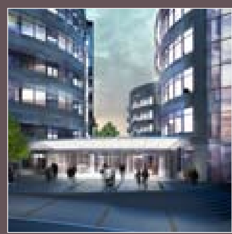


Securitas PAGE 42

Securitas Direct PAGE 44



Securitas Systems PAGE 46



SWECO PAGE 48

Latour is a long-term owner that strives to contribute to the company's development, mainly through active board work. Latour's investment portfolio is dominated by the holdings in Securitas, Securitas Direct, Securitas Systems, ASSA ABLOY and SWECO. Latour is the principal owner in these companies.

Contributed to a total return of over 19,000 percent

Latour's investment portfolio has contributed to an exceptional development during the year of the Latour share. Since the current business started in 1985 the value of the Latour share has risen more than 8,000 percent and resulted in a total return, which includes share price development and dividends, higher than 19,000 percent.

During 2007 the value of Latour's investment portfolio sank by 6.7 percent. This can be compared with the development for the OMX Nordic Exchange Stockholm (SIX Return Index) which fell by some 6.0 percent.

Important events in 2007

- The acquisition of 23.2 percent of the votes and capital in Nederman. Nederman is a world leader in the product areas dust and smoke extraction, exhaust fume extraction, hose and cable reels. Nederman had a turnover of SEK 1,041 m during 2007 and has some 570 employees

- In December Latour bought more shares in Elanders, which meant that at the end of the year Latour owned 21. 5 percent of the capital and 14.0 percent of the votes.

- On 13 November 2007 Latour, through ESML Intressenter, together with MSAB, Säkl and EQT made a public cash offer for Securitas Direct. SEK 26.00 per share was offered. At the end of the acceptance period of the offer owners of 54.1 percent of the shares and 67.8 percent of the votes had accepted the offer. Rather than participate in raising the price offered for Securitas Direct shares, Latour chose to sell all its shares in Securitas Direct to EQT, which then decided to extend expiration date of the offer to 14 March 2008 and raise it to SEK 27.50 per share. On 17 March EQT announced that it planned to follow through on the offer at SEK 27.50. The deal generated capital gains of SEK 645 m for Latour.

Investment portfolio

Share	Number	Market value[1] SEK m	Listed price[1] SEK	Acquisition value SEK m	Share of votes %	Equity interest %
Assa Abloy A[2]	6,746,425	876	130	786		
Assa Abloy B	19,000,000	2,466	130	414	16.1	7.0
Elanders	2,102,000	292	139	384	14.0	21.5
Fagerhult[3]	4,106,800[4]	622	152	296	32.6	32.6
Munters	10,950,000	832	76	630	14.8	14.6
Nederman[3]	2,713,934	220	81	238	23.2	23.2
OEM International A	636,000	27	43	36		
OEM International B	1,100,000	47	43	63	11.3	7.5
Securitas A[2]	4,000,000	358	89	344		
Securitas B	23,090,000	2,067	89	306	12.1	7.4
Securitas Direct A[2]	4,000,000	103	26	53		
Securitas Direct B	23,090,000	593	26	47	12.1	7.4
Securitas Systems A[2]	4,000,000	92	23	87		
Securitas Systems B	23,090,000	529	23	78	12.1	7.4
Sweco A[3]	1,222,760	86	70	8		
Sweco B[3]	29,525,000	1,919	65	159	24.7	36.5
Total		**11,129**		**3,929**		

[1] Latest market price paid.
[2] Class A shares in Assa Abloy, OEM International, Securitas, Securitas Direct and Securitas Systems are unlisted. In this table they have been given the same listing price as corresponding class B shares.
[3] Shown as associated companies in the balance sheet.
[4] At the end of 2007 30,000 shares were loaned out.

Value development and risk

In order to assess the risk that a given investment has involved, the volatility of different classes of assets can be compared. High volatility indicates a greater variation in the underlying asset and thus greater risk. The stock exchange has on the whole a lower volatility than individual shares since it reflects a large number of shares.

	2007 Return %[1]	Volatility %	2006 Return %[1]	Volatility %	2005 Return %[1]	Volatility %
Investment portfolio[2]	-7	19	21	22	19	14
OMXSPI	-6	19	24	18	33	11

Source: OMX Nordic Exchange Stockholm and Latour

[1] Exclusive dividends.
[2] Volatility for the investment portfolio is based on holdings per 31 December.

Net change in Latour's investment portfolio 2007

Share	Number 2007-01-01	Purchase	Rights issue	Split	Number 2007-12-31
Elanders	1,355,000	504,131	242,869		2,102,000
Fagerhult	4,069,500	37,300			4,106,800
Munters	3,650,000			7,300,000	10,950,000
Nederman	0	2,713,934			2,713,934
OEM International A	212,000			424,000	636,000
OEM International B	309,000	173,000		618,000	1,100,000
Sweco A	238,788	28,820		955,152	1,222,760
Sweco B	5,905,000			23,620,000	29,525,000

ASSA ABLOY

The Global leader in door opening solutions

ASSA ABLOY is the global leader in lock and door opening solutions, dedicated to satisfying end-user needs for security, safety and convenience.

ASSA ABLOY is represented in all major regions, on both mature and emerging markets, with leading positions in much of Europe and North America and in Australia. In the rapidly growing electromechanical security sector, the Group has a leading position in fields such as access control, identification technology, automatic doors and hotel security.

Since the Group was founded in 1994, ASSA ABLOY's turnover has increased from SEK 3 to 33 billion through both organic growth and acquisitions and at the same time profitability has increased continuously. Today the Group has 32,000 employees in some 50 countries and a market share of more than 10 percent.

Organisation

ASSA ABLOY is organised into five divisions, three regional; EMEA, Americas and Asia Pacific and two global; Global Technologies and Entrance Systems. Global Technologies is the Group's global division with products mainly for access control, secure issuance of cards, RFID identification technology and electronic lock products for hotels. Entrance Systems is a global supplier of single source solutions and services for automatic doors.

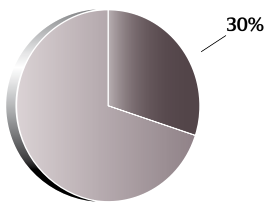
The security market

ASSA ABLOY has a broad product portfolio to cover the widely varying needs of for example airports, schools, healthcare, offices and homes. Growth in the security market is mainly fuelled by a general trend toward higher security. As crime, violence and terrorism have increased, the global threat situation has changed. The growing uncertainty in the world puts security high on the agenda, pushing the development of increasingly advanced solutions and upgrades of existing security systems.

2007 in summary

- 17 companies were acquired during the year adding to annual sales by about SEK 1,800 m.
- The Group's major acquisitions this year included Baodean (China), iRevo (Korea), Aontec (Ireland), Powershield (Northern Ireland), Pemko (North America) and Pyropanel (Australia).
- The Group continued its increased investment in product development and joint product platforms during the year.

Latour's holding in ASSA ABLOY per 31 December 2007



Portion of Latour's portfolio of listed shares

Market value, SEK m:	3,342
Latour's ownership in ASSA ABLOY:	
– share of votes, %:	16.1
– share of equity, %:	7.0
Board members connected to Latour:	Gustaf Douglas, Carl Douglas

ASSA ABLOY at a glance

A current trend in the security market is increased demand for electronic products. Yearly growth is expected to rise to 10 percent.

HID Global, part of the ASSA ABLOY Group, provides the smart card solution Crescendo, which is a multi-technology smart card for visual identification and logistical and physical access.

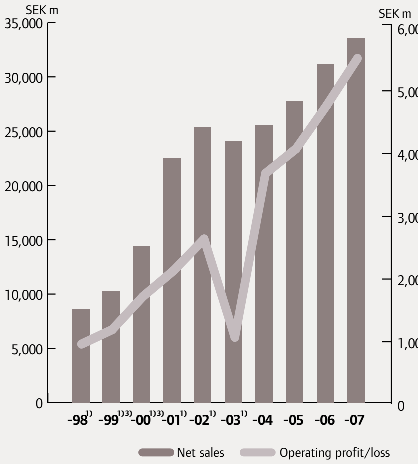
Chairman: Gustaf Douglas

CEO: Johan Molin

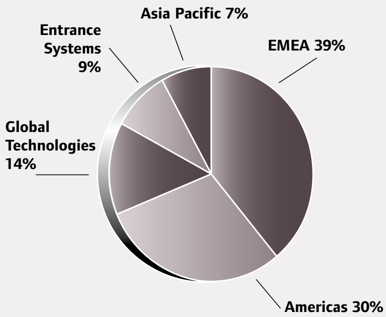
Shares: ASSA ABLOY's B share is traded on the OMX Nordic Exchange Stockholm Large Cap list under the ASSA B symbol. The company has been listed since 8 November 1994.

More information:
www.assaabloy.com

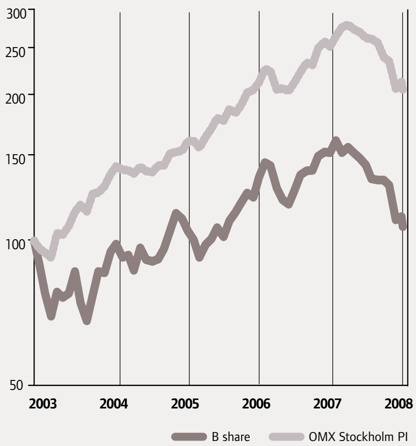
Net sales and operating profit/loss [2]



Allocation of income 2007



ASSA ABLOY share price development



[1] The accounting principles used in the years prior to 2004 are those valid for that period and not IFRSs.
[2] Not including restructuring items in 2006 of SEK –1,474 m.
[3] Figures for 1999 and 2000 have been adjusted for change in accounting principles.

Key Ratios ASSA ABLOY

	Full-year 2007	Full-year 2006
Net sales, SEK m	33,550	31,137
Operating profit/loss, SEK m	5,458	3,297
Operating margin, %	16.3	10.6
Profit/loss after net financial items, SEK m	4,609	2,626
Profit/loss per share, SEK	9.18	4.77
Equity/debt ratio, %	41.5	38.4
Dividend per share, SEK [1]	3.6	3.25
Equity per share, SEK	46.76	39.13
Share price per 31 December, SEK m	47,478	54,522

[1] Proposed dividend for 2007.

Largest owners per 31 December 2007

Owner	A	B	Total	Percent of shares	Percent of votes
Investment AB Latour	6,746,425	19,450,000 [1]	26,196,425	7.2	16.1
Säkl	7,118,818	2,300,000	9,418,818	2.6	13.6
Melker Schörling AB	5,310,080	9,162,136	14,472,216	4.0	11.6
Alecta		26,686,000	26,686,000	7.3	5.0
Swedbank Robur Funds		14,796,038	14,796,038	4.0	2.7
Oppenheimer Funds		12,940,156	12,940,156	3.5	2.4
Fidelity Funds		12,340,442	12,340,442	3.4	2.3
Harbor Funds Inc		12,033,608	12,033,608	3.3	2.2
SEB Funds		8,730,086	8,730,086	2.4	1.6
Wärtsilä Corporation		7,270,350	7,270,350	2.0	1.4
Other shareholders		221,033,895	221,033,895	60.4	41.0
Total	**19,175,323**	**346,742,711**	**365,918,034**	**100.0**	**100.0**

Based on information from SIS Ägarservice AB.
[1] 450,000 shares are owned by subsidiary Karpalund.

ELANDERS

Infomedia in practice

Elanders is an infomedia Group based on graphic production and it operates in two business areas; Infologistics and User Manuals, which concentrate their operation in the customer segments Automotive, Publishing, the Public Sector, Industry & Trade, and the Service Sector.

Elanders' operations

Our primary strategy is to offer customers in these segments global publishing solutions that cover the entire value chain, from information structuring (upstream), through the production of printed matter to efficient logistics and distribution (downstream).

Infologistics offers information structuring, advanced premedia, digital print, offset print and fulfilment services directed towards all customer segments. Operations are based in Sweden, Norway, Great Britain, Germany and Brazil.

User Manuals specialises in highly efficient deliveries of user information to mobile telephones and other consumer electronics. This business is mainly print production with extremely high demands on flexibility and short lead times. Our customers are mainly in the segment Industry & Trade, primarily in the areas mobile telephones and home electronics. Operations are based in Poland, Hungary, China, Italy and Romania.

Elanders' markets

Selling printing as a sole product meets very tough competition in Western Europe. Elanders is countering this by increasing the number of comprehensive solutions within the framework of Master Vendor®, continued expansion in Central Europe and Asia and continuous rationalisations. The Group has a dominate position in its chosen segments in Sweden and continued expansion is most likely to be generated through Master Vendor® business with an international thrust.

The segments Automotive, Industry & Trade and the Service Sector have the highest growth rate. These three segments generated 75 % of Group turnover during the period.

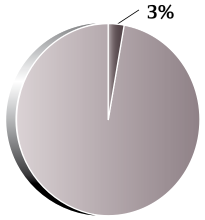
Future outlook

A positive development is predicted for 2008. Turnover is expected to increase and pre-tax profits will improve compared with pre-tax profits in 2007, excluding capital gains from the Kungsbacka property sales of SEK 40.6 m.

2007 in summary

- Increase in turnover by 21 percent, totalling SEK 2,036 (1,680) m.
- Increase in pre-tax profits to SEK 184.1 (152.3) m.
- Increase in net profits to SEK 172.2 (115.1) m or SEK 18.06 (13.00) per share.
- Recommended dividend in the amount of SEK 4.50 (2.50) per share.
- During the year the Group signed important agreements with, for example, Electrolux, Bayer, Bosch (UK), Braun, Saab Automobile and Scania.
- During the year Sommer Corporate Media in Waiblingen (Stuttgart) and 80 percent of Artcopy in São Paulo were acquired for a total of SEK 298 m.

Latour's holding in Elanders per 31 December 2007



Portion of Latour's portfolio of listed shares

Market value, SEK m:	292
Latour's ownership in Elanders:	
– share of votes, %:	14.0
– share of equity, %:	21.5
Board members connected to Latour:	Tore Åberg

ELANDERS at a glance

Elanders has production units in eleven countries.

All the large production units at Elanders are ISO certified.

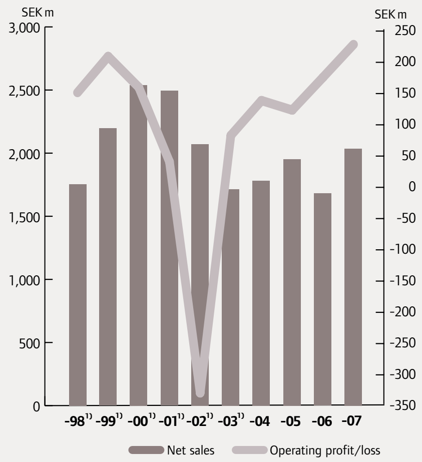
Chairman: Carl Bennet

CEO: Patrick Holm

Shares: Elanders' B share is traded on the OMX Nordic Exchange Stockholm Small Cap list under the ELAN B symbol. The company has been listed since 9 January 1989.

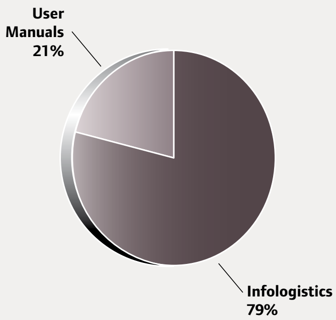
More information:
www.elanders.com

Net sales and operating profit/loss

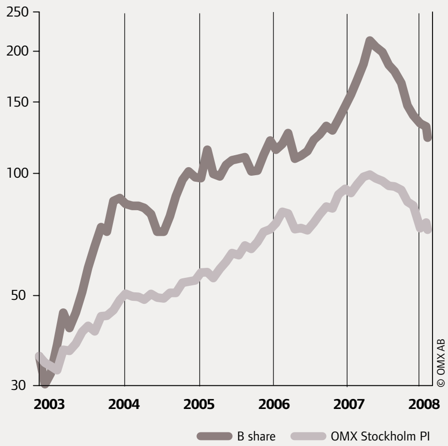


[1] The accounting principles used in the years prior to 2004 are those valid for that period and not IFRSs.

Allocation of income 2007



Elanders share price development



Key ratios Elanders

	Full-year 2007	Full-year 2006
Net sales, SEK m	2,036	1,680
Operating profit/loss, SEK m	227	174
Operating margin, %	11.14	10.36
Profit/loss after net financial items, SEK m	184	152
Profit/loss per share, SEK	18.06	13.00
Equity/debt ratio, %	38.9	33.9
Dividend per share, SEK [1]	4.50	2.50
Equity per share, SEK	88.54	62.83
Share price per 31 December, SEK m	1,357	1,203

[1] Proposed dividend for 2007.

Largest owners per 31 December 2007

Owner	A	B	Total	Percent of shares	Percent of votes
Investment AB Latour		2,102,000	2,102,000	21.5	14.0
Bennet Carl AB	583,333	925,456	1,508,789	15.5	45.0
HQ Funds		901,033	901,033	9.2	6.0
Livförsäkringsaktiebolaget		860,174	860,174	8.8	5.7
Odin Funds		462,991	462,991	4.7	3.1
Carnegie Funds		424,800	424,800	4.4	2.8
SEB Funds		200,000	200,000	2.0	1.3
Radar Funds		149,275	149,275	1.5	1.0
Other shareholders		3,155,937	3,155,937	32.4	21.1
Total	**583,333**	**9,181,666**	**9,764,999**	**100.0**	**100.0**

Based on information from VPC.

FAGERHULT

Where light is an exact science

Light is the starting place for many forms of art. Light does not just make people feel good physically and mentally, it is also a prerequisite for aesthetical experiences. At Fagerhult light is an exact science; something that can be measured, quantified and controlled.

Expertise concerning lighting that protects people in parks, creates a cheerful atmosphere in public and private environments, stimulates the workplace and stores is Fagerhult's foundation. Fagerhult manages and develops technological expertise in lighting in four business areas.

Professional Lighting

The Group's largest business area, representing 70 percent of the company's sales, is Professional Lighting. The business area comprises sales of indoor lighting for public environments such as offices, hospitals, industries, etc. Brands in the business area include Fagerhults Belysning, Ateljé Lyktan, Whitecroft Lighting, Project Lighting and Eagle Lighting.

Retail Lighting

Retail Lighting is the second largest business area with 17 percent of total sales. The business area comprises sales of lighting systems, lighting sources and services to retail stores. The target group is chain stores. Brands in the business area include Fagerhult Retail, Whitecroft Lighting, Eagle Lighting Group and WACO.

Outdoor Lighting

Outdoor Lighting represents 6 percent of total sales. The business area comprises sales of outdoor products for the lighting of buildings, parks, recreational areas, paths, etc. Brands in the business area include Ateljé Lyktan, Fagerhults Belysning, Whitecroft Lighting and Elenco.

Home Lighting

Home Lighting comprises lighting for hotels, conference centres, public premises and the home environment and represents 7 percent of total sales. Belid is a brand in the Group.

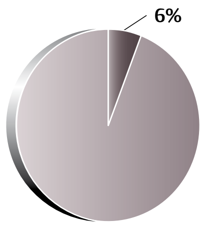
Development in line with our strategy

Fagerhult is in the third phase of the strategy drawn up in 2004. From our base in Sweden the company has expanded its operations in Europe, broken into markets in the new EU countries and initialised a globalisation process. The most significant events in this strategy include the acquisition of Whitecroft, which immediately gave the company a leading market position in Great Britain, the establishment of production in China, the step into the Arab world through operations in The United Arab Emirates, and a presence in Australia through Eagle Lighting.

2007 in summary

- Belgium: Acquisition of 50 percent of Belgian lighting company WACO with the option to buy the remaining 50 percent of the shares in 2009.
- The acquisition of Eagle Lighting in Australia creates a strong platform on the rapidly growing Australian market.
- The acquisition of Project Lighting Equipment Ltd in Ireland creates a platform on the Irish market.
- Design awards: The luminaire Open Box receives the prestigious design award Red Dot: Best of the Best.
- Rationalisation: The plant in Örnsköldsvik was shut down.

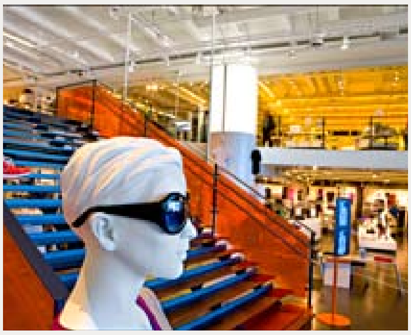
Latour's holding in Fagerhult per 31 December 2007



Portion of Latour's portfolio of listed shares

Market value, SEK m:	622
Latour's ownership in Fagerhult:	
– share of votes, %:	32.6
– share of equity, %:	32.6
Board members connected to Latour:	Eric Douglas, Fredrik Palmstierna,
	Jan Svensson

Fagerhult at a glance



Fagerhult is the supplier of the newly developed lighting Marathon at Stadium XXL, Gothenburg.

Orosso, designed by Olle Lundberg, is a unique luminaire full of life, which utilises the light to the fullest to enhance the design encounter.

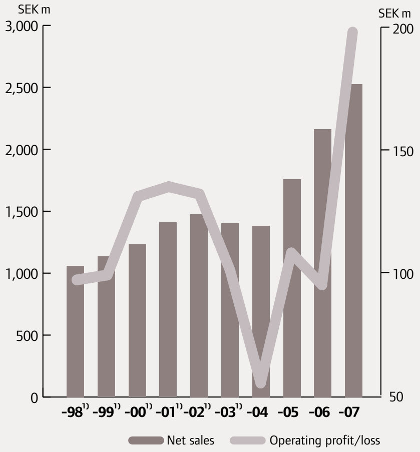
Chairman: Anders Frick

CEO: Per Borgvall

Shares: The Fagerhult share is traded on the OMX Nordic Exchange Stockholm Mid Cap list under the FAG symbol. The company was listed on the Stockholm Stock Exchange in 1997 and was previously listed on the O-list.

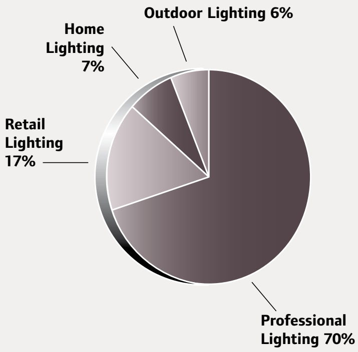
More information:
www.fagerhultgroup.com

Net sales and operating profit/loss[2)]

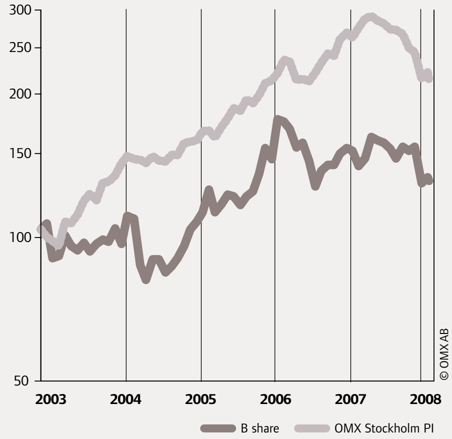


[1)] The accounting principles used in the years prior to 2004 are those valid for that period and not IFRSs.

Allocation of income 2007



Fagerhult share price development



Key ratios Fagerhult

	Full-year 2007	Full-year 2006
Net sales, SEK m	2,527	2,162
Operating profit/loss, SEK m	198	95
Operating margin, %	7.8	4.4
Profit/loss after net financial items, SEK m	190	83
Profit/loss per share, SEK	10.69	4.60
Equity/debt ratio, %	35.0	35.0
Dividend per share, SEK [1)]	4.50	3.75
Equity per share, SEK	47.80	42.25
Share price per 31 December, SEK m	1,992	1,928

[1)] Proposed dividend for 2007.

Largest owners per 31 December 2007

Owner	Total	Percent of shares	Percent of votes
Investment AB Latour	4,106,800	32.6	32.6
Gustaf Douglas, family and companies	2,644,000	21.0	21.0
Säkl	1,850,000	14.7	14.7
Svensson Family, foundation and companies	945,025	7.5	7.5
Fourth AP Fund	394,400	3.1	3.1
Lannebo Fund	315,425	2.6	2.6
MSIL IPB Account, Great Britain	183,294	1.5	1.5
Palmstierna Family	182,105	1.5	1.5
The Knowledge Foundation, Sweden	140,000	1.1	1.1
Other shareholders	1,821,951	14.4	14.4
Total	**12,583,000**	**100.0**	**100.0**

Based on information from VPC.

MUNTERS

Environmentally friendly and energy efficient technologies

Munters' vision is to be a global leader in energy efficient air treatment solutions and restoration services based on expertise in humidity and climate control technologies.

Manufacturing, sales and services are carried out by some 4,300 employees in companies in more than 30 countries. Customers are served in a wide range of segments of which the largest include insurance, food, pharmaceutical, and electronic industries.

Strategic focus

Munters is focused on market segments with good growth potentials, where the Group can create a strong global position and good profitability. By successively broadening and integrating the product and services portfolio, Munters is increasing its role in the value chain within selected niches, at the same time as its market potential increases. The annual value of the potential market is estimated by Munters to be worth approximately SEK 70 billion, with a market share of about 10 percent.

Financial targets

Shareholder value will be created through high growth combined with good margins and a high rate of capital turnover. The board of directors has established the following financial targets:

- Sales growth of 10 percent per year over a period of several years
- Operating margin of 10 percent
- Capital turnover rate of 3 times

Each division and business unit has individual targets for these key figures that have been adapted to suit their particular conditions.

Global divisions

Munters has three global divisions. Within the two product divisions, three focused markets can be distinguished: industrial-process air treatment, comfort-oriented climate control, and climate control for the AgHort industry.

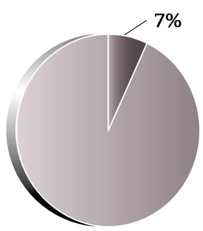
Within these focus markets, Munters applies a number of core technologies like Dehumidification, Air cooling and heating, Humidification, Mist elimination, Heat-exchange technology, and Contaminant elimination.

Within the MCS service division, Munters continues to build on its position as a world leader in damage restoration and temporary climate control by leveraging the ongoing global consolidation within the insurance and damage restoration sectors.

2007 in summary

- Order intake rose by 11 percent to SEK 6,407 (5,761) m. Adjusted for acquisitions, divestitures and currency effects, the increase amounted to 6 percent.
- Net turnover amounted to SEK 6,262 (5,712) m, an increase of 10 percent and adjusted 6 percent.
- Net profit increased to SEK 336 (328) m.
- Earnings per share amounted to SEK 4.49 (4.40).
- A dividend of SEK 2.50 per share (2.25) is proposed.

Latour's holding in Munters per 31 December 2007



Portion of Latour's portfolio of listed shares

Market value, SEK m:	832
Latour's ownership in Munters:	
– share of votes, %:	14.8
– share of equity, %:	14.6
Board members connected to Latour:	Jan Svensson

Munters at a glance

In places where people meet indoor air is extremely important. Munters offers energy efficient solutions for controlling humidity, air cooling and heating.

Dehumidifying and sanitising instead of renovating or rebuilding means lower environmental impact.

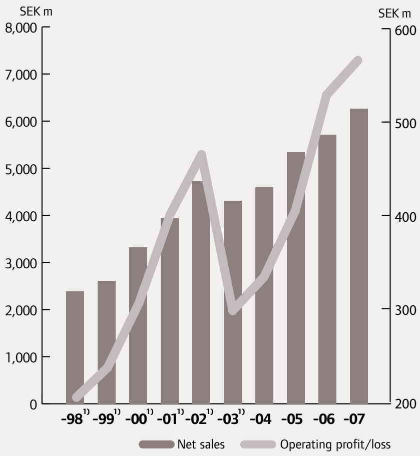
Chairman: Berthold Lindqvist

CEO: Lars Engström

Shares: The Munters share is traded on the OMX Nordic Exchange Stockholm Mid Cap list under the MTRS symbol. The share has been listed since 21 October 1997.

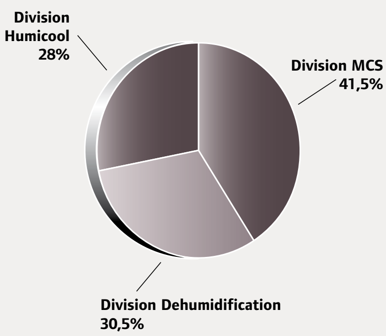
More information:
www.munters.com

Net sales and operating profit/loss[2]

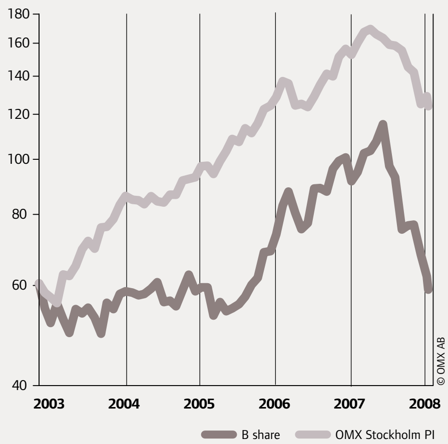


[1] The accounting principles used in the years prior to 2004 are those valid for that period and not IFRSs.
[2] Not including items affecting comparability in 2000 of SEK 15 m.

Allocation of income 2007



Munters share price development



Key ratios Munters

	Full-year 2007	Full-year 2006
Net sales, SEK m	6,262	5,712
Operating profit/loss, SEK m	566	529
Operating margin, %	9.0	9.3
Profit/loss after net financial items, SEK m	526	514
Profit/loss per share, SEK	4.49	4.40
Equity/debt ratio, %	31.1	47.9
Dividend per share, SEK [1]	2.50	2.25
Equity per share, SEK	16.16	20.33
Share price per 31 December, SEK m	5,756	7,925

[1] Proposed dividend for 2007.

Largest owners per 31 December 2007

Owner	Total	Percent of shares	Percent of votes
Investment AB Latour	10,950,000	14.6	14.8
AB Industrivärden	10,950,000	14.6	14.8
AFA Försäkring	5,836,100	7.8	7.9
Swedbank Robur Fonder	4,582,194	6.1	6.2
State of New Jersey, USA	3,600,000	4.8	4.9
The Fourth AP Fund	2,506,950	3.4	3.4
AMF Pension	2,090,000	2.8	2.8
Nordea Funds	1,507,698	2.0	2.0
Enter Funds	1,338,600	1.8	1.8
SHB/SPP Funds	1,280,559	1.7	1.7
Other shareholders	30,357,899	40.4	39.7
Total	**75,000,000**	**100.0**	**100.0**

Based on information from VPC.

NEDERMAN

Creates environmentally friendly and safe working environments

Nederman is an environmental technology company that develops environmental solutions. It began with fans to improve ventilation in workshops and industries. Today Nederman provides a wide range of products and systems for capturing and filtering polluted air and harmful particles.

The philosophy of the company has always been to create a clean, safe and effective working environment. We supply our customers with comprehensive solutions featuring everything from pre-studies and project work to installation, start-up and service.

The company is organised in two business areas: Extraction and Filter Systems and Hose and Cable Reels.

A global company

Nederman has its own sales organisation in 24 countries.

Europe is Nederman's largest market, representing 79 percent of total sales. New Markets are expanding rapidly, primarily in India and China, two markets where we see huge potential for equipment that will improve the working environment. To meet the greater demand from Asia Nederman established an assembly and logistics unit in the Shanghai area at the beginning of 2008.

During 2006 and 2007 we opened our own sales companies in the abovementioned countries as well as in Brazil, Australia, Slovakia, Romania and Hungary. Nederman's core segments are in Metal Fabrication, Composite Manufacturing, Automotive Service, and Food, Chemistry and Pharmaceutical industries.

Increased awareness of environmental issues

The interest in personal working environments and environmental issues has increased in recent years. This is a global trend. We are becoming more aware of the importance of a clean, healthy environment where we have the chance to influence developments. In many countries this has meant the introduction of new laws and stricter regulations. This is a development that we can expect to continue.

Leader in a fragmented market

The market in Nederman's areas of operations is very fragmented with many small and local businesses, often aimed towards a single customer segment.

Nederman, being a global player, offers complete solutions to a larger number of customer segments.

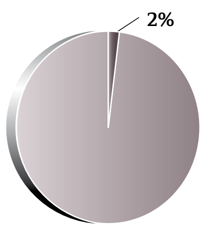
Nederman's future strategy

Nederman continues to develop new markets and new customer segments. We are expanding through increased sales of systems directly to the end user and through an increased focus on after sales activities.

2007 in summary

- Nederman is listed on the OMX Nordic Exchange Stockholm (May 2007)
- Acquisition of Belgian installation and service company LEDA
- Establishment in South America through the acquisition of AtSource Exaustao Localizada, Brazil
- EQT sells its shareholding and Latour acquires a major block of Nederman shares
- Acquisition of Fumex Installations Ltd, England

Latour's holdings in Nederman per 31 December 2007



Portion of Latour's portfolio of listed shares

Market value, SEK m:	220
Latour's ownership in Nederman:	
– share of votes, %:	23.2
– share of equity, %:	23.2
Board members connected to Latour:	No representative has been chosen

Nederman at a glance

One of Nederman's core segments is the composite manufacturing industry where we produce, for example, wind turbine blades, cars, boats, and aircraft.

Clean, safe and efficient working environments are Nederman's focus. We offer, for example, filtering of harmful particles.

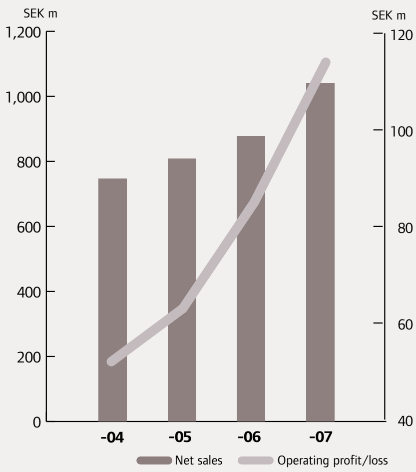
Chairman: Anders Scharp

CEO: Sven Kristensson

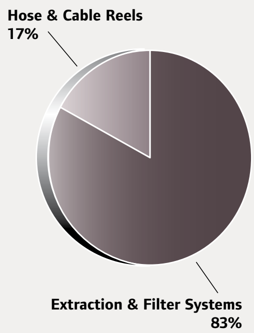
Shares: The Nederman share was listed on the OMX Nordic Exchange Stockholm Small Cap list on 16 May 2007. The share is traded under the NMAN symbol.

More information:
www.nederman.com

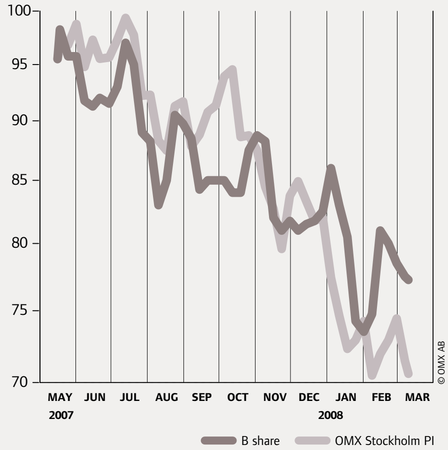
Net sales and operating profit/loss



Allocation of income 2007



Nederman share price development



Key ratios Nederman

	Full-year 2007	Full-year 2006
Net sales, SEK m	1,041	878
Operating profit/loss, SEK m	114	85
Operating margin, %	11.0	9.7
Profit/loss after net financial items, SEK m	105	76
Profit/loss per share, SEK	6.42	4.73
Equity/debt ratio, %	50.2	49.0
Dividend per share, SEK [1]	2.50	0.00
Equity per share, SEK	38.56	32.15
Share price per 31 December, SEK m	967	–

[1] Proposed dividend for 2007.

Largest owners per 31 December 2007

Owner	Total	Percent of shares	Percent of votes
Investment AB Latour	2,713,934	23.2	23.2
IF Skadeförsäkringar	1,125,300	9.6	9.6
Ernström Finans	890,500	7.6	7.6
Management & Board	837,907	7.2	7.2
Explora Smallcap Fund	657,650	5.6	5.6
SHB Institutional Client Account	502,807	4.3	4.3
Carnegie Fond Småbolag	380,000	3.2	3.2
BP/Henderson Pan European	354,350	3.0	3.0
Nordea Bank Finland	334,700	2.9	2.9
Clearstream Banking	291,295	2.5	2.5
Other shareholders	3,626,897	30.9	30.9
Total	**11,715,340**	**100.0**	**100.0**

Based on information from VPC.

OEM INTERNATIONAL

One of Europe's leading tech trading companies

OEM International is one of Europe's leading trading companies in industrial components and systems. The Group is comprised of 26 operating units active in 13 countries.

Operations
Our business concept is, in short, to sell components and systems from leading manufacturers to industrial companies in Northern Europe. Customers are offered expertise in products and applications and a broad range of components and systems. Simply described, OEM is a local alternative to suppliers having their own subsidiaries, and this gives it a marketing and sales responsibility for the products the company trades.

The Group is divided into four business lines
OEM Automatic; Components for industrial automation
OEM Electronics; Appliance components, circuit board components, EMC/microwave components
Cyncrona; Production equipment and components for electronics production
Development; Rolling warehouses, warehouse solutions, seals and pumps.

Increased sales to traditional industry
Group turnover increased by 2 percent to SEK 1,482 (1,448) m. Sales to traditional industry increased by 14 percent while sales to the electronics sector shrunk by 16 percent. Acquired units contributed to turnover by around SEK 40 m in 2007. Order intake increased by 3 percent to SEK 1,509 (1,463) m. The order stock per 31 December 2007 amounted to SEK 254 (214) m. Pre-tax profits increased by 9 percent to SEK 139 m. Not including property sales, profit amounted to SEK 126 (125) m.

Continued focus on acquisitions
During the year three companies were acquired.

Crouzet AB, which is active in automation components, was acquired in February. The company has been integrated into OEM Automatic and contributes to the Group sales by approximately SEK 30 m annually.

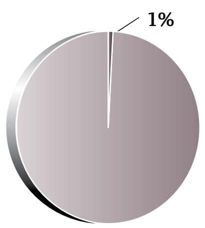
MPX Elektra ApS in Denmark, which works with industrial batteries, was acquired in September. The company has a turnover of approximately DKK 14 m annually.

Klitsö Processtechnic AS in Denmark, which markets valves and pneumatics, was acquired in December. The company had a turnover of DKK 71 m in 2007.

2007 in summary
- Continued investment in expansion
  - Establishment in three new markets
  - Three acquisitions
  - Sales to traditional industry increased by 14 percent
  - Sales to the electronics sector shrunk by 16 percent
  - Profit amounted to SEK 126 (125)* m

* *Comparable figures for 2006 do not include the divested hydraulic operations and property.*

Latour's holdings in OEM per 31 December 2007



Portion of Latour's portfolio of listed shares

Market value, SEK m:	74
Latour's ownership in OEM:	
– share of votes, %:	11.3
– share of equity, %:	7.5
Board members connected to Latour:	Jan Svensson

OEM at a glance

OEM International was founded in 1974 and its headquarters are in Tranås (see photo). 2007 was the company's best year ever.

Fuji XPF mounting machine for circuit card production.

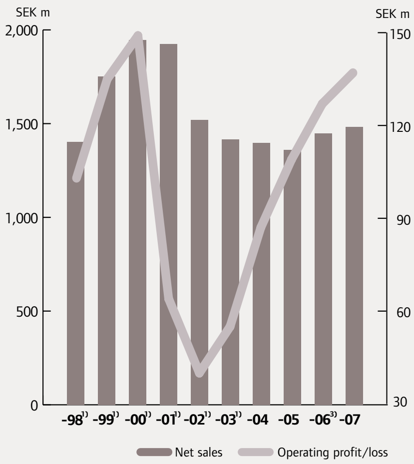
Chairman: Jan Svensson

CEO: Jörgen Zahlin

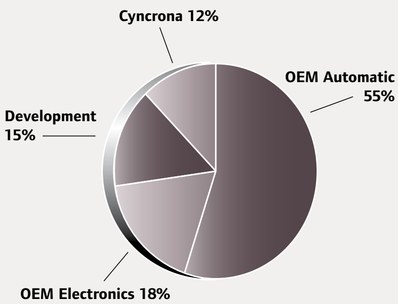
Shares: The OEM share is traded on the OMX Nordic Exchange Stockholm Small Cap list under the OEM B symbol. The share has been listed since December 1983.

More information:
www.oem.se

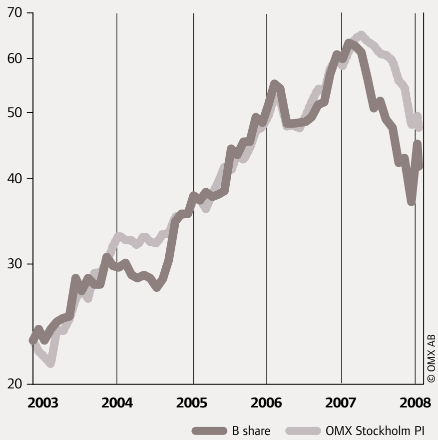
Net sales and operating profit/loss[2]



Allocation of income 2007



OEM share price development



1) The accounting principles used in the years prior to 2004 are those valid for that period and not IFRSs.
2) Not including items affecting comparability in 2004 of SEK 16 m.
3) Exclusive of the sold hydraulics operations

Key ratios OEM

	Full-year 2007	Full-year 2006
Net sales, SEK m	1,482	1,448
Operating profit/loss, SEK m	137	127
Operating margin, %	9.2	8.8
Profit/loss after net financial items, SEK m	139	127
Profit/loss per share, SEK	4.43	7.84
Equity/debt ratio, %	58.9	67.2
Dividend per share, SEK [1)	3.00	2.83
Equity per share, SEK	22.88	27.65
Share price per 31 December, SEK m	994	1,460

1) Proposed dividend for 2007.

Largest owners per 31 December 2007

Owner	A	B	Total	Percent of shares	Percent of votes
Orvar Pantzar	1,627,320	2,802,360	4,429,680	19.1	28.9
Hans Franzén, family	1,280,376	1,381,590	2,661,966	11.5	21.5
Agne Svenberg, family	1,223,400	475,986	1,699,386	7.3	19.2
Investment AB Latour	636,000	1,100,000	1,736,000	7.5	11.3
Lannebo Funds		1,555,701	1,555,701	6.7	2.4
AFA Försäkringar		1,214,525	1,214,525	5.2	1.8
Livförsäkringsaktiebolaget		619,800	619,800	2.7	0.9
AB Traction		609,000	609,000	2.6	0.9
Länsförsäkringar Jönköping		420,000	420,000	1.8	0.6
Fourth AP Fund		376,200	376,200	1.6	0.6
Other shareholders		7,847,051	7,847,051	34.0	11.9
Total	**4,767,096**	**18,402,213**	**23,169,309**	**100.0**	**100.0**

Based on information from VPC.

SECURITAS

A leader in security proficiency

Securitas' business is all about security. By focusing on solutions that are suited to customers' individual needs Securitas creates sustainable growth and profitability on all markets.

Securitas has a number of customers in many different trades and segments, among them are authorities, airports, sensitive infrastructure, offices, banks, shopping centres, hotels, manufacturing industries, mines, hospitals, housing estates and advanced technology IT companies. Since customers vary in size – from the local grocers to conglomerates – security solutions are as many facetted.

Customer focus

In order to deliver tailor-made solutions to such a diverse customer base Securitas' organisation is both flat and vertical in structure. The base of the company's operative business is spread out geographically and decentralised to be close to customers. In addition, there are branches specially concentrated on specific customer segments, such as the petrochemical industry, mass transit and the finance sector, in the regions where there is a demand and volume large enough to offer these services.

The company's core business is security and our primary business lines are specialised guarding, mobile services, monitoring and consulting and investigations as well as valuables transport services. Securitas is found in more than 30 countries in North America, South America, Europe and Asia, and it has more than 250,000 employees. Securitas' divisions are Security Services North America, Security Services Europe, Mobile and Monitoring and Loomis, a specialised division for valuables transport services which will be listed on the stock market at the end of 2008.

The forces behind good market growth

The rapid welfare improvements in many developing countries and society's increasing complexity with growing costs for disturbances and protection are strong forces behind continued good growth in the security trade.

The Group's market share of the global guarding business is around 12 percent. Securitas is one of the market leaders in several of the markets we are active in.

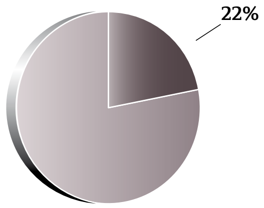
Strategy for the future

During the second half of 2007 Securitas began implementing its business strategy for the future. The strategy entails, in short, further specialisation and segmentation in the division Security Services, creating growth through investments and acquisitions in Mobile and Monitoring and expanding our global presence through acquisitions in new markets.

2007 in summary

- New President and CEO Alf Göransson in place in March
- Implementation of our business strategy for the future in the second half of 2007
- Stable operations in Security Services and Mobile and Monitoring
- Securitas' financial results were affected negatively by problems in Loomis during the year, particularly Loomis Cash Management (LCM) in Great Britain

Latour's holdings in Securitas per 31 December 2007



Portion of Latour's portfolio of listed shares

Market value, SEK m:	2,425
Latour's ownership in Securitas:	
– share of votes, %:	12.1
– share of equity, %:	7.4
Board members connected to Latour:	Gustaf Douglas, Carl Douglas
	Fredrik Palmstierna

Securitas at a glance

Securitas' employees often represent the company in public, as here in a reception in Poland.

Small and middle-sized stores are an important customer group, as here in a shopping mall in Norway.

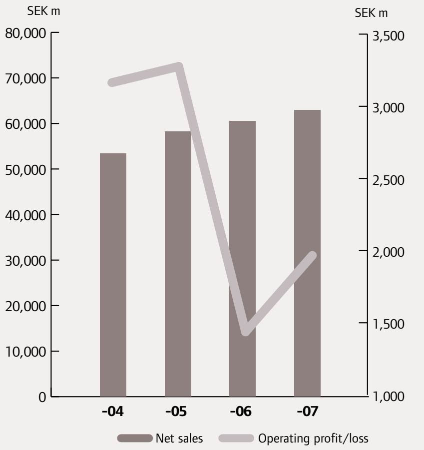
Chairman: Melker Schörling

CEO: Alf Göransson

Shares: The Securitas share is traded on the OMX Nordic Exchange Stockholm Large Cap list under the SECU B symbol. The share was listed on the Stockholm Stock Exchange in December 1991.

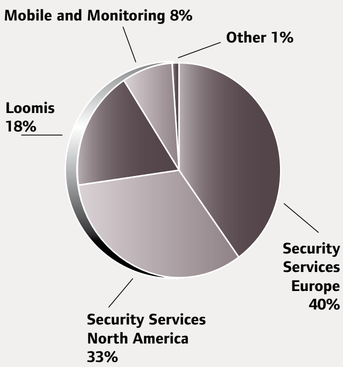
More information:
www.securitas.com

Net sales[1] and operating profit/loss[1]

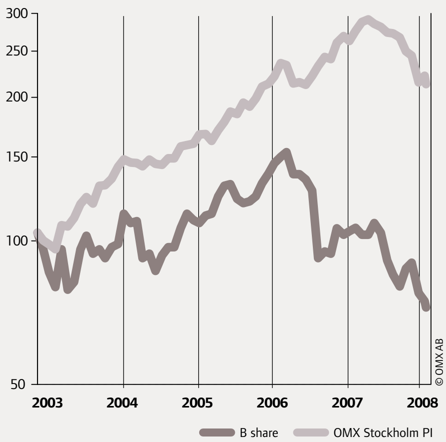


[1] Refers to reported items not including Securitas Direct and Securitas Systems.

Allocation of income 2007



Securitas share price development



Key ratios Securitas

	Full-year 2007	Full-year 2006
Net sales, SEK m	62,908	60,523
Operating profit/loss, SEK m	1,967	1,437
Operating margin, %	3.1	2.4
Profit/loss after net financial items, SEK m	1,397	883
Profit/loss per share, SEK	1.44	1.41
Equity/debt ratio, %	22.0	27.0
Dividend per share, SEK [1]	3.10	3.10
Equity per share, SEK	24.14	26.31
Share price per 31 December, SEK m	32,855	38,788

[1] Proposed dividend for 2007.

Largest owners per 31 December 2007

Owner	A	B	Total	Percent of shares	Percent of votes
Säkl	8,642,600	4,000,000	12,642,600	3.5	17.4
Investment AB Latour	4,000,000	23,090,000	27,090,000	7.4	12.1
Melker Schörling AB	4,500,000	12,701,500	17,201,500	4.7	11.1
Alecta		34,510,000	34,510,000	9.5	6.6
JP Morgan Chase Bank		17,280,884	17,280,884	4.7	3.3
Goldman Sachs International		13,379,358	13,379,358	3.7	2.6
UBS AG LND IPB		10,874,860	10,874,860	3.0	2.1
Morgan Stanley & Co Inc		9,841,587	9,841,587	2.7	1.9
Caceis Bank		8,787,281	8,787,281	2.4	1.7
Didner & Gerge		7,609,000	7,609,000	2.1	1.5
Other shareholders		205,841,827	205,841,827	56.4	39.7
Total	**17,142,600**	**347,916,297**	**365,058,897**	**100.0**	**100.0**

Based on information from VPC.

SECURITAS DIRECT

Alarms for homes and small businesses

Securitas Direct is a leading service company that offers homes and smaller companies high quality security services based on a standardised range of alarm surveillance products.

The platform for Securitas Direct's success is a combination of a strong focus on growth, scalable concepts and well developed network of local entrepreneurs. Securitas Direct's offer contains several stages in a value chain consisting of burglary alarms, installation and service, handling alarm signals in alarm centrals and following up alarms with some kind of action. Securitas Direct is active in every stage of the chain except apprehension where guards or the police step in.

Securitas Direct's organisation is made up of some 4,700 employees and around 280 local partner companies. Proximity to the customer is a central part of the company's strategy.

Goals

Long-term operative goals

- Customer departures shall be less than six percent annually
- Repayment time for investments in new customers shall be less than four years
- Annual net growth in our customer portfolio of over 20 percent

Strategy

Securitas Direct's strategy is to continue to grow profitably. Growth will take place organically in part through greater penetration in existing markets and in part through establishment on new markets and in new customer segments.

Greater focus on sales

More than 90 percent of Securitas Direct's new sales are generated through the company's own market prospecting and new customer searches, either through its own sales corps or via partners. The best part of sales in the Nordic market is through partners while most of sales in the Iberia and Central markets are generated by Securitas Direct's own sales corps.

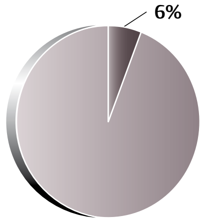
Markets with growth potential

Securitas Direct's potential markets in Europe consist of around 170 million homes and 30 million smaller businesses. The number of alarms containing some kind of monitoring and action-taking is estimated at 7–8 million, which means a market penetration of around four percent in Europe. Annual market growth is estimated at 600,000 to 700,000 net subscriptions. The level of penetration in the American market is some 20 percent. The low level of penetration on the European market is an open door to long-term growth.

2007 in summary

- Continued strong growth, 120,000 new customers.
- Improved profitability and quality in the portfolio.
- Public cash offer by ESML Intressenter for Securitas Direct on 13 November 2007. On 17 March 2008 EQT announced that it planned to follow through on the offer at SEK 27.50.

Latour's holdings in Securitas Direct per 31 December 2007



Portion of Latour's portfolio of listed shares

Market value, SEK m:	696
Latour's ownership in Securitas Direct:	
– share of votes, %:	12.1
– share of equity, %:	7.4
Board members connected to Latour:	Gustaf Douglas

Securitas Direct at a glance

Securitas Directs' products and services offer security and are experienced as simple and trouble free.

Patrol – local roots and full control twenty-four hours a day.

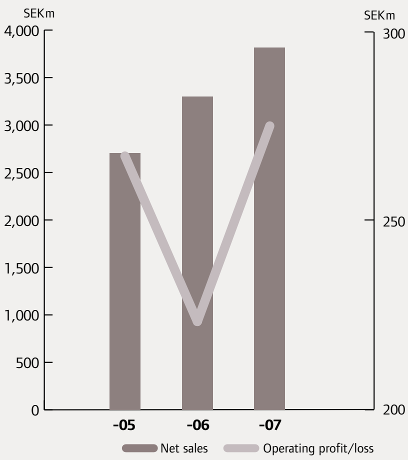
Chairman: Ulf Mattsson

CEO: Dick Seger

Shares: The Securitas Direct share was listed on the OMX Nordic Exchange Stockholm Mid Cap list on 29 September 2006. It is traded under the symbol SDIR B.

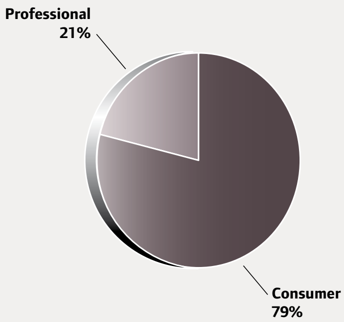
More information:
www.securitas-direct.com

Net sales[1)] and operating profit/loss[1)]

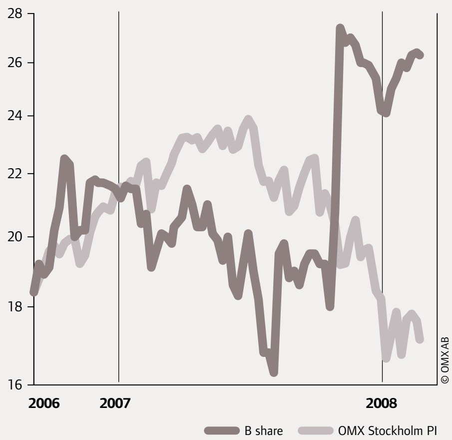


[1)] The company was created in 2006 as an offshoot from Securitas. The information given for 2005 and 2006 is pro forma.

Allocation of income 2007



Securitas Direct share price development



Key ratios Securitas Direct

	Full-year 2007	Full-year 2006
Net sales, SEK m	3,816	3,301
Operating profit/loss, SEK m	275	223
Operating margin, %	7.2	6.8
Profit/loss after net financial items, SEK m	265	214
Profit/loss per share, SEK	0.49	0.39
Equity/debt ratio, %	61.0	63.0
Dividend per share, SEK	0.00	0.00
Equity per share, SEK	4.63	4.01
Share price per 31 December, SEK m	9,455	7,922

Largest owners per 31 December 2007

Owner	A	B	Total	Percent of shares	Percent of votes
Säkl	8,642,600	4,000,000	12,642,600	3.5	17.4
Investment AB Latour	4,000,000	23,090,000	27,090,000	7.4	12.1
Morgan Stanley & Co Inc, W9		57,869,686	57,869,686	15.9	11.1
Melker Schörling with family and company	4,500,000	11,759,300	16,259,300	4.5	10.9
Goldman Sachs & Co		57,823,570	57,823,570	15.8	11.1
JP Morgan Chase		17,844,053	17,844,053	4.9	3.4
The Fourth AP Fund		17,088,859	17,088,859	4.7	3.3
Swedbank Robur Funds		11,845,835	11,845,835	3.7	2.6
UBS AG London		12,263,508	12,263,508	3.4	2.4
Other shareholders		134,331,486	134,331,486	36.2	25.7
Total	**17,142,600**	**347,916,297**	**365,058,897**	**100.0**	**100.0**

Based on information from VPC.

SECURITAS SYSTEMS

– for customers that prioritise security

Systems offers and integrates innovative IT based security and surveillance solutions to companies and organisations with a high risk and rapid growth. Based on thorough risk analyses Systems offers solutions that provide added value and minimise disruptions in the customer's operative activities.

The company's business

Systems basically identifies risks and deliveries security to customers. Specialist knowledge about security and technology as well as a qualified analysis of the customer's processes and risks are the basis for providing the customer with the right security system at the right price.

Our security solutions allow the customer to control their risk environment in a time and cost efficient system. Systems services are based on modern technology and include access control, video surveillance and burglary and fire protection. Prioritised customer segments are bank and finance, industry, defence, healthcare and retail.

Systems long-term goal is to become a global leader in security systems.

The company focuses on growth organically and through acquisitions on the major markets in Europe and the U.S. The two primary financial goals for the company are a total increase in sales of more than 10 percent annually and a return on capital employed of more than 20 percent.

Markets

The market for security systems is very fragmented. A large section of the market consists of smaller, local companies. The market for security system integrators and security installers is estimated in total at SEK 250 billion in Europe and the U.S. This market is expected to grow on the average of 6–8 percent annually. The fragmented market provides excellent opportunities for companies that grow through technological development and globalisation.

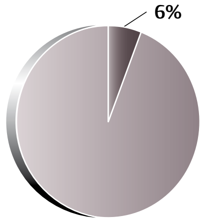
New name, new identity

Systems will change its name to Niscayah on 22 April 2008. Our motive is to create a clearer, more independent identity on the market. The new brand name underlines the company's position as a leading international partner in security technology. Systems currently has around 6,000 employees in 17 countries and operates under different brands in different countries. By changing name to Niscayah all the company's identities and strategies will be gathered under one brand.

2007 in summary

- Sales increased by 14 percent, of which 11 percent was organic
- Weakened operating margin
- Stable cash flow
- Proposed dividend of SEK 0.5 per share
- Five acquisitions announced

Latour's holdings in Securitas Systems per 31 December 2007



Portion of Latour's portfolio of listed shares

Market value, SEK m:	621
Latour's ownership in Securitas Systems:	
– share of votes, %:	12.1
– share of equity, %:	7.4
Board members connected to Latour:	Carl Douglas

Securitas Systems at a glance

Systems is a complete security partner with customers' total security need in focus.

Offering customers full-service solutions to their security needs makes Systems a single source security supplier.

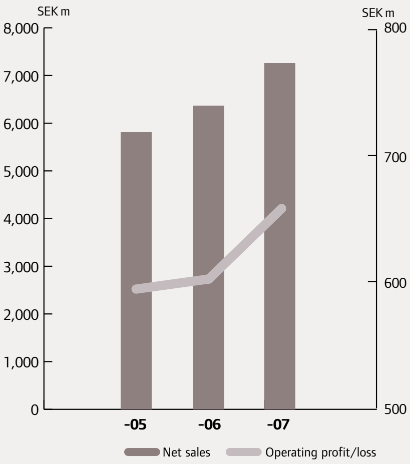
Chairman: Melker Schörling

CEO: Juan Vallejo

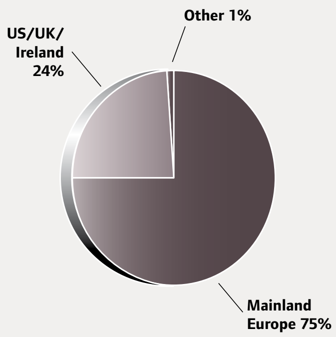
Shares: The Securitas Systems share was listed on the OMX Nordic Exchange Stockholm Mid Cap list on 29 September 2006 and is traded under the symbol SYSI.
On 22 April 2008 the company will change names and thereafter will be listed as Niscayah with the trading symbol NISC.

More information:
www.securitassystems.com

Net sales and operating profit/loss



Allocation of income 2007



Securitas Systems share price development

Key ratios Securitas Systems

	Full-year 2007	Full-year 2006
Net sales, SEK m	7,260	6,370
Operating profit/loss, SEK m	658	602
Operating margin, %	9.1	9.5
Profit/loss after net financial items, SEK m	590	491
Profit/loss per share, SEK	1.16	0.92
Equity/debt ratio, %	37.0	37.0
Dividend per share, SEK [1]	0.50	0.40
Equity per share, SEK	6.83	6.11
Share price per 31 December, SEK m	8,396	10,112

[1] Proposed dividend for 2007.

Largest owners per 31 December 2007

Owner	A	B	Total	Percent of shares	Percent of votes
Säkl	8,642,600	4,000,000	12,642,600	3.5	17.4
Investment AB Latour	4,000,000	23,090,000	27,090,000	7.5	12.1
Melker Schörling AB	4,500,000	11,759,300	16,259,300	4.5	10.9
Swedbank Robur Funds		34,473,369	34,473,369	9.4	6.6
Fidelity		17,200,000	17,200,000	4.7	3.3
Fourth AP Fund		16,361,659	16,361,659	4.5	3.2
Alecta		13,623,000	13,623,000	3.7	2.6
Didner & Gerge		12,880,000	12,880,000	3.5	2.5
SEB Funds		11,525,409	11,525,409	3.2	2.2
Nordea funds incl. Luxemburg		9,498,585	9,498,585	2.6	1.8
Other shareholders		193,504,975	193,504,975	52.9	37.3
Total	**17,142,600**	**347,916,297**	**365,058,897**	**100.0**	**100.0**

Based on information from VPC.

SWECO

Contributes to sustainable development in society

SWECO offers comprehensive expertise in technology, the environment and architecture. With 5,000 employees the Group is one of the major players in Europe and the market leader in the Nordic region, the Baltic countries and the Czech Republic in several fields.

Since our first foreign assignment in St. Petersburg, Russia in 1903 SWECO has held projects in more than 100 countries. We export projects all over the world, primarily from Sweden, Norway and Finland. In 2007 we carried out some 28,000 projects for close to 9,000 customers.

Growth with excellent profitability

2007 was another excellent year for SWECO and all our business areas were highly profitable. The operating margin amounted to 9.5 percent and operating profit increased by 20 percent to SEK 432 m. At the end of the year SWECO had 5,000 employees and a turnover of SEK 4,569 m.

Operations

In SWECO engineers, architects and environmental experts all cooperate to contribute to building a sustainable society. Consultation services are often provided at an early stage of a customer's project and include studies, analyses, strategic planning, design, construction and project planning and management. Operations are run in six business areas: SWECO Sweden, SWECO Norway, SWECO Finland, SWECO Central & Eastern Europe, SWECO Russia and the borderless industrial consultants SWECO Industry.

SWECO has subsidiaries in ten countries with 87 local offices in Europe and a further 15 around the world.

SWECO's customers are active in a great number of market segments including manufacturing, processing, environment, energy, construction, property and transportation. International customers outside of the Nordic region include industrials, contractors, power companies, governments or government agencies.

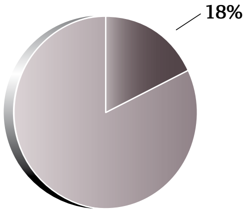
Prospects for 2008

SWECO's ambition is to continue growing with profitability by fortifying market positions in the Nordic region and in Central and Eastern Europe. The uncertainty about the economy has not affected demand for the company's services. SWECO's strong financial and market positions in, among others, water & environment and infrastructure and energy provide for long-term good development.

2007 in summary

- Strengthened market positions in Norway, Lithuania and Estonia
- New domestic markets established in The Czech Republic and Slovakia
- Operating profit improved by 20 percent to SEK 432 (362) m
- Operating margin amounted to 9.5 (9.3) percent
- Net turnover increased by 17 percent and amounted to SEK 4,569 (3,895) m

Latour's holding in SWECO per 31 December 2007



Portion of Latour's portfolio of listed shares

Market value, SEK m:	2,005
Latour's ownership in SWECO:	
– share of votes, %:	24.4
– share of equity, %:	35.6
Board members connected to Latour:	Eric Douglas

SWECO at a glance

The architects in SWECO have together with the Russian company UMACO drawn up a new concept for hotels and offices.

Bypass Stockholm is one of Sweden's biggest road projects ever – the estimated total cost is SEK 25 billion. SWECO is one of the primary consultant firms.

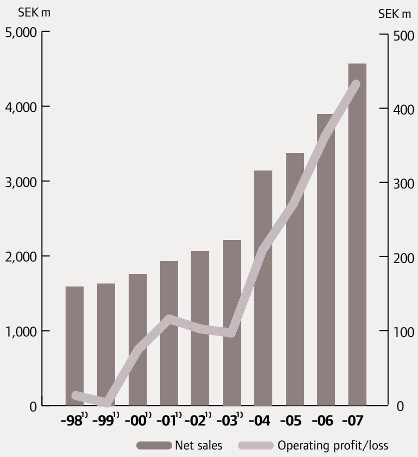
Chairman: Olle Nordström

President and CEO: Mats Wäppling

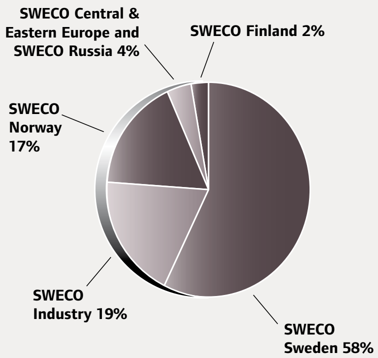
Shares: The SWECO A and B shares are traded on the OMX Nordic Exchange Stockholm Mid Cap list under the symbol SWEC A and SWEC B. The company was listed on the Stockholm Stock Exchange on 21 September 1998.

More information: www.sweco.se

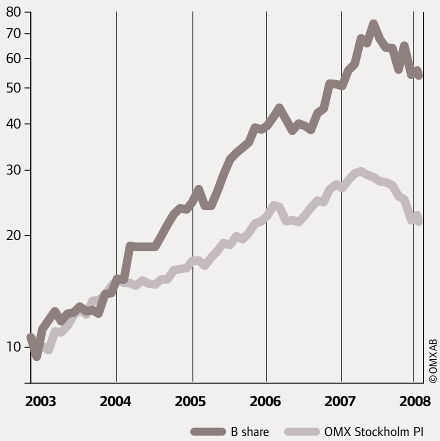
Net sales and operating profit/loss[2]



Allocation of income 2007



SWECO share price development



[1] The accounting principles used in the years prior to 2004 are those valid for that period and not IFRSs.
[2] Not including items affecting comparability in 2002 of SEK -7.1 m, 2001 of SEK 40.7 m and 2000 of SEK 407.7 m

Key ratios SWECO

	Full-year 2007	Full-year 2006
Net sales, SEK m	4,569	3,895
Operating profit/loss, SEK m	432	362
Operating margin, %	9.5	9.3
Profit/loss after net financial items, SEK m	426	364
Profit/loss per share, SEK	3.53	3.00
Equity/debt ratio, %	39.0	40.8
Dividend per share, SEK	2.00[1]	1.50
Equity per share, SEK	11.06	9.80
Share price per 31 December, SEK m	5,599	4,422

[1] Proposed dividend for 2007.

Largest owners per 31 December 2007

Owner	A	B	C	Total	Percent of shares	Percent Of votes
Family G Nordström						
(private and via companies)	5,152,445	7,820,250		12,972,695	15.0	34.7
Investment AB Latour	1,222,760	29,525,000		30,747,760	35.6	24.4
Stiftelsen J. Gust.						
Richerts minne	1,725,770	95,250		1,821,020	2.1	10.2
SSB CL OMNIBUS		6,016,900		6,016,900	7.0	3.5
Anders R Öhman	245,500	420,000		665,500	0.8	1.7
SWECO AB		1,154,306	1,000,000	2,154,306	2.5	1.3
Swedbank Robur Funds		1,966,952		1,966,952	2.3	1.2
Aktie Ansvar Funds		1,741,450		1,741,450	2.0	1.0
Helge Ax:son Johnsons						
Stiftelse		1,050,000		1,050,000	1.2	0.6
Other shareholders	1,042,600	26,235,167		27,277,767	31.5	21.4
Total	**9,389,075**	**76,025,275**	**1,000,000**	**86,414,350**	**100.0**	**100.0**

Based on information from VPC.

The Annual Accounts 2007

The Board of Directors and Chief Executive Officer of Investment AB Latour (publ) herewith present the Annual Report and the consolidated annual accounts for 2007.

CONTENTS:

Board of Directors' Report 2007

GROUP

Investment AB Latour's investment portfolio of listed companies was valued at SEK 11,129 m at the end of the year. The portfolio holding accounts are reported on page 79 in the annual accounts. The largest holdings in terms of value are Assa Abloy and Securitas. Companies in which Latour's voting share is equal to or exceeds 20 percent are reported as associated companies according to the equity method. This category includes Fagerhult, Nederman and Sweco, which are part of the investment portfolio on page 78 but are also reported as participation in associated companies in the consolidated balance sheet.

In addition, Latour has shares in about 60 wholly owned operating companies that are organised into six business areas. These are described on pages 14–27. Group operations are run by Latour's subsidiary Nordiska Industri AB and trading with shares and securities is handled by another subsidiary, Karpalunds Ångbryggeri AB.

Changes in the Group

Almedahls AB, which had a turnover of SEK 94 m in 2006, was sold at the beginning of the year. The only remaining textile company FOV Fabrics is no longer reported as a separate business area but is found under Other companies as of 2007. In the business area Machinery Trading the operations involved in the sales of machinery to the Swedish woodworking industry, which had a turnover of approximately SEK 130 m, were sold. Together these sales generated a reported profit of SEK 24 m.

AVT Industriteknik AB with an annual turnover of SEK 50 m was acquired in the business area Engineering Technology and Meptek Oy with an annual turnover of EUR 19 m was acquired in the business area Air Treatment. The business area Machinery Trading was supplemented in its tool operations by the acquisition of BBM Verktyg AB, which has a turnover of SEK 30 m.

Further information concerning acquisitions and divestitures of companies is found on pages 43 and 44.

Events after the balance sheet date

During the first quarter of 2008 the Snickers franchise companies in Denmark and Norway were acquired in the business area Hand Tools along with the acquisition of Fisco, which is an English company which manufactures measuring tapes and has worked together with Hultafors for many years.

Invoiced sales and profits

Net sales for the Group totalled SEK 6,730 m (5,313), of which foreign sales was 50 percent (44).

The Group's overall profit after financial items and tax was SEK 880 m (1,119). The operating subsidiaries reported an operating profit of SEK 652 m (710). Profits from portfolio management totalled SEK 240 m (384) before financial items. Profit from participation in associated companies totalled SEK 210 m (171).

Net financial items amounted to SEK –68 m (–33). Profit after financial items totalled SEK 1,034 m (1,232).

Tax on profits for the year was SEK –154 m (–113) of which SEK –162 m was actual tax and SEK 8 m was deferred tax.

Liquidity and financial position

The Group's liquid assets totalled SEK 152 m (166). Interest-bearing liabilities, excluding pension liabilities, totalled SEK 1,887 m (1,647), of which SEK 1,865 m (1,634) matures in less than one year. The Group's pension liabilities totalled SEK 131 m (131). Cash flow from current operations in the operating subsidiaries was SEK 395 m (421) and after investments SEK 131 m (323).

The reported equity ratio was 75 percent (78) while the adjusted equity ratio, after consideration of surplus value in associated companies, amounted to 78 percent (80). The net debt/equity ratio, adjusted for surplus value in associated companies, totalled 15 percent (13).

Personnel

The average number of employees in the Group was 3,444 (3,173), of which 774 (511) were employed abroad. Information concerning wages and remuneration as well as the allocation of the number of employees is given in note 9.

Investments

The operating subsidiaries' investments in tangible assets totalled SEK 199 m (239) of which SEK 153 m (163) was machinery and SEK 20 m (21) vehicles and

SEK 26 m (55) buildings. Of the investments made during the year SEK 33 m (103) was fixed assets in newly acquired companies. Investments in intangible assets in connection with acquisitions amounted to SEK 156 m (426).

Currency exposure

The subsidiaries' sales and purchases in foreign currencies are balanced through the Group's joint financial function. On the balance sheet date there were forward covered sales totalling SEK 427 m. Currency hedging amounted to SEK 164 m not including currency hedging through currency clauses in major import deals. With the exception of net sales in Norwegian crowns, which was about NOK 280 m, there is a relatively good balance between purchases and sales in foreign currency.

Financial risks

Information concerning Group financial risk exposure can be found on pages 81 and 82.

Board work during 2007

The board consisted of eight members elected by the Annual General Meeting in 2007. A presentation of the board of directors appears on page 92. The Group's chief financial officer was the secretary of the board. During 2007 the board held five regular meetings.

At two of these meetings the board discussed the Group's budget and subsequent forecasts. The board also discussed issues concerning portfolio investments, acquisitions and divestitures of subsidiaries and adopted the investment framework applicable to the wholly owned subsidiaries. The company's auditors attended and expressed their views at two board meetings, one concerning the annual accounts and one in connection with a report from an audit of current accounting and internal control.

The board is responsible for the company's organisation and management and makes regular assessments of the parent company's and the Group's financial position. The board has adopted written rules of procedure, which regulate, among other things, the number of board meetings, matters to be put before the board, financial reporting and instructions for the CEO.

It was deemed important that all board members be informed directly of the outcome of the auditors' work and any comments and conclusions they arrive at. For this reason, it was resolved that the board as a whole, with the exception of the CEO, should act as the auditing committee.

The Annual General Meeting of 2007 decided to appoint a nominating committee consisting of the principal shareholder and representatives for two other major owners.

Pursuant to an agreement with the affected labour unions the Group's employee representation will participate in Latour Industrier AB, which is the parent company to the wholly-owned trading and industrial subsidiaries. For this reason there are no employee representatives on the board of Investment AB Latour.

Guidelines for remuneration to senior officers

At the Annual General Meeting 2007 the following guidelines were adopted.

Remuneration to the chief executive officer and other senior officers consists of wages, variable remuneration and pension. Other senior officers are Group management and business area managers. The variable remuneration is based on targeted goals and amounts to between 25-100 percent of basic wages. The retirement age for the chief executive officer is 62, after which pension makes up 60 percent of basic wages for three years. The retirement age for all other senior officers is 65.

The board's proposed guidelines for the period up to the next Annual General Meeting will be presented in the summons to the Annual General Meeting 2008.

Environmental impact

The Latour Group runs operations required to have permits according to the Environmental Act in four of the Group's subsidiaries. The companies obliged to seek permits and submit reports are active in textile manufacturing and production in the engineering industry. Environmental impact is through emissions into the atmosphere and discharge into municipal purification plants. All affected companies have the permits necessary for their operations.

The Latour share

After the decision by the Annual General Meeting a share split was carried out whereby one old share was converted into three new shares. The number of issued shares at the end of 2007 was 131,460,000. Of these 460,000 shares were bought back at an average price of SEK 63.50. As these shares bear no entitlement to dividends, they are not included in the total number for the proposed profit distribution.

Under the conversion clause in the articles of association owners of class A shares have the right to convert them to class B shares. During the year 3,012,466 class A shares were converted to class B shares. Further information concerning the share can be found on pages 82 and 83.

PARENT COMPANY

Investment AB Latour administers the Group's investment portfolio and is the parent company of the Group.

Profit for the year after tax totalled SEK 634 m (469).

Shares were purchased for SEK 365 (364) m and sold for SEK 137 m (478).

Dividends have been received from listed companies for a total of SEK 274 m (256).

During the year 504,131 shares in Elanders were purchased and 242,869 shares were acquired through a Rights issue. The company also purchased 208,000 OEM B, 37,300 Fagerhult and 56,610 Sweco A shares. A new holding, Nederman, has been added to our investment portfolio and after Latour bought 2,713,934 shares we own 23.2 percent of the shares and votes.

Latour redeemed 30,746,750 Sweco A and B, 556,000 OEM A and B and 3,650,000 Munters shares in connection with the redemption program in Munters, OEM and Sweco. The redemption program generated capital gains of SEK 81 m.

On 13 November 2007 Latour, through ESML Intressenter, together with MSAB, Säkl and EQT made a public cash offer for Securitas Direct. SEK 26.00 per share was offered. At the end of the acceptance period of the offer owners of 54.1 percent of the shares and 67.8 percent of the votes had accepted the offer. Rather than participate in raising the price offered for Securitas Direct shares, Latour chose to sell all its shares in Securitas Direct to EQT, which then decided to extend expiration date of the offer to 14 March 2008 and raise it to SEK 27.50 per share. On 17 March EQT announced that it planned to follow through on the offer at SEK 27.50. The deal generated capital gains of SEK 645 m for Latour.

The reported equity ratio was 93 percent (94) while the adjusted equity ratio, taking into account surplus value in the investment portfolio, was 95 percent (95).

Proposed dividends and profit distribution

The board of directors proposes that the Annual General Meeting resolves to pay a dividend of SEK 3.50 (2.83) per share. The total proposed dividends amount to SEK 458.5 m.

The board of directors proposed disposition of profits is presented in its entirety on page 55.

PROSPECTS FOR 2008

A continued strong economy will make it possible to show good results for the companies in the Group's business areas. Holdings in the investment portfolio inspire confidence and reflect well run and consolidated companies. All in all, this makes for continued positive development in the Latour share.

Proposed disposition of profits

The board is of the opinion that the proposed dividend is justifiable with regard to the demands that operations impose on the size of equity taking into consideration the scope and risks of the business and with regard to the company's and Group's financial strength, liquidity and overall position.

Of parent company equity on the balance date SEK 5,109 m stemmed from assets and liabilities valued at fair value according to Chapter 4, paragraph 14a of the Annual Accounts Act.

Group equity includes changes in value amounting to the net sum of SEK 5,116 m.

The following profits are at the disposal of the shareholders' meeting:

Retained profits	SEK 2,746.2 m
Profit for the year	SEK 634.5 m
	SEK 3,380.7 m

The number of shares entitling the holder to receive dividends totalled 131,000,000 on 19 March 2008, which does not include bought-back shares. The board and the chief executive officer propose that the profits be disposed of in the following manner:

To shareholders, a dividend of SEK 3.50 per share which totals	SEK 458.5 m
To be carried forward	SEK 2,922.2 m
	SEK 3,380.7 m

The income statement and balance sheet will be presented to the Annual General Meeting on 2008-05-13 for adoption.

The board of directors and the chief executive officer hereby certify that the consolidated financial reports have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, and that they give a true and fair view of the Group's financial position and profit/loss. The Annual Report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the parent company's financial position and profit/loss. The Board of 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 profit/loss and describes significant risks and uncertainties that the parent company and the companies within the Group face.

Gothenburg, 19 March 2008

Gustaf Douglas
Chairman

Anders Böös
Member

Elisabeth Douglas
Member

Eric Douglas
Member

Bo Eveborn
Member

Fredrik Palmstierna
Member

Jan Svensson
Member/CEO

Caroline af Ugglas
Member

Our Independent Accountants' Report was given 20 March 2008.

Öhrlings PricewaterhouseCoopers AB

Lennart Wiberg
Authorised Public Accountant

Quarterly data

SEK m	2007 Q 1	2007 Q 2	2007 Q 3	2007 Q 4	2007 Full year	2006 Q 1	2006 Q 2	2006 Q 3	2006 Q 4	2006 Full year
INCOME STATEMENT										
Net sales	1,619	1,674	1,580	1,857	**6,730**	1,286	1,318	1,207	1,502	**5,313**
Cost of goods sold	–1,210	–1,240	–1,181	–1,354	**–4,985**	–957	–999	–912	–1,130	**–3,998**
Gross profit	409	434	399	503	**1,745**	329	319	295	372	**1,315**
Sales costs	–188	–204	–180	–236	**–808**	–168	–166	–145	–175	**–654**
Administration costs	–79	–83	–69	–64	**–295**	–63	–64	–50	–73	**–250**
Other operating income	27	21	13	17	**78**	16	295	17	28	**356**
Other operating costs	–11	–23	–15	–19	**–68**	–12	–10	–12	–23	**–57**
Operating profit	158	145	148	201	**652**	102	374	105	129	**710**
Profit/loss from participation in associated companies	44	79	33	54	210	38	80	18	35	**171**
Profit/loss from portfolio management	0	258	–15	–3	240	–2	207	6	173	**384**
Profit before financial items	202	482	166	252	**1,102**	138	661	129	337	**1,265**
Financial income	7	2	2	7	**18**	1	4	0	7	**12**
Financial costs	–22	–20	–19	–25	**–86**	–10	–11	–11	–13	**–45**
Profit after financial items	187	464	149	234	**1,034**	129	654	118	331	**1,232**
Taxes	–36	–38	–34	–46	**–154**	–27	–38	–14	–34	**–113**
Profit for the year	151	426	115	188	**880**	102	616	104	297	**1,119**
KEY RATIOS										
Earnings per share (SEK)	1.15	3.24	0.88	1.44	**6.71**	0.78	4.70	0.79	2.27	**8.54**
Cash flow for the period	–30	22	–72	58	**–22**	–46	53	–63	90	**34**
Adjusted equity ratio	80%	80%	77%	78%	**78%**	81%	80%	80%	80%	**80%**
Adjusted equity	12,853	13,187	11,878	12,003	**12,003**	11,259	10,342	11,008	12,467	**12,467**
TURNOVER										
Automotive	166	159	123	162	**610**	124	159	114	164	**561**
Hand Tools	255	274	262	307	**1,098**	126	134	144	141	**545**
Hydraulics	303	302	258	322	**1,185**	229	228	193	243	**893**
Air Treatment	419	470	487	555	**1,931**	327	372	334	412	**1,445**
Machinery Trading	274	289	266	329	**1,158**	206	191	209	322	**928**
Engineering Technology	154	143	155	150	**602**	117	140	132	149	**538**
Other companies and eliminations	48	37	29	32	**146**	157	94	81	71	**403**
	1,619	1,674	1,580	1,857	**6,730**	1,286	1,318	1,207	1,502	**5,313**
OPERATING PROFIT										
Automotive	9	4	5	7	**25**	8	2	–3	5	**12**
Hand Tools	28	31	33	45	**137**	8	10	16	14	**48**
Hydraulics	27	20	16	26	**89**	16	14	8	18	**56**
Air Treatment	40	59	62	76	**237**	27	42	42	48	**159**
Machinery Trading	21	21	17	27	**86**	11	4	12	26	**53**
Engineering Technology	23	15	26	12	**76**	19	19	22	20	**80**
Eliminations	1	2	–2	–2	**–1**	9	–1	1	–6	**3**
	149	152	157	191	**649**	98	90	98	125	**411**
Capital gains from acquisitions	10	1	0	13	**24**	3	278	–1	2	**282**
Other items	–1	–8	–9	–3	**–21**	1	6	8	2	**17**
	158	145	148	201	**652**	102	374	105	129	**710**
OPERATING MARGINS (%)										
Automotive	5.5	2.5	4.1	4.3	**4.1**	6.5	1.3	–2.6	3.0	**2.1**
Hand Tools	10.8	11.3	12.6	14.7	**12.5**	6.6	7.5	11.1	9.9	**8.8**
Hydraulics	9.0	6.6	6.2	8.1	**7.5**	6.9	6.1	4.1	7.4	**6.2**
Air Treatment	9.6	12.6	12.7	13.7	**12.3**	8.3	11.3	12.6	11.7	**11.0**
Machinery Trading	7.8	7.3	6.4	8.2	**7.4**	5.1	2.1	5.7	8.1	**5.7**
Engineering Technology	15.2	10.5	16.8	8.0	**12.7**	16.4	13.6	16.7	13.4	**14.8**
	9.2	9.1	9.9	10.3	**9.6**	7.6	6.8	8.1	8.3	**7.7**

Consolidated income statement

SEK m	Note	2007	2006
Net sales	3,4	6,730	5,313
Cost of goods sold		–4,985	–3,998
Gross profit		**1,745**	**1,315**
Sales costs		–808	–654
Administrative costs		–295	–250
Other operating income	12	78	356
Other operating costs	12	–68	–57
Operating profit	**5–11**	**652**	**710**
Profit/loss from participation in associated companies	13	210	171
Profit/loss from portfolio management	14	240	384
Profit before financial items		**1,102**	**1,265**
Financial income	15	18	12
Financial costs	16	–86	–45
Profit after financial items		**1,034**	**1,232**
Taxes	17	–154	–113
Profit for the year		**880**	**1,119**
Attributable to:			
Parent company shareholders		879	1,119
Minority interests		1	0
Earnings per share regarding profit attributable to parent company shareholders (SEK)	34	6.71	8.54

Consolidated balance sheet

SEK m	Note	2007	2006
ASSETS			
Fixed assets			
Intangible assets	18	725	579
Tangible assets			
Buildings	19	238	230
Land and land improvements	20	33	31
Machinery	21	298	276
Equipment	22	143	140
Construction in progress and advance payments	23	18	8
Financial assets			
Participation in associated companies	25	987	679
Listed shares	26	8,282	9,479
Other securities held as fixed assets	27	88	75
Deferred tax	36	18	19
Other long-term receivables	28	13	17
		10,843	**11,533**
Current assets			
Inventories etc.	29		
Raw materials and consumables		218	194
Work in progress		90	103
Finished products and goods for resale		716	578
Work on contract		11	7
Advance payments to suppliers		8	3
Listed shares, trade	30	193	124
Current receivables			
Accounts receivable	31	1,154	1,082
Prepaid tax		41	22
Derivative instrument		–	5
Other current receivables		72	141
Prepaid expenses and accrued income		55	63
Liquid assets	32	152	166
		2,710	**2,488**
Total assets		**13,553**	**14,021**

Consolidated balance sheet

SEK m	Note	2007	2006
EQUITY			
Capital and reserves attributable to parent company shareholders	34		
Share capital		110	110
Share buyback		–29	–17
Other reserves		5,116	6,360
Profit brought forward		4,941	4,472
		10,138	**10,925**
Minority interest		2	1
Total equity		**10,140**	**10,926**
LIABILITIES			
Long-term liabilities			
Pension obligations	35	131	131
Deferred tax liability	36	106	105
Other provisions	37	7	10
Interest-bearing liabilities	38	22	13
Non-interest-bearing liabilities	38	12	12
		278	**271**
Current liabilities			
Bank overdraft facilities	39	7	47
Liabilities to credit institutions	33	1,858	1,587
Advance payments from customers		37	11
Accounts payable		592	570
Tax liabilities		74	92
Other provisions	37	7	5
Derivative instruments	33	16	–
Other liabilities		106	166
Accrued expenses and deferred income	40	438	346
		3,135	**2,824**
Total liabilities		**3,413**	**3,095**
Total equity and liabilities		**13,553**	**14,021**
Pledged assets	41	123	116
Contingent liabilities	42	26	17

Consolidated cash flow statement

SEK m	Note	2007	2006
Operating profit		652	710
Depreciation		150	134
Capital gains		–29	–296
Adjustments for items not included in cash flow		26	–7
Paid tax		–135	–92
Cash flow from current operations before changes in working capital		**664**	**449**
Change in working capital			
Inventories		–143	23
Accounts receivable		–43	–186
Current receivables		–13	25
Current liabilities		–70	110
		–269	**–28**
Cash flow from current operations		**395**	**421**
Investments			
Acquisition of subsidiaries	43	–162	–477
Sales of subsidiaries	44	44	480
Acquisition of fixed assets		–170	–135
Sale of fixed assets		24	37
Cash flow from investments		**–264**	**–95**
Portfolio management			
Dividends received		278	257
Administration costs etc.		–11	–12
Change in working capital		97	–78
Acquisition of listed shares etc.		–494	–593
Sale of listed shares		198	639
Cash flow from portfolio management		**68**	**213**
Cash flow after investments and portfolio management		**199**	**539**
Financial payments			
Interest received		18	8
Interest paid		–70	–43
Net change in borrowings		214	–164
Dividends paid		–371	–306
Share buyback		–12	–
Cash flow from financial payments		**–221**	**–505**
Change in liquid assets		**–22**	**34**
Liquid funds at the beginning of the year		166	138
Translation difference in liquid assets		8	–6
Liquid assets at the end of the year	32	152	166

Change in consolidated equity

		Attributable to parent company shareholders					
SEK m	Note	Share capital	Shares bought back	Other reserves	Profit brought forward	Minority interests	Total
Closing equity 2005-12-31	**34**	**110**	**–17**	**4,847**	**3,733**	**3**	**8,676**
Opening balance 2006-01-01	**34**	**110**	**–17**	**4,847**	**3,733**	**3**	**8,676**
Translation differences for the year				–13			–13
Available-for-sale financial assets:							
Revaluations recognised directly in equity				1,659			1,659
Reported as profit or loss when divested				–136			–136
Cash flow hedges							
Recognised directly in equity				1	–1		0
Net investment hedges				2			2
Changes in associated companies' equity					–74		–74
Acquisition of minority interests					2	–2	0
Other					–1		–1
Profit for the year					1,119		1,119
Total changes in wealth recognised directly in equity, excl. transactions with company owners		**110**	**–17**	**6,360**	**4,778**	**1**	**11,232**
Dividends					–306		–306
Closing equity 2006-12-31	**34**	**110**	**–17**	**6,360**	**4,472**	**1**	**10,926**
Opening balance 2007-01-01	**34**	**110**	**–17**	**6,360**	**4,472**	**1**	**10,926**
Translation differences for the year				13			13
Available-for-sale financial assets:							
Revaluations recognised directly in equity				–1,222			–1,222
Reported as profit or loss when divested				–29			–29
Cash flow hedges							
Recognised directly in equity				0			0
Net investment hedges				–6			–6
Changes in associated companies' equity					–36		–36
Acquisition of minority interests					–1	1	0
Acquisition of company shares			–12				–12
Other					–3		–3
Profit for the year					880		880
Total changes in wealth recognised directly in equity, excl. transactions with company owners		**110**	**–29**	**5,116**	**5,312**	**2**	**10,511**
Dividends					–371		–371
Closing equity 2007-12-31	**34**	**110**	**–29**	**5,116**	**4,941**	**2**	**10,140**

Change in consolidated interest-bearing net debt

SEK m	2007-01-01	Change in liquid assets	Change in borrowing	Other changes	2007-12-31
Interest-bearing receivables	13			–6	7
Liquid assets	166	–22		8	152
Interest-bearing pensions	–122			–2	–124
Interest-bearing long-term liabilities	–13		–9		–22
Bank overdraft facility utilised	–47			40	–7
Interest-bearing current liabilities	–1,587		–271		–1,858
Interest-bearing net debt	**–1,590**	**–22**	**–280**	**40**	**–1,852**

Parent company income statement

SEK m	Note	2007	2006
Profit from portfolio management	14	352	476
Dividends received from subsidiary		300	–
Profit before financial items		**652**	**476**
Interest income and similar profit items	15	21	41
Interest costs and similar loss items	16	–39	–48
Profit after financial items		**634**	**469**
Taxes	17	–	–
Profit for the year		**634**	**469**

Parent company balance sheet

SEK m	Note	2007	2006
ASSETS			
Fixed assets			
Financial assets			
Participation in subsidiaries	24	241	241
Participation in associated companies	25	701	461
Listed shares	26	8,282	9,478
Other investments held as fixed assets	27	82	67
		9,306	**10,247**
Current assets			
Current receivables			
Other current receivables		0	91
Prepaid expenses and accrued income		0	2
Cash and bank balances	32	9	8
		9	**101**
Total assets		**9,315**	**10,348**
EQUITY AND LIABILITIES			
Equity	34		
Restricted equity			
Share capital		110	110
Reserve fund		5,205	6,456
Non-restricted equity			
Profit brought forward		2,746	2,660
Profit for the year		634	469
		8,695	**9,695**
Provisions			
Pension obligations		1	1
		1	**1**
Long-term liabilities			
Debts to Group companies		609	643
Other non-interest-bearing liabilities		8	8
		617	**651**
Current liabilities			
Other liabilities		2	1
		2	**1**
Total equity and liabilities		**9,315**	**10,348**
Pledged assets		–	–
Contingent liabilities	42	2,231	2,104

Parent company cash flow statement

SEK m	Note	2007	2006
Paid tax		–	–
Current receivables		92	–2
Current liabilities		2	1
Cash flow from current operations		**94**	**–1**
Portfolio management			
Dividends received		274	256
Administration costs etc.		–4	–5
Acquisition of listed shares etc.		–364	–365
Sale of listed shares		136	479
Cash flow from portfolio management		**42**	**365**
Cash flow after investments and portfolio management		**136**	**364**
Financial payments			
Interest received		21	41
Interest paid		–39	–48
Net change in borrowings		–34	–43
Dividends received from subsidiaries		300	–
Dividends paid		–371	–306
Shares bought back	34	–12	–
Cash flow from financial payments		**–135**	**–356**
Change in liquid assets		**1**	**8**
Liquid assets at the beginning of the year		8	0
Liquid assets at year-end	32	9	8

Change in parent company equity

		Other funds			
SEK m	Share capital	Reserve fund	Fund for fair value	Profit brought forward	Total
Closing balance 2005-12-31	**110**	**96**		**2,966**	**3,172**
Changed accounting principles [1)]			4,837		4,837
Opening balance 2006-01-01	**110**	**96**	**4,837**	**2,966**	**8,009**
Dividends				–306	–306
Change in fair value reserve			1,523		1,523
Profit for the year				469	469
Closing balance 2006-12-31	**110**	**96**	**6,360**	**3,129**	**9,696**
Dividends paid				–371	–371
Change in fair value reserve			–1,251		–1,251
Shares bought back				–12	–12
Profit for the year				634	634
Closing balance 2007-12-31	**110**	**96**	**5,109**	**3,380**	**8,695**

[1)] Starting 2007 financial assets are booked at fair value and therefore comparable numbers have been recalculated.

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 a wholly owned industrial and trading business and an investment portfolio, which is concentrated to major holdings in Assa Abloy, Elanders, Fagerhult, Munters, Nederman, OEM, Securitas, Securitas Direct, Securitas Systems and Sweco.

The parent company is a limited company registered in Gothenburg. The headquarters address is J A Wettergrens gata 7, Box 336, 401 25 Gothenburg, Sweden. The parent company is listed on the OMX Nordic Exchange Large Cap list.

The board of directors and the chief executive officer have approved these consolidated accounts for publication on 19 March 2008. The Annual Report and consolidated annual accounts will be presented to the Annual General Meeting on 13 May 2008 for adoption.

Note 2 Accounting principles

Basis of preparation of the consolidated financial reports

The consolidated accounts for Investment AB Latour have been prepared in accordance with the International Financial Reporting Standards (IFRSs) published by the International Accounting Standard Board (ISAB) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the EC Commission for use in the EU. In addition, the Group has followed the Accounting Act and the Swedish Financial Accounting Standards Council Recommendation RR 30:05 Supplemental Accounting Regulations for Groups.

The consolidated accounts have been prepared according to the acquisition method except for revaluations of buildings and land, available-for-sale financial assets as well as financial assets and liabilities (including derivative instruments) valued at fair value via profit or loss.

Preparing reports according to IFRSs requires using a number of estimations important from an accounting perspective. In addition, management must make some assumptions when using company accounting principles. Areas that require a high level of assumption, those that are complex or areas in which assumptions and estimations are essential to the consolidated accounts are presented in note 47.

The parent company uses the same accounting principles as the Group except in cases described below in the section "Parent company accounting principles". The deviations between the parent company's and the Group's principles are due to limitations in the ability to use IFRSs in the parent company because of the Annual Accounting Act and the Security Law as well as in certain cases for tax purposes.

New accounting principles

Standards, changes and interpretations in effect as of 2007

IFRS 7 Financial instruments: Disclosures and the associated changes in IAS 1, Presentation of Financial Statements – Disclosures concerning capital pertain to the new disclosures concerning financial instruments. IFRS 7 has no effect on the presentation or valuation of the Group's financial instruments.

IFRIC 8 requires that transactions which affect the issuing of equity instruments - where the payment received is lower than the fair value of the issued equity instrument - must be tested to establish whether or not they come under the scope of IFRS 2.

IFRIC 10 concludes that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

All the standards, changes and interpretations in effect as of 2007 have been reviewed. Latour believes none of them will have any effect on financial reporting in the Latour Group for 2007.

New accounting principles 2008

The Group has analysed the IFRS standards and interpretations that are not yet in effect and which have not been applied in the 2007 annual accounts. The standards and interpretations that will come into effect in 2008 are not expected to have any material effect on the Group.

Consolidated accounts

Subsidiaries

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

Acquisition of companies is shown using the acquisition method. This entails that equity in the subsidiary at the time of acquisition, including capital in untaxed reserves, is eliminated in its entirety. Consequently, only profits arising after the point of acquisition will be included in the equity for the Group. If the group-wise acquisition value of the shares exceeds the book value of the company's net assets in the acquisition analysis, the difference is shown as goodwill of the Group. If the acquisition cost is lower than the fair value of acquired subsidiary's net assets and any contingent liabilities, the difference is recognised directly in the income statement.

Companies acquired during the year are included in the consolidated accounts with sums relating to the period after the acquisition. 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 annual rate of exchange. Translation differences are recognised in Group equity.

Internal profits on sales between Group companies are eliminated in the annual accounts.

Associated companies

Shareholdings in associated companies, in which the Group holds at least 20 percent but less than 50 percent of voting rights or otherwise has significant 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-wide surplus and undervalues. The Group's "Profit/loss from participation in associated companies" is recorded in the Group's income statement as the Group's share of associated companies' profits after tax, adjusted for any depreciation on or liquidation of acquired surplus or undervalues respectively.

In the parent company associated companies are recorded using the acquisition value 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 reported after the Group has transferred to the buyer the relevant risks and benefits associated with title to the goods sold and once no right of disposal or possibility of actual control over the goods remains. Income from sales of services is reported when the service has been performed. Group sales are primarily product sales.

Ongoing assignments

Income and costs attributable to completed services rendered or subcontracted assignments are reported as income respectively costs in relation to the stage of completion of the assignment on the balance sheet date (continuing profit/loss recognition). The stage of completion of an assignment is determined through expenditures made at balance sheet date relative to estimated overall expenditures. If a service rendered or subcontracted assignment cannot be calculated reliably, income is only reported to the extent it corresponds to expenditures that the customer will most likely pay for. An assignment likely to make a loss is immediately reported as an expense.

Other operating income
Other operating income includes income from activities outside standard operations.

Loan costs
Loan costs that refer to production of an asset for which loan costs can be included in the acquisition value are activated during the period of time it takes to complete the work and prepare the asset for the use it is intended. Other loan costs are recorded when they occur.

Inventory
Inventory is reported at the lower of acquisition cost and net sales value, where acquisition value is calculated using the FIFO method or, alternatively, the weighted average cost if this is a good estimate of FIFO. The value of finished goods and work-in-progress includes raw materials, direct work, other direct costs and production related expenditures. Obsolescence is separately depreciated. When assessing net sales value, consideration is given to the age and turnover rate for the article in question. The change between the opening and closing provision for obsolescence for the year affects operating profits as a whole.

Translation of foreign currency
Functional currency and report currency
Items in the financial statements for the various units in the Group are valued in the currency used in the economy that each company primarily operates in (functional currency). Swedish crowns are used in the consolidated accounts, which is the parent company's functional and report value.

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 hedging accounting of cash flows or net investments where profit/loss is booked as equity.

Translation differences for non-monetary items, such as shares that are valued at fair value via profit or loss are reported as part of the fair value profit/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 report currency are translated to the Group's report currency according to the following:

- assets and liabilities for each balance sheet is recalculated to the balance date rate,
- income and expenses for each income statement is recalculated to the average exchange rate (as long as the average rate is a reasonable approximation of the accumulated effect of the rates on the transaction date, if not income and expenses are recalculated to the rate on the transaction date), and
- all exchange differences are recorded as a separate portion of equity.

At 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 recognised as 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 translated to the balance date rate.

Tangible assets
Buildings and land largely comprise factories, warehouses and offices. Tangible assets are booked as acquisition value less depreciation. Acquisition value includes costs directly related to the acquisition of the asset.

Costs after acquisition are added to the asset's book value or are reported as a separate asset, depending on what is most appropriate, only when it is probable that the future financial benefits that are connected to the asset will be available to the Group and the asset's acquisition value can be calculated in a reliable manner. All other forms of reparation and maintenance are reported as costs in the income statement during the period they occur.

Depreciation of assets is done on a straight-line basis according to plan down to the estimated residual value of the asset over its estimated useful life according to the following:

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

Assets' residual values and useful lives are tested every balance date and adjusted as needed.

An asset's book value is immediately written down to its recovered value if the book value exceeds its calculated recovered value.

Profits and losses in divestitures are determined through a comparison between sales income and book value and are reported in the income statement. When reclassified assets are sold the sums in other reserves are transferred to profit brought forward.

Intangible assets
Goodwill
Goodwill is the difference between the acquisition value and the Group's share of the fair value 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 Group's share of the associated company.

Goodwill is tested annually to identify any write-down needs and is booked as acquisition value less accumulated write-downs. Profit or loss when a unit is sold includes the remaining value of the goodwill related to the divested unit.

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

Trademarks and licenses
Trademarks and licenses are reported at acquisition value. Trademarks and licenses have a limited useful life and are reported at acquisition value less accumulated depreciation. Trademarks and licenses are amortised on a straight-line basis in order to spread the cost over their estimated useful life (5–10 years).

Software
Acquired software licenses are capitalised on the basis of the costs generated by the purchase and start-up of the program. These costs are written off during the estimated useful life period (3–5 years).

Costs for development or maintenance of software are recognised as they occur. Costs that are closely related to production of identifiable and unique software products that are controlled by the Group and which will most likely lead to financial gains for more than a year that exceed costs, are booked as intangible assets. Included in costs that are closely related to the production of software are personnel expenses for program development and a reasonable part of related indirect costs.

Development costs for software reported as an asset is amortised over its useful life period (of not more than three years).

Write-downs
Assets that have an undefined useful life period are not written-down but 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 that the book value exceeds its recoverable value. The recovery value is the higher of an asset's fair value reduced by sales costs and value in use. When testing for impairment the assets are grouped in the smallest cash-generating units.

Research and development
Expenses for research are recorded on an ongoing basis. Expenses for

development are capitalised to the extent they are expected to yield economic benefits in the future. The booked value includes expenses for materials, direct costs for wages and indirect expenses referable to the asset in a reasonable and consistent manner. Other expenses for development are recorded in the income statement as costs as they occur. Any development costs in the balance sheet are booked as acquisition value less accumulated depreciation and write-downs.

Financial instruments

Financial instruments recorded 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 booked at acquisition value equal to the instrument's fair value including transaction costs for all financial instruments except those categorised as Financial assets recognised at fair value as profit or loss. Recognition then takes place on the basis of classification specified below.

A financial asset or liability is recorded in the balance sheet when the company becomes a party in the instrument's contractual conditions. 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 or a part thereof is derecognised from the balance sheet when the rights in the contract are realised, have matured or the company looses control over them. A financial liability or a part thereof is derecognised from the balance sheet when the commitment has been met or otherwise extinguished. The same holds true for part of a financial liability.

Acquisitions and divestitures of financial assets are booked on the date of business, which is the date 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 of unlisted financial assets is determined by using valuation techniques such as recent transactions, the price of similar instruments or discounted cash flows. For further information see note 33.

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. For any equity instruments classified as Available-for-sales financial assets, there must be a significant and long decline in the fair value to under the instrument's acquisition value before it can be written-down. If the need arises to write-down an asset in the category Available-for-sales financial assets, any previously accumulated value loss recognised directly in equity is rebooked to the income statement. Write-downs of equity instruments reported in the income statement may not later be reversed via the income statement.

Financial instruments are classified in categories based on the purpose of the acquisition of the financial instrument. Company management determines classification at the time of acquisition. The categories are as follows:

Financial assets valued at fair value through the income statement

This category has two subgroups; financial assets held for trading and those that the company chose to initially 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 as profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not derivatives or listed on 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 valued at amortised cost. Amortised cost is determined based on the compound interest calculated at the time of acquisition.

Held-to-maturity investments

These are financial assets with fixed or determinable payments with a fixed maturity date that the company intends and is able to hold to maturity. Assets in this category are valued at amortised cost. Amortised cost is determined based on the compound interest calculated at the time of acquisition. This means that surplus or undervalues as well as direct transaction costs are distributed over the lifespan of the instrument.

Available-for-sale financial assets

This category includes financial assets that have not been classified in any other category or financial assets that were designated to this category at initial recognition (for example listed shares, see note 26). Assets in this category are valued continuously at fair value and changes in value are recognised in equity. When the placement is taken from the balance sheet the cumulative gain or loss that was recognised in equity is recognised as profit or loss.

Financial liabilities held for trading

This category consists of financial liabilities held for trading as well as derivatives not used for hedging purposes. Liabilities in this category are recognised continuously at fair value and changes in value are recognised as profit or loss.

Other financial liabilities

These are financial liabilities not held for trading valued at amortised cost. Amortised cost is determined based on the compound interest calculated at the time the liability was recognised. This means that surplus or undervalues as well as direct issue costs are distributed over the lifespan of the liability.

Derivative instruments used for hedging purposes

Derivative instruments are recognised in the balance sheet on the contract date and are valued at fair value, both initially and in following revaluations. The method of recognising the profit or loss generated from revaluation is determined depending on if the derivative is identified as a hedging instrument and, if such is the case, the properties of the item hedged. The Group identifies certain derivatives as either: a hedge of a very probable forecasted 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 risk management and strategy for taking 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.

Any ineffective portion of the changes in value is recognised directly in profit or loss.

The cumulative profit or loss in equity is recycled to the income statement in the period the hedged item affects profit/loss (e.g. when a forecasted 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 the forecasted transaction is finally recorded in the income statement. When the forecasted transaction is no longer assessed as probable, the cumulative profit or loss recognised in equity is transferred directly to the income statement.

Hedges of net investments

Hedges of net investments in foreign operations are reported in a similar manner to cash flow hedges. Profit or loss attributable to the hedging instrument that relate to the effective portion of the hedge are recognised in equity, profit or loss that relates to the ineffective portion is transferred directly to the income statement.

Cumulative profit or loss in equity is recognised in the income statement when 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 profit or loss.

Liquid assets
Liquid assets consist of cash 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.

Financial investments
Financial investments are either financial assets or short-term investments depending on the intention of the investment. If the maturity time or the expected holding time of the investment is longer than one year it is a financial asset, under a year it is a short-term investment.

Financial assets are either shares that belong to the category Financial assets at fair value through profit loss or Available-for-sale financial assets.

Interest-bearing securities acquired with the intention of holding them to maturity belong to the category Held-to-maturity financial assets and are valued to amortised cost.

Interest-bearing securities acquired without the intention of holding them to maturity are classified as Financial assets at fair value through profit loss or Available-for-sale financial assets.

The change in value when valuing to fair value is reported in net financial items.

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 to be 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 sums and in accordance with taxation rules 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 credits 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 participation in subsidiaries and associated companies 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 recycled 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 percent 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 percent. Dividends received are taxable and dividends paid are deductible. Interest income is taxable while administration costs and interest expenses are deductible.

Cash flow analysis
The cash flow analysis is drafted according to the indirect method. The cash flow recorded only includes transactions that involve payments and expenditures. Liquid assets include, besides cash and bank account balances, current financial investments with a maturity period of less than three months.

Leasing
Leasing is classified within the Group as either financial or operational. Leasing of fixed assets where the Group essentially faces the same risks and enjoys the same benefits as direct ownership is classified as financial leasing. The leased asset is then reported as a fixed asset and future leasing fees as interest-bearing debts. Leasing of assets where the lessor essentially retains ownership of the asset is classified as operational leasing, and the leasing fee is expensed in a straight line over the leasing period. In the parent company all leasing contracts are reported as operational.

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 the grant will likely 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 material assets have reduced the book value 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 warrantees are based on the previous years' actual costs.

Pensions
The Group has several defined contribution and defined benefit pension plans. In Sweden and Norway 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 that the pledged remunerations will be paid.

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 current value of anticipated future payments by using a discounted interest rate equal to the rate on first class corporate bonds or government bonds with the same maturity period as the obligations in question. The most important actuarial assumptions are set out in note 35.

The interest cost, setting off anticipated returns against any administrative assets, is classified as a financial cost. Other expense items in the overall pension cost burden operating profit or loss.

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 controlled by and organised into two principal lines of businesses, Industrial and trading operations and Portfolio management. Industrial and trading operations is divided into six business areas. These lines of business constitute the Group's primary segments. The secondary segments comprise geographic areas. Income, operating profits, 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 principles
The parent company follows the Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RR 32:06 Accounting for legal entities. RR 32:06 requires the parent company to follow IFRS/IAS as far as possible. Differences between parent company and Group accounting principles are primarily due to the Annual Accounts Act and the Security Law and in certain cases special tax laws. In the following cases the parent company's accounting principles do not coincide with IFRSs.

Payments to employees/Defined benefit pensions
The parent company's defined benefit pension plans have been calculated according to the Security Law and the Swedish Financial Supervisory Authority's regulations since this is a prerequisite for fiscal deductions.

Financial instruments
Starting in 2007 the parent company follows the valuing regulations in IAS 39, which means that financial assets are valued at fair value. Previously financial assets in the parent company were valued at acquisition price with deductions for write-downs. The figures of comparable items have been translated.

Note 3 Segment reporting

DEVELOPMENT PER BUSINESS AREA 2007-01-01 – 2007-12-31

SEK m	Industrial and trading operations								
	Automotive	Hand Tools	Hydraulics	Air Treatment	Machinery Trading	Engineering Technology	Other	Portfolio Management	Total
INCOME									
External sales	610	1,098	1,173	1,929	1,152	596	172		6,730
Internal sales	–	–	12	2	6	6	1		27
PROFIT/LOSS									
Operating profit	25	137	89	237	86	76	2		652
Profit/loss from participation in associated companies								210	210
Profit/loss from portfolio management								240	240
Financial income									18
Financial costs									-86
Taxes									–154
Profit for the year									**880**
OTHER INFORMATION									
Assets	398	875	715	907	479	317	192	9,550	13,433
Unallocated assets									120
Total assets									13,553
Liabilities	102	171	193	404	229	109	105	12	1,325
Unallocated liabilities									2,088
Total liabilities									3,413
Investments in:									
tangible assets	19	12	22	65	24	36	21	–	199
intangible assets	–	–	–	132	9	15	–	–	156
Depreciation	28	16	21	37	10	15	23	–	150

DEVELOPMENT PER BUSINESS AREA 2006-01-01 – 2006-12-31

SEK m	Industrial and trading operations								
	Automotive	Hand Tools	Hydraulics	Air Treatment	Machinery Trading	Engineering Technology	Other	Portfolio management	Total
INCOME									
External sales	561	545	883	1,442	922	536	424		5,313
Internal sales	–	–	10	3	6	2	2		23
PROFIT/LOSS									
Operating profit	12	48	56	159	53	80	302		710
Profit/loss from participation in associated companies								171	171
Profit/loss from portfolio management								384	384
Financial income									12
Financial costs									–45
Taxes									–113
Profit for the year									1,119
OTHER INFORMATION									
Assets	412	836	416	605	424	262	398	10,450	13,803
Unallocated assets									218
Total assets									14,021
Liabilities	112	178	222	326	233	96	101	2	1,270
Unallocated liabilities									1,825
Total liabilities									3,095
Investments in:									
tangible assets	71	23	26	50	9	36	24	–	239
intangible assets	6	398	6	–	3	13	–	–	426
Depreciation	24	12	17	32	11	12	26	–	134

The Group's operations can be divided into two principal segments, wholly-owned industrial and trading operations and portfolio management. The industrial and trading operations are organised into six (previously seven with Textiles) business areas; Automotive, Hand Tools, Hydraulics, Air Treatment, Machinery Trading and Engineering Technology. Portfolio management consists primarily of portfolio management of long-term holdings where the Group has at least 10 percent of voting rights.

In previous years the industrial and trading operations and portfolio management were reported as the two primary segments. Starting in 2007 the six business areas are also individually reported as primary segments.

Internal prices are set at cost price plus margins. In the profit or loss of the segments assets and liabilities have been included directly related items as well as items that can be reasonably and reliably allocated to a segment. Tax credits and liabilities (deferred and current) are not recognised in the assets and liabilities of a segment nor are interest-bearing assets and liabilities. All investments except current inventory and inventory of little value are included in the segments' investments in tangible and intangible assets.

Note 4 Geographic markets

Sales are divided into geographic markets as follows:

	2007	2006
Sweden	3,387	2,954
Nordic countries excluding Sweden	1,797	1,267
Europe excluding Nordic countries	1,414	978
Other markets	132	114
Total	**6,730**	**5,313**

Assets are divided into geographic markets as follows:

	2007	2006
Sweden	12,490	13,298
Nordic countries excluding Sweden	754	469
Europe excluding Nordic countries	289	238
Other markets	20	16
Total	**13,553**	**14,021**

Investments are divided into geographic markets as follows:

	2007	2006
Sweden	190	640
Nordic countries excluding Sweden	157	10
Europe excluding Nordic countries	7	14
Other markets	1	1
Total	**355**	**665**

The Group's home market is the Nordic countries, with most of production in Sweden.

Note 5 Transactions with related parties

The Douglas family has considerable influence over Investment AB Latour. Privately and through companies, the Douglas family controls 80 percent of voting rights in Latour. The family has received board representation fees of SEK 600,000. Förvaltnings AB Wasatornet, a company wholly owned by the Douglas family has issued 54,000 call options to senior officers within the Latour Group. The options are based on market terms.

Purchasing and sales for the year between Latour Group companies was SEK 1,321 m (898). There were no purchases or sales with the parent company. All transactions with associated companies were based on market terms. There were no transactions with other closely related persons or companies during the year.

Note 6 Expenses allocated per type of cost

GROUP	2007	2006
Change in the stock of finished products and works-in-progress	12	29
Raw materials and consumables	1,375	977
Goods for resale	2,211	1,650
Remuneration to personnel	1,564	1,323
Depreciation	150	134
Other costs	845	846
Total	**6,157**	**4,959**

Note 7 Exchange rate differences

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

GROUP	2007	2006
Net turnover	4	6
Cost of goods sold	–7	1
Sales costs	3	–1
Other operating income	2	2
Other operating expenses	0	–3
Total	**2**	**5**

Note 8 Remuneration to accountants

GROUP	2007	2006
PricewaterhouseCoopers		
Auditing	4	3
Other commissions	1	1
Other accountants		
Auditing	0	0
Total	**5**	**4**

Remuneration to accountants for auditing in the parent company amounted to SEK 122,000 (63,000) and for other commissions SEK 0 (0).

Note 9 Personnel

Wages, other remuneration and social costs

	2007		2006	
	Wages and other remuneration	Social security contributions (of which pension costs)	Wages and other remuneration	Social security contributions (of which pension costs)
Parent company	1	0 (0)	1	0 (0)
Subsidiaries	1,137	426 (97)	949	372 (79)
Group	**1,138**	**426 (97)**	**950**	**372 (79)**

Of the Group's pension expenses, 11 (10) relates to boards and CEOs.

Wages and other remuneration by country and between board members and others, and employees

	2007		2006	
	Board and CEO (of which bonus)	Other employees	Board and CEO (of which bonus)	Other employees
Parent company				
Sweden	1 (0)	–	1 (0)	–
Subsidiaries				
Sweden	30 (7)	864	28 (7)	756
Denmark	4	42	4	32
Finland	6 (1)	58	4	48
Norway	4 (1)	41	3 (1)	35
Germany	2	13	1	1
Other countries	10 (1)	63	6 (1)	31
Group total	**57 (10)**	**1,081**	**47 (9)**	**903**

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

Cont.

Note 9 cont.

Remuneration to senior officers

Principles

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 CEO and other senior officers consists of basic salary, variable remuneration, other benefits and pension. Other senior officers are the members of Group management and business area managers, who report directly to the CEO.

The variable remuneration to the CEO is based on goals achieved during the year and set at a maximum of 75 percent of his basic salary. Variable remuneration for other senior officers is based on profits and return on working capital. This remuneration is a maximum of 100 percent of the basic salary.

Remuneration and other benefits during 2007

(SEK '000)	Basic salary/ board fees	Variable benefits[3]	Other benefits[2]	Pension costs	Total
Chairman of the board	300	–	–	–	300
Other board members (6 people)[1]	900	–	–	–	900
Chief Executive Officer	2,443	1,500	245	770	4,758
Other senior officers (8 people)	9,200	4,883	552	4,032	18,667

[1] Other board members have received SEK 150,000 per member.
[2] Other benefits concern accommodation and car benefits.
[3] Variable remuneration to the CEO was equal to 61 percent of his basic salary and to other senior officers it ranged from 25–100 percent of their basic salary.

Pensions

The CEO may retire at the age of 62, whereupon a pension of 60 percent of his basic salary is paid for 3 years.

The retirement age for other senior officers is 65, whereupon a pension is paid according to the defined benefit ITP plan.

Severance payment

The period of notice between the company and CEO is 12 months if given by the company. In the case of dismissal by the company the CEO will receive severance pay of 12 months' salary. Severance pay is not set off against any other income. The CEO must give six months notice and does not receive severance pay.

The period of notice between the company and other senior officers varies from 6 to 24 months. In the case of dismissal by the company the senior officers receive their salary during their notice period. Senior officers must give six months' notice and do not receive severance pay.

Preparation and decision process

The principles for setting the CEO's salary and terms of employment are determined by the board. The board has given the chairman, after contact with the remuneration committee, the assignment of reaching an agreement with the CEO. The board was then informed of the outcome of the negotiations.

Remuneration to other senior officers is determined by the CEO in consultation with the chairman of the board.

Gender split in company management

	2007		2006	
GROUP	**Men**	**Women**	**Men**	**Women**
Board members	95%	5%	94%	6%
Chief Executive Officers	100%	0%	100%	0%
Other senior officers	86%	14%	90%	10%
Total for senior officers	90%	10%	91%	9%
PARENT COMPANY	**Men**	**Women**	**Men**	**Women**
Board members	75%	25%	75%	25%
Chief Executive Officer	100%	0%	100%	0%
Total for senior officers	75%	25%	75%	25%

Average number of employees

	2007		2006	
	Number of employees	Of which men	Number of employees	Of which men
PARENT COMPANY				
Sweden	1	100%	1	100%
SUBSIDIARIES				
Sweden	2,669	78%	2,661	79%
Finland	172	82%	143	79%
Romania	108	32%	93	34%
Denmark	73	81%	66	77%
Norway	80	74%	79	76%
England	33	82%	29	79%
Germany	28	64%	17	65%
Other countries	280	35%	84	69%
Total in subsidiaries	3,443	73%	3,172	77%
Total	**3,444**	**73%**	**3,173**	**77%**

OPERATING AREAS	2007	2006
Industrial and trading operations	3,442	3,171
Portfolio management	2	2
Total	**3,444**	**3,173**

Note 10 Depreciation

Depreciation of intangible assets in the Group amounted to 11 (5) and of tangible assets to 139 (129). Depreciation is distributed per function in the income statement as follows:

GROUP	2007	2006
Trademarks, licences		
Cost of goods sold	10	4
Sales costs	0	0
Administration costs	1	1
Total	**11**	**5**
Buildings		
Cost of goods sold	9	9
Sales costs	2	2
Administration costs	1	1
Other operating expenses	3	3
Total	**15**	**15**
Land and land improvements		
Cost of goods sold	0	1
Total	**0**	**1**
Machinery		
Cost of goods sold	71	64
Sales costs	2	2
Administration costs	1	–
Other operating expenses	1	–
Total	**75**	**66**
Equipment		
Cost of goods sold	19	18
Sales costs	13	12
Administration costs	5	5
Other operating expenses	12	12
Total	**49**	**47**
Total depreciation	**150**	**134**

Note 11 Leasing

Leasing costs for premises, machinery, computers and office equipment for the Group were 25 (21).

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

Year	Future minimum leasing fees
2008	15
2009–2012	38
Total	**53**

Operating leases for rented machinery are included in the Group's fixed assets and are as follows:

Leased fixed assets	Machinery
Accumulated acquisition value	5
Accumulated depreciation	–3
Residual value according to plan	**2**
Depreciation for the year	**–1**

Note 12 Operating income and expenses

Other operating income

GROUP	2007	2006
Capital gains on sales	26	295
Income from rent	3	9
Exchange rate differences	2	2
Other income	47	50
Total	**78**	**356**

Other operating expenses

GROUP	2007	2006
Depreciation	–16	–15
Capital gains on sales	–	–10
Property management costs	–21	–11
Valuation of forward exchange contracts	–21	–
Other expenses	–10	–21
Total	**–68**	**–57**

Note 13 Profit/loss from participation in associated companies

	2007	2006
Share of profit/loss for the year after tax	157	113
Depreciation of surpluses	–3	–3
Net change in capital	8	–3
Profit/loss from sales of participation	48	64
Total	**210**	**171**

Individual holdings have affected profit/loss as follows:

	2007	2006
AB Fagerhult	38	19
Sweco AB	170	145
Nederman Holding AB	2	–
ProstaLund AB	–	7
Total	**210**	**171**

Note 14 Profit/loss from portfolio management

GROUP	2007	2006
Profit/loss from fixed assets		
Dividends	213	209
Capital gains on sales	34	160
Other income	1	–
	248	**369**
Profit from current assets		
Dividends	4	1
Capital gains	7	9
Revaluation, booked in the income statement	–6	17
	5	**27**
Administration costs	–13	–12
Total portfolio management	**240**	**384**

PARENT COMPANY	2007	2006
Profit from fixed assets		
Dividends	274	256
Capital gains on sales	82	225
Other income	1	–
	357	**481**
Administration costs	–5	–5
Total portfolio management	**352**	**476**

Note 15 Financial income

GROUP	2007	2006
Interest income	12	8
Exchange gains	4	3
Other financial income	2	1
Total	**18**	**12**

PARENT COMPANY	2007	2006
Interest income from Group companies	18	39
Other interest income	3	2
Total interest income	**21**	**41**

Note 16 Financial costs

GROUP	2007	2006
PRI interest	–6	–5
Other interest expenses	–74	–38
Exchange losses	–5	–2
Other financial costs	–1	0
Total	**–86**	**–45**

PARENT COMPANY	2007	2006
Interest expenses to Group companies	–39	–48
Total	**–39**	**–48**

Note 17 Tax on profit for the year

GROUP	2007	2006
Current tax costs for the period	–162	–132
Deferred tax attributable to changes in temporary differences		
Deferred tax income	17	25
Deferred tax expenses	–9	–6
Total	**–154**	**–113**

Difference between actual tax costs and tax cost based on applicable tax rates

GROUP	2007	2006
Profit/loss before tax	1,034	1,232
Tax according to applicable tax rate	–290	–345
Tax effect of special taxation rules for investment companies	94	131
Effect of associated company accounts	17	17
Tax effect of adjustment of tax costs from previous year	–2	1
Tax effect of non-deductible costs	–6	–5
Tax effect of non-taxable income	13	92
Other tax effects	20	–4
Tax on profit for the year according to the income statement	**–154**	**–113**

PARENT COMPANY	2007	2006
Profit/loss before tax	634	469
Tax according to applicable tax rate	–178	–131
Tax effect of special taxation rules for investment companies	94	131
Non-taxable dividends from subsidiaries	84	–
Tax on profit for the year according to the income statement	**0**	**0**

The applicable tax rate for the Group, as for the parent company, is 28 percent. The tax rate is the same rate as in the previous year.

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.

Note 18 Intangible assets

GROUP	Goodwill	Trademarks, licenses	Total
Accumulated acquisition values			
Opening balance 2006-01-01	144	38	182
Opening acquisition value from acquisitions	3	0	3
Acquisitions for the year	386	37	423
Sales for the year	–3	0	–3
Translation difference	0	0	0
Closing balance 2006-12-31	**530**	**75**	**605**
Opening balance 2007-01-01	530	75	605
Opening acquisition value from acquisitions	0	0	0
Acquisitions for the year	131	25	156
Sales for the year	0	0	0
Translation difference	0	1	1
Closing balance 2007-12-31	**661**	**101**	**762**
Accumulated depreciation			
Opening balance 2006-01-01	0	–20	–20
Opening depreciation from acquisitions	–	0	0
Depreciation for the year	–	–5	–5
Closing balance 2006-12-31	**0**	**–25**	**–25**
Opening balance 2007-01-01	0	–25	–25
Opening depreciation from acquisitions	–	0	0
Depreciation for the year	–	–11	–11
Closing balance 2007-12-31	**0**	**–36**	**–36**
Accumulated write-downs			
Opening balance 2006-01-01	–1	0	–1
Write-downs for the year	–	–	0
Closing balance 2006-12-31	**–1**	**0**	**–1**
Opening balance 2007-01-01	–1	0	–1
Write-downs for the year	–	–	0
Closing balance 2007-12-31	**–1**	**0**	**–1**
Book value	**660**	**65**	**725**
Recorded values			
Per 2006–01–01	143	18	161
Per 2006–12–31	529	50	579
Per 2007–01–01	529	50	579
Per 2007–12–31	660	65	725

The effect of depreciation on profit/loss is detailed in note 10. All goodwill is related to the industrial and trading operations. No need for write-downs has been identified for 2007 after impairment testing of goodwill.

Impairment tests of goodwill

Goodwill is allocated to the Latour Group's cash generating units (CGU) identified per geographic area and business line.

The recoverable amount for a CGU is determined based on a calculation of value in use. These calculations are based on estimated future cash flows for the next 20 years, based on financial budgets approved of by management. Anticipated future investment needs are taken into consideration. The total length of the forecast period (20 years) corresponds to the average useful life of the Group's key assets. The forecasted cash flows have been present value calculated with a discount of 9 percent before taxes.

Key assumptions

Market shares and growth

Current market shares have been assumed valid for future periods based on previous experience and external information sources.

Personnel expenses

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

Exchange rates

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

Assumed variables

Discount rate of 9 percent before tax
Exchange rate EUR 9.47
Exchange rate DKK 1.2705
Exchange rate NOK 1.1875
Exchange rate USD 6.47

For most of the Group's units the recoverable value surpasses book value with a good margin. Group management believes that a change in one key assumption would not, on its own, have such a significant effect that it would reduce the recoverable value to a value lower than the book value.

Note 19 Buildings

GROUP	2007	2006
Opening acquisition value	439	581
Opening acquisition value from acquisitions	23	55
Purchase	3	13
Sales and disposals	0	–208
Reclassification	–1	0
Translation differences	3	–2
Closing acquisition values	*467*	*439*
Opening depreciation	–189	–215
Opening depreciation value from acquisitions	–3	–20
Sales and disposals	0	60
Depreciation for the year	–15	–15
Translation differences	–2	1
Closing depreciation	*–209*	*–189*
Opening write-downs	–20	-69
Write-downs for the year	–	–
Sales and reversals	–	49
Closing write-downs	*–20*	*–20*
Book value	**238**	**230**
Book value of property in Sweden	169	170
Taxable value of property in Sweden	190	160

Depreciation for the year is found in note 10.

Note 20 Land and land improvements

GROUP	2007	2006
Opening acquisition value	36	39
Opening acquisition value from acquisitions	1	5
Purchase	2	2
Sales and disposals	–1	–10
Translation differences	0	0
Closing acquisition values	*38*	*36*
Opening depreciation	–5	–6
Sales and disposals	–	2
Depreciation for the year	0	–1
Translation differences	0	0
Closing depreciation	*–5*	*–5*
Book value	**33**	**31**
Book value of property in Sweden	29	27
Taxable value of property in Sweden	32	27

Depreciation for the year is found in note 10.

Note 21 Machinery

GROUP	2007	2006
Opening acquisition value	942	883
Opening acquisition value from acquisitions	25	87
Purchase	88	68
Sales and disposals	–26	–96
Reclassification	3	0
Translation differences	1	0
Closing acquisition values	*1,033*	*942*
Opening depreciation	–666	–640
Opening depreciation from acquisitions	–15	–45
Sales and disposals	24	85
Depreciation for the year	–75	–66
Reclassification	–3	0
Translation differences	0	0
Closing depreciation	*–735*	*–666*
Book value	**298**	**276**

Depreciation for the year is found in note 10.

Note 22 Equipment

GROUP	2007	2006
Opening acquisition value	455	417
Opening acquisition value from acquisitions	5	56
Purchase	74	58
Sales and disposals	–66	–72
Reclassification	–10	0
Translation differences	4	–4
Closing acquisition values	*462*	*455*
Opening depreciation	–315	–290
Opening depreciation from acquisitions	–3	–36
Sales and disposals	48	54
Depreciation for the year	–49	–47
Reclassification	3	0
Translation differences	–3	4
Closing depreciation	*–319*	*–315*
Book value	**143**	**140**

Depreciation for the year is found in note 10.

Note 23 Construction in progress and advance payments for fixed assets

GROUP	2007	2006
Opening acquisition value	8	7
Costs expended during the year	31	19
Reclassification	–21	–18
Book value	**18**	**8**

No loan costs have been capitalised in material assets.

Note 24 Participations in subsidiaries

	2007	2006
Opening acquisition value	241	241
Change for the year	–	–
Closing acquisition value	**241**	**241**

Company name	Corporate registration number	Domicile	Number of shares	Share of equity i %	Book value (SEK m)
Karpalunds Ångbryggeri AB	556000-1439	Stockholm	3,600	97	1
Latour Industrier AB	556649-8647	Gothenburg	400,000	100	49
Autotube AB	556099-2041	Gothenburg	500,000	100	
Autotube HordaGruppen AB	556580-5768	Gothenburg	40,000	100	
Hultafors AB	556023-7793	Gothenburg	30,000	100	
Hultafors OY	0664406-9	Finland	100	100	
Hultafors Norge AS	983513328	Norway	1,000	100	
Hultafors Danmark AS	225241	Denmark	1,320	100	
Hultafors Präsident GmbH	HRB 3586	Germany	–	100	
Hultafors U.M.I. S.R.L.	J32/572/22.11.1996	Romania	78,661	100	
TA Ljungberg Patent AB	556113-7760	Huddinge	1,000	100	
Wibe Stegar AB	556092-0489	Nässjö	5,000	100	
Snickers Workwear AB	556365-0752	Sollentuna	349,873	100	
Snickers Intellectual Property AB	556059-0654	Sollentuna	1,000	100	
Snickers Workwear Logistics BV	8117646	Holland	200	100	
Skillers Workwear NA Inc	06-1649127	USA	1,000	100	
Snickers Production SIA Latvia	40003077239	Latvia	100	100	
Snickers Original NV Belgium	0444.346.706	Belgium	50	100	
Tradewear Ltd	65695194	Ireland	15,700	100	
Snickers Original SIA	40003229796	Latvia	10	100	
Snickers Original GmbH	147860778	Germany	50,000	100	
Specma Hydraulic AB	556089-9550	Gothenburg	10,000	100	
Specma Hydraulic i Övik AB	556278-7183	Örnsköldsvik	1,000	100	
Eurobend AB	556137-4041	Tranemo	1,000	100	
Hymat OY	0292607-7	Finland	400	100	
JMS Systemhydraulik AB	556063-2134	Gothenburg	10,000	100	
Fastighets AB Hydraulen	556363-6256	Gothenburg	1,000	100	
Specma Component AB	556219-2202	Skellefteå	7,500	100	
WiroArgonic AB	556362-4641	Malmö	5,000	100	
Swegon AB	556077-8465	Vara	400,000	100	
Swegon GmbH	HRB 55388	Germany	1	100	
Swegon AS	247231	Denmark	5	100	
Swegon GmbH Austria	FN 229472 i	Austria	–	100	
KB Söderby 1:752	916634-4441	Vara		100	
KB Kardanen 7	916634-4516	Vara		100	
Swegon Ltd	1529960	England	50,000	100	
Swegon S.á.r.l.	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 Hungaria Kft.	04-09-079209	Hungary	12,000	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	910	91	
Swegon Sp.z o.o	632031333	Poland	1,454	100	
Swegon BV	24408522	Holland	100	100	
Swegon s.r.l	1853574	Italy	1	100	
Swegon Belgium S.A.	893.224.696	Belgium	620	100	
Swegon Indoor Climate S.A.	A-84244763	Spain	6,011	100	
Ilto Air OY	1615732-8	Finland	1,000	100	
AB Sigfrid Stenberg	556017-2099	Nässjö	800,000	100	
Carstens AB	556059-6776	Jönköping	18,500	100	
Flextek AS	17951831	Denmark	20,000	100	
Granaths Hårdmetal AS	182650	Denmark	2,550	100	
JMC Teknik ApS	12858442	Denmark	200	100	
Karl-Erik Karlsson Maskinunderhåll i Karlskoga AB	556650-7181	Karlskoga	1,500	100	
Machine Trading Team OY	1032222-2	Finland	100	100	
Mekana AB	556103-6251	Burlöv	40,000	100	
MaskinCentrum i Örnsköldsvik AB	556578-8303	Örnsköldsvik	8,200	100	
Woodtechnique Finland OY	745.813	Finland	510	100	
Woodtechnique Verktygssystem AB	556463-2833	Växjö	2,500	100	
Woodtechnique AS	985882479	Norway	300	100	
BBM Verktyg AB	556306-9946	Laholm	3,000	100	
Gamledahls AB	556001-2600	Gothenburg	180,000	100	
Marifa Polska Sp.z o.o.	RHB 2994	Poland	1,000	100	
FOV Fabrics AB	556057-3460	Gothenburg	60,000	100	
Specma AB	556018-9754	Gothenburg	100,000	100	
Specma Tools AB	556737-4664	Gothenburg	1,000	100	
Specma AS	988605042	Norway	100	100	
AVT Industriteknik AB	556596-5786	Alingsås	4,000	100	
Brickpack AB	556194-2615	Laholm	200	100	
Nord-Lock AB	556137-1054	Åre	8,000	100	
Nord-Lock Ltd	4117670	England	100	100	
Nord-Lock France	439-251-901	France	1,000	100	
Nordlock Inc.	38-3418590	USA	1,000	100	
Nord-Lock Oy	0893691-1	Finland	100	100	
Nord-Lock Poland Sp. Z o.o	0000273881	Poland	10	100	
Nord-Lock s.r.o.	27294714	The Czech Republic	200,000	100	
KB Backen Västergård 1:141	916634-4490	Gothenburg		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	
Stifab AB	556099-8832	Stockholm	1,800	100	
Total book value					**241**

Smaller inactive subsidiaries are not included in the specification above.

Note 25 Participation in associated companies

GROUP	2007	2006
Opening book value	679	703
Acquisitions during the year	247	1
Sold during the year	–52	–3
Profit share for the year after tax	157	113
Dilution effect	8	–3
Dividends received	–61	–109
Depreciation of surpluses	–3	–3
Net change in capital	12	–20
Closing value	**987**	**679**

PARENT COMPANY	2007	2006
Opening book value	461	470
Acquisitions during the year	245	1
Sold during the year	-5	-10
Closing value	**701**	**461**

	Number of shares	Adjusted equity[1]	Share of capital	Market value	Acquisition value	Acquisition goodwill
AB Fagerhult						
(Corporate Reg.no. 556110-6203, Domicile: Habo)	4,106,800	196	308	622	296	69
Nederman Holding AB						
(Corporate Reg.no. 556576-4205, Domicile: Helsingborg)	2,713,934	103	240	220	238	137
Sweco AB						
(Corporate Reg.no. 556542-9841, Domicile: Stockholm)	30,747,760	343	436	2,005	167	93
Other smaller holdings		–	3	–	3	–
		642	**987**	**2,847**	**704**	**290**

[1] Adjusted equity refers to Latour's share of the company's equity.

Group participation in associated companies:

2006	Assets	Liabilities	Income	Profit/loss	Share of capital %	Share of votes %
AB Fagerhult	488	316	695	19	32	32
Sweco AB	748	443	1,420	94	36	25
2007						
AB Fagerhult	559	362	824	44	33	33
Nederman Holding AB	211	106	47	3	23	23
Sweco AB	890	543	1,668	111	36	25

Shares in Nederman Holding AB were acquired successively during 2007. On 2 November 2007 Latour's share of capital and votes had risen to 23.2 percent and the holding was thereby classified as an associated company. The total acquisition value in Nederman is SEK 238 m of which SEK 101 m is equity and SEK 137 m is goodwill.

Note 26 Listed shares

GROUP	2007	2006
Opening acquisition value	3,159	2,951
Purchases	119	364
Sales	–50	–156
Closing acquisition value	*3,228*	*3,159*
Opening fair value reserve	6,320	4,800
Divestitures, booked in the income statement	–29	–130
Revaluation recognised in equity	–1,237	1,650
Closing fair value reserve	*5,054*	*6,320*
Book value	**8,282**	**9,479**

PARENT COMPANY	2007	2006
Opening acquisition value	3,159	2,951
Purchases	119	364
Sales	–50	–156
Closing acquisition value	**3,228**	**3,159**
Opening fair value reserve	6,320	0
Effect of changing accounting principles	–	4,800
Divestitures, booked in the income statement	–29	–130
Revaluation recognised in equity	–1,237	1,650
Closing fair value reserve	*5,054*	*6,320*
Book value	**8,282**	**9,479**

INVESTMENT PORTFOLIO Share	Number	Market value SEK m	Listed price[1] SEK	Acquisition value, SEK m	Share of votes %	Share of equity %
Assa Abloy A[2]	6,746,425	876	130	786		
Assa Abloy B	19,000,000	2,466	130	414	16.1	7.0
Elanders	2,102,000	292	139	384	14.0	21.5
Munters	10,950,000	832	76	630	14.6	14.6
OEM International A[2]	636,000	27	43	36		
OEM International B	1,100,000	47	43	63	11.3	7.5
Securitas A[2]	4,000,000	358	89	344		
Securitas B	23,090,000	2,067	89	306	12.1	7.4
Securitas Direct A[2]	4,000,000	103	26	53		
Securitas Direct B	23,090,000	593	26	47	12.1	7.4
Securitas Systems A[2]	4,000,000	92	23	87		
Securitas Systems B	23,090,000	529	23	78	12.1	7.4
Total		**8,282**		**3,228**		
Associated companies in the investment portfolio (see note 25)						
Fagerhult [4]	4,106,800	622	152	296	32.6	32.6
Nederman	2,713,934	220	81	238	23.2	23.2
Sweco A	1,222,760	86	70	8		
Sweco B [3]	29,525,000	1,919	65	159	24.7	36.5
Total including associated companies in the parent company		**11,129**		**3,929**		

[1] Buying rate.

[2] A shares in Assa Abloy, OEM International, Securitas, Securitas Direct and Securitas Systems are unlisted. The shares listed in this table have been given the same listing price as corresponding B shares.

[3] The acquisition value of Sweco B is SEK 36 m higher in the Group due to the utilisation of a call option.

[4] 30,000 shares of Latour's holding in Fagerhult were loaned out at the end of 2007.

Note 27 Other securities held as fixed assets

GROUP	2007	2006
Opening acquisition value	46	213
Purchases	–	12
Sales	–2	–179
Closing acquisition value	*44*	*46*
Opening fair value reserve	41	37
Divestiture booked in the income statement	0	–2
Change for the year	16	6
Closing fair value reserve	*57*	*41*
Opening write-downs	–12	–95
Write-downs for the year	–1	–
Sales	–	83
Closing write-downs	*–13*	*–12*
Book value	**88**	**75**
Arisaig Asian Fund	78	63
Linktech	4	4
Other holdings	6	8
Book value	**88**	**75**

PARENT COMPANY	2007	2006
Opening acquisition value	38	209
Sales	–	–171
Closing acquisition value	*38*	*38*
Opening fair value reserve	41	–
Effect of changing accounting principles	–	41
Change for the year	16	–
Closing fair value reserve	*57*	*41*
Opening write-downs	–12	–95
Write-downs for the year	–1	–
Sales	–	83
Closing write-downs	*–13*	*–12*
Book value	**82**	**26**
Arisaig Asian Fund	78	22
Linktech	4	4
Book value	**82**	**26**

Note 28 Long-term receivables

GROUP	2007	2006
Opening acquisition value	17	21
Increase for the year	2	4
Decrease for the year	–6	-8
Reclassification	–	–
Book value	**13**	**17**

The Group's interest-bearing receivables have an average interest rate of 6 percent and run for an average period of three years.

Note 29 Inventory

The value of goods pledged as security for loans or other obligations is 0 (0).

Inventory value	2007	2006
At net sales value:		
Raw materials and consumables	–	–
Work-in-progress	–	–
Finished products and goods for resale	20	44
Ongoing work	10	–
At acquisition value:		
Raw materials and consumables	218	194
Work-in-progress	90	103
Finished products and goods for resale	696	534
Ongoing work	1	7
	1,035	**882**

Note 30 Listed shares – trading

GROUP	2007	2006
Book value at the beginning of the year	124	35
Acquisitions for the year	128	223
Sales	-53	-151
Revaluation, booked in the income statement	-6	17
Book value at the end of the year	**193**	**124**

GROUP	Number	Acquisition value	Book value	Market value
Assa Abloy	450,000	59	58	58
Fagerhult	32,000	5	5	5
HMS Network	280,000	20	20	20
Sweco B	385,750	16	25	25
IFS B	453,000	4	3	3
Securitas B	500,000	45	45	45
Securitas Direct B	304,600	4	8	8
Securitas Systems B	304,600	7	7	7
Other shares and participation		12	22	22
		172	**193**	**193**

Note 31 Accounts receivable

GROUP	2007	2006
Nominal value	1,166	1,094
Provisions for bad debts	–12	–12
Net accounts receivable	**1,154**	**1,082**

Provisions for bad debts		
Opening provisions	–12	–18
Provisions for bad debts for the year	–10	–7
Realized losses during the year	9	9
Reversed unutilised amount	1	4
Exchange rate difference	0	0
	–12	**–12**

Provisions for, and provisions from, bad debts are included in the post Other operating costs in the income statement. Amounts reported in the provision for depreciation are normally written off when the Group is not expected to retrieve further liquid funds.

Note 32 Liquid assets

Liquid assets consist of SEK 152 (166) m in bank balances and SEK 0 (0) m in short-term investments. The Group receives interest on bank balances according to a floating interest rate based on the bank's daily rate.

Of the Group's and the parent company's liquid assets, SEK 9 m (8) comprise frozen funds.

Note 33 Financial instruments and financial risk management

Hedge accounting

Latour uses hedge accounting on forward exchange contracts that hedge cash flows and loans in foreign currency which safeguards net investments abroad. Changes in market values of cash flow hedges are recognised in equity when they are considered effective, otherwise directly in the income statements. Accumulated sums in equity are reversed to the income statement in the periods the hedged item affects profits. Profits or losses that stem from a market valuation of derivative instruments attributable to hedges of net investments and which stem from currency differences are recognised in equity.

Book value and fair value of financial assets and liabilities

The table below shows book and fair value per type of financial instrument. Financial instruments include securities, derivative instruments, receivables, operating liabilities, leasing obligations and borrowing. For Latour's part financial instruments are largely market related investments. Listed securities are valued at the latest buying rate as of the balance sheet date. Currency swaps and hedging contracts are valued at the forward rate. Translation to SEK is according to listed rates on the balance sheet date. The main difference between book value and fair value arises in the Group's holdings of participation in associated companies. For other items, the book value largely reflects fair value.

	2007		2006	
	Book value	**Fair value**	**Book value**	**Fair value**
Participation in associated companies	987	2,850	679	2,219
Listed shares, management	8,282	8,282	9,479	9,479
Other securities held as fixed assets	88	88	75	75
Other long-term receivables	13	13	17	17
Listed shares – trading	193	193	124	124
Accounts receivable	1,154	1,154	1,082	1,082
Other current receivables	72	72	136	136
Unrealised gains, currency derivatives	–	–	5	5
Assets	**10,789**	**12,652**	**11,597**	**13,137**
Pension obligations	131	131	131	131
Long-term loans	34	34	25	25
Bank overdraft facilities	7	7	47	47
Current loans	1,858	1,858	1,587	1,587
Advance payments from customers	37	37	11	11
Accounts payable	592	592	570	570
Other liabilities	106	106	166	166
Unrealised gains, currency derivatives	16	16	–	–
Liabilities	**2,781**	**2,781**	**2,537**	**2,537**

Financial risk management

The Group's financing operations and management of financial risks is primarily centralised to Group staff. Operations are run in accordance with a finance policy adopted by the board which is characterised by low risk levels. The purpose is to minimise the Group's capital expense through appropriate financing and effective management and control over 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 currency rate fluctuations when the profit/loss of foreign subsidiaries are converted to Swedish currency (SEK).

Transaction exposure

The Group's policy concerning transaction exposure is to hedge 50 percent of the coming 12 months' budgeted cash flows. The net effect of currency hedging was SEK -21 (9) m, and booked in operating profit/loss.

The net currency flows for the year for Swedish units were distributed as follows:

Currencies	**Amounts in SEK m**
NOK	280
DKK	54
GBP	44
USD	–219
EUR	9
Total	**168**

+ = net inflow, - = net outflow

Given a net transaction exposure that was valid for 2007, and without hedging measures, profits would be affected negatively by SEK 6 m if the Swedish crown had been strengthened by one percentage point towards all transaction currencies.

On 31 December 2007 the Group had outstanding hedging contracts distributed in the following currencies and on these maturity dates.

Amount in SEK m	**2008**	**2009**	**Total**
Sell EUR	274	–	274
Sell NOK	70	–	70
Sell DKK	53	–	53
Sell GBP	12	–	12
Sell USD	5	–	5
Sell CHF	4	–	4
Sell PLN	9	–	9
Sell total	*427*	*0*	*427*
Buy JPY	–1	–	–1
Buy EUR	–50	–	–50
Buy USD	–113	–	–113
Buy total	*–164*	*0*	*–164*
Net	**263**	**0**	**263**

The valuation of the forward exchange contracts to fair value is a derivative instrument and totalled SEK –16 m (5).

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 done through loans in foreign currency. The loss from hedges in foreign operations amount to SEK –6 (2) m. The amount is reported in the balance item Other reserves in equity.

Cont.

Note 33 cont.

Net assets of the foreign subsidiaries' are allocated as follows:

	2007		2006	
Currencies	**Amount SEK m**	**%**	**Amount SEK m**	**%**
EUR	187	51	142	49
DKK	75	21	53	18
NOK	49	13	60	21
USD	14	4	13	5
GBP	8	2	8	3
RON	10	3	8	3
CHF	8	2	6	2
LVL	8	2	4	1
PLN	5	1	–7	–2
Total	**364**	**100**	**287**	**100**

Exchange rate difference for the year from translation of foreign net assets amounted to SEK 13 m (–13) and is reported in the balance item Other reserves in equity.

Financing risks

In order to reduce the risk of difficulties in procuring capital in the future and refinancing of loans fallen due, the Group has a contracted credit commitment of SEK 3,200 m.

The Group's net financial liabilities, excluding shareholdings and other securities, amounted on 31 December 2007 to SEK 1,879 m. Most of the Group's loans are in SEK with a maturity period of less than one year.

Debt liabilities

The Group's interest-bearing loans had the following maturity schedule on 31 December 2007:

	1-5 years	>5 years	Total
Loans due after more than one year	14	7	21

	< 1 month	1-3 months	4-12 months	Total
Loans due within one year	60	7	1,791	1,858

Interest exposure

The Latour Group's major source of financing is the cash flow from current operations and portfolio management as well as from loans. The loans, which are interest-bearing, expose the Group to interest rate risks.

Interest rate exposure is the risk that interest rate fluctuations will affect the Group's net interest and/or cash flow negatively. 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 affect profits negatively. At the end of 2007 the average fixed loan period was about ten months.

The Group does not presently use any form of interest rate derivative.

If the interest rate level of Latour's loan portfolio had been one percentage point higher, profit for the year would have been charged with SEK –17 m.

The average cost for outstanding long and short term borrowing on the balance sheet date:

	2007		2006	
	%	**Debt (SEK m)**	**%**	**Debt (SEK m)**
Long-term borrowing (SEK)	4.9	14	2.9	8
Long-term borrowing (DKK)	5.0	7	4.4	5
	5.0	**21**	**3.5**	**13**
Short-term borrowing (SEK)	4.4	1,647	3.4	1,530
Short-term borrowing (DKK)	4.5	37	3.9	35
Short-term borrowing (EUR)	5.0	174	3.5	22
	4.5	**1,858**	**3.4**	**1,587**

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 prepayments. Group management takes the view 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 Group is not exposed to any price risk relating to raw and staple materials.

Share risk

Share risk refers to 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. Liquidity risk can occur if a share, for example, is hard to sell. Liquidity risk is, however, limited. Counterparty risk is the risk that a party in a transaction with a financial instrument cannot fulfil their obligations and thereby creates a loss for the other party. Counterparty risk in financial commitments is limited through Latour's finance policy.

Business risks

Business risk is the risk of a loss due to shortcomings in internal routines 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 company also has a system of continuous controls that regulate and ensure responsibility and authority in daily operations.

Insurance risks in the Group are handled depending on the deemed need for insurance. Matters concerning secrecy and information security are highly prioritised at Latour and are regulated by internal guidelines. Latour also continuously controls and develops its systems and procedures concerning IT security.

Note 34 Equity

Other reserves

GROUP	Hedging reserve	Translation reserve	Fair value reserve	Total
Opening balance 2006-01-01	**-2**	**12**	**4,837**	**4,847**
Translation differences for the year		–13		–13
Available-for-sales financial assets:				
Revaluation recognised directly in equity			1,655	1,655
Recognised in the income statement when divested			–132	–132
Cash flow hedges				
Recognised directly in equity	1[1)]			1
Net asset hedge	2			2
Closing other reserves 2006-12-31	**1**	**–1**	**6,360**	**6,360**
Opening balance 2007-01-01	**1**	**–1**	**6,360**	**6,360**
Translation differences for the year		13		13
Available-for-sales financial assets:				
Revaluation recognised directly in equity			–1,222	–1,222
Recognised in the income statement when divested			–29	–29
Cash flow hedges				
Recognised directly in equity				0
Net asset hedge	–6			–6
Closing other reserves 2007-12-31	**–5**	**12**	**5,109**	**5,116**

1) Tax on amounts recognised directly in equity is SEK 0 m..

cont.

Note 34 cont.

Share capital
The parent company's share capital. The quota value of each share is SEK 0.83.

Other contributed capital
Refers to equity contributed by shareholders. Here the contributed capital is included as a form of issue in kind and a new issue to the rate surpassing the quota value.

Bought-back shares
Bought-back shares are the acquisition cost for own shares held by the parent company and booked as a deduction from equity. Funds from the divestiture of own shares are recognised as an increase in equity and transactions costs are recognised directly in equity.

Other provision
Translation provision
The translation provision includes all the exchange rates differences that occur when translating financial reports into another currency than the currency consolidated financial reports are presented in. The parent company and the Group present their financial reports in Swedish crowns.

Hedging provision
The hedging provision includes the effective portion of the accumulated net change of fair value on a cash flow hedging instrument attributable to hedging transactions that have not taken place. The hedging reserve also consists of exchange rate differences that occur when translating debts and derivates classed 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 profit/loss for the year
Contained in profit brought forward including profit/loss for the year is earned in the parent company and its subsidiaries and associated companies. Previous provisions to the statutory reserve, not including transferred share premium reserves, are incorporated in this equity item.

Minority interests
Minority interests are the portion of equity not owned by the parent company.

Dividends
Dividends are proposed by the board in accordance with the Companies Act and approved by the Annual General Meeting. The proposed but as yet not approved dividends for 2007 amount to SEK 458.5 m (SEK 3.50 per share). The sum has not been taken up as a liability.

Earnings per share

GROUP	**2007**	**2006**
Net profit	880	1,119
Average number of outstanding shares	131,000,000	131,100,000
Earnings per share related to profit attributable to parent company shareholders	SEK 6.71	SEK 8.54

Latour has no programs that can produce any dilution effect on the share.

Outstanding shares	**Class A**	**Class B**	**Total**
Number of shares on 1 January 2007	9,490,412	34,209,588	43,700,000
Split 3:1	18,980,824	68,419,176	87,400,000
Share buy back	–	–100,000	–100,000
Conversion	–3,012,466	3,012,466	0
Total shares outstanding per 31 December 2007	**25,458,770**	**105,541,230**	**131,000,000**

Own shareholdings	**Class A**	**Class B**	**Total**
Share holdings on 1 January 2007	0	120,000	120,000
Split 3:1	0	240,000	240,000
Buyback during the year	0	100,000	100,000
Conversion	0	0	0
Total own shareholdings per 31 December 2007	**0**	**460,000**	**460,000**

	2007		**2006**	
Own shareholdings	**Number**	**Cost**	**Number**	**Cost**
Accumulated at the beginning of the year	120,000	17	120,000	17
Split 3:1	240,000	0	0	0
Buyback during the year	100,000	12	0	0
Redemption	0	0	0	0
Accumulated at the end of the year	**460,000**	**29**	**120,000**	**17**

The quota value of own shareholdings bought-back amounted on 31 December 2007 to SEK 0.4 m and corresponds to 0.3 percent of share capital. The transaction costs in connection with the buyback are reported as a deduction from equity. These costs have not affected booked tax costs. Share buybacks were carried out to create additional value for remaining Latour shareholders.

Note 35 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. Group employees outside Sweden and Norway are covered by defined contribution pension plans. Fees 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. Fees for the year for pension insurance policies with Alecta amounted to SEK 27 m. Alecta's surplus can be divided amongst the insurance policy holder and/or the insured. At the end of 2007, Alecta's surplus in the form of the collective consolidation level was 152 percent. Pension plans for blue-collar workers in Sweden are defined contribution plans.

For defined benefit plans, the company's costs and the value of outstanding obligations are calculated using actuarial calculations which aim to establish the current value of the obligations undertaken.

If the accumulated actuarial profit or loss on a pension obligation and plan assets exceeds a corridor corresponding to 10 percent of the highest either of pension obligations or the market value of the plan assets, the surplus is recorded as profit during the period remaining of employment.

GROUP

Provisions for pension obligations	**2007**	**2006**
Amount at the beginning of the year	131	129
Pension costs	4	6
Pension payments	–4	–4
Divestitures (companies)	–	–
Redemption	0	0
Translation differences	0	0
Closing value	**131**	**131**

Defined benefit obligations	**2007**	**2006**
Current value at the beginning of the period	131	129
Benefits earned during the period	–2	0
Interest	6	6
Pension payments	–4	–4
Divestitures (companies)	0	0
Actuarial profit/loss	0	0
Translation differences	0	0
Closing balance	**131**	**131**

Plan assets		
Opening balance	0	0
Closing balance	**0**	**0**

Amount reported in the income statement	**2007**	**2006**
Benefits earned during the period	0	0
Interest on pension provisions	6	6
Cost of defined benefit plans	**6**	**6**
Costs of defined contribution plans	83	68
Special employer's tax and taxes on yield	14	11
Total pension costs	**103**	**85**

The actuarial calculation of pension obligations and pension costs is based on the following important assumptions:

Percent	**2007**	**2006**
Discount rate	5.0	5.0
Anticipated wage increases	3.0	3.0
Income base amount	3.0	3.0
Pension indexation	2.0	2.0
Annual increase of paid-up policy	2.0	2.0
Personnel turnover	3.0	3.0
Remaining years of service, years	14.6	15.7

Note 36 Taxes

Deferred tax in the balance sheet
Temporary differences exist where the book value and taxation value differ for a given asset or liability. Temporary differences have resulted in the Group's overall deferred tax credits and deferred tax liabilities as set out below.

	2007	**2006**
Deferred tax credits		
Intangible assets	–	2
Buildings and land	1	2
Machines and equipment	1	–
Inventories	4	3
Listed shares	7	2
Current receivables	1	1
Provisions	2	2
Current liabilities	2	2
Other items	–	5
	18	**19**
Deferred tax liabilities		
Intangible assets	–14	–6
Buildings and land	–2	–
Untaxed reserves	–87	–93
Provisions	–3	–3
Derivate instruments	–	–2
Other items	–	–1
	–106	**–105**
Deferred tax liabilities, net	**–88**	**–86**

Deferred tax credits and liabilities are set-off when there is a legal right to set off current tax credits and tax liabilities and when deferred taxes refer to the same tax system.

Temporary differences related to investments in subsidiaries for which deferred tax credits are not recorded:

	2007	**2006**
Temporary differences concerning write-down of participation	16	16

Deferred taxes recognised in equity
Deferred tax recognised directly in equity refers to tax on pension obligations and amounts to SEK 3 m.

Note 37 Other provisions

GROUP	**Guarantee provisions**	**Other provisions**	**Total**
Opening value 2006-01-01	12	1	13
Amounts claimed during the year	–3		–3
Provisions for the year	5	–	5
Closing value 2006-12-31	**14**	**1**	**15**
Amounts claimed during the year	–3	–	–3
Provisions for the year	2	–	2
Closing value 2007-12-31	**13**	**1**	**14**

The provisions consist of:	**2007**	**2006**
Long-term part	7	10
Current part	7	5
	14	**15**

Other provisions primarily consist of provisions for restructuring costs.

Note 38 Long-term liabilities

GROUP	2007	2006
Liabilities to credit institutions falling due in 1–5 years	14	3
Liabilities to credit institutions falling due after 5 years	7	10
Long-term non-interest-bearing liabilities	12	12
Total	**33**	**25**

For other details concerning long-term liabilities see note 33.

Note 39 Bank overdraft facility

The bank overdraft facility available to the Group is SEK 283 m (271) of which SEK 12 m (47) has been used.

Note 40 Accrued expenses and deferred income

GROUP	2007	2006
Accrued interest expenses	28	10
Accrued social fees	90	70
Accrued other wage-related costs	189	157
Other items	131	109
Total	**438**	**346**

Note 41 Pledged assets

GROUP	2007	2006
For own debts and provisions		
Concerning Pension provisions		
- Floating charges	–	5
- Other securities	2	–
Concerning Long-term liabilities to credit institutions		
- Floating charges	49	47
- Property mortgages	37	28
Other		
- Floating charges	6	6
- Property mortgages	6	6
- Other securities	23	24
Total pledged assets	**123**	**116**

Note 42 Contingent liabilities

GROUP	2007	2006
Pension guarantees	1	1
Other liabilities	25	16
Total	**26**	**17**

PARENT COMPANY	2007	2006
Guarantees for subsidiaries	2,231	2,104
Total	**2,231**	**2,104**

The parent company has pledged to assume certain obligations that may befall Group companies.

Note 43 Acquisitions

The acquired companies' net assets at the time of acquisition according to a preliminary assessment

	2007	2006
Intangible assets	153	426
Tangible assets	43	110
Financial assets	0	13
Inventories	53	145
Accounts receivable	40	155
Other current receivables	3	28
Cash	20	75
Minorities	0	2
Deferred tax liability	–8	-6
Long-term net borrowing	–59	–237
Current liabilities	–71	–165
Paid purchase price	*174*	*546*
Acquisition of items not included in cash flow	8	6
Liquid assets in acquisitions	–20	–75
Total	**162**	**477**

Cont.

Note 43 cont.

AVT Industriteknik AB

On 9 February 2007 the Group acquired 100 percent of the shares in AVT Industriteknik AB. The shares in KLT Fastighets KB that owns the premises AVT operates out of were included in the acquisition. The acquired operations contributed income of SEK 70 m and a net loss of SEK -6 m for the period of 1 January to 31 December 2007. If the acquisition had taken place per 1 January 2007 the outcome would have been the same. Goodwill is attributable to the synergies arising from coordinating production and organisation with the Engineering Technology business area's existing organisation.

	Book value in the company	Fair value adjustment	Fair value recorded in the Group
Intangible assets		3	3
Tangible assets	14	4	18
Inventories	20		20
Accounts receivable	14		14
Other receivables	1		1
Deferred tax		–1	–1
Long-term liabilities	–14		–14
Current liabilities	–38		–38
Net identifiable assets and liabilities	–3	6	3
Group goodwill			12
Cash regulated purchase price			15
Acquisition of provisions not included in cash flow			1
Change in Group liquid assets at acquisition			16

Meptek OY

On 25 June 2007 the Group acquired 100 percent of the shares in Meptek OY. The acquired operations contributed income of SEK 96 m and a net profit of SEK 11 m for the period of 25 June to 31 December 2007. If the acquisition had taken place on 1 January 2007 the income from the company would have been SEK 190 m and profits for the year SEK 22 m.

Goodwill is attributable to the synergies and added sales that occur when the company's sales organisation is coordinated with the Air Treatment business area's existing organisation.

	Book value in the company	Fair value adjustment	Fair value recorded in the Group
Intangible assets	13	17	30
Tangible assets	4	8	12
Inventories	34	–3	31
Accounts receivable	23		23
Other current receivables	1		1
Cash	17		17
Deferred tax liability		–6	–6
Long-term liabilities	–37		–37
Current liabilities	–27		–27
Net identifiable assets and liabilities	28	16	44
Group goodwill			102
Cash regulated purchase price			146
Acquisition of provisions not included in cash flow			6
Acquired cash			–17
Change in Group liquid assets at acquisition			135

BBM Verktygssystem AB

On 10 September 2007 the Group acquired 100 percent of the shares in BBM Verktygssystem AB. The acquired operations contributed income of SEK 8 m and a net profit of SEK 1 m for the period of 10 September to 31 December 2007. If the acquisition had taken place on 1 January 2007 the income from the company would have been SEK 30 m and profits for the year SEK 3 m.

Goodwill is attributable to the synergies arising from coordinating the production and sales organisations with the Machinery Trading business area's existing organisation

	Book value in the company	Fair value adjustment	Fair value recorded in the Group
Intangible assets		3	3
Tangible assets	13		13
Inventories	2		2
Accounts receivable	3		3
Other current receivables	1		1
Cash	3		3
Deferred tax liability		–1	–1
Long-term liabilities	–8		–8
Current liabilities	–6		–6
Net identifiable assets and liabilities	8	2	10
Group goodwill			4
Cash regulated purchase price			14
Acquisition of provisions not included in cash flow			1
Acquired cash			–3
Change in Group liquid assets at acquisition			12

Note 44 Subsidiary divestitures

	2007	2006
Tangible assets	1	117
Long-term receivables	–	37
Inventories	38	50
Accounts receivable	11	35
Other receivables	2	11
Provisions	0	–6
Long-term net borrowing	–24	–14
Current liabilities	–8	–40
Profit/loss on sale of subsidiaries	24	284
Received purchase price	44	474
Items not included in cash flow	0	6
Liquid assets in divested company	0	0
Total	**44**	**480**

During the third quarter the part of AB Sigfrid Stenberg's operations that were focused on sales of machines to the Swedish woodworking industry were sold through the business area Machinery Trading. After the sales the business area Machinery Trading will be concentrated on sales of machines to the engineering industry. In 2006 the woodworking operations had a turnover of SEK 140 m and 24 employees.

Almedahls AB was sold earlier during the year to the Finnish Domicet Oy. Operations in Almedahls AB had a turnover in 2006 of SEK 94 m and 42 employees.

Note 45 Government grants

Government grants have affected the Group's income statement and balance sheet as follows:

	2007	2006
Grants that affected profit for the year	3	4
Grants that affected assets	6	8
Grants that affected liabilities	0	0

Grants are primarily relocation grants and grants for handicapped employees.

Note 46 Events after the balance sheet date

In the beginning of 2008 the Hand Tools business area signed a contract to acquire the franchise companies in Snickers Workwear in Denmark and Norway. The acquisitions further strengthen Snickers Workwear's market position and create a platform to develop and rationalise sales for all the brands in the Hultafors Group on the Nordic market. These acquisitions increase sales by SEK 70 m annually. The companies were consolidated from February 2008.

The Hand Tools business area has also signed a letter of intention regarding the acquisition by Hultafors AB of all the shares in the British company Fisco Tools Ltd. Fisco manufactures measuring tapes and currently sells primarily in Europe. Through this acquisition Hultafors can broaden its product range and strengthen its presence on the European market. Fisco Tools Ltd. in Rayleigh, England has 100 employees and a turnover of some SEK 100 m.

On 13 November 2007 Latour, through ESML Intressenter, together with MSAB, Säkl and EQT made a public cash offer for Securitas Direct. SEK 26.00 per share was offered. At the end of the acceptance period of the offer owners of 54.1 percent of the shares and 67.8 percent of the votes had accepted the offer. Rather than participate in raising the price offered for Securitas Direct shares, Latour chose to sell all its shares in Securitas Direct to EQT, which then decided to extend expiration date of the offer to 14 March 2008 and raise it to SEK 27.50 per share. On 17 March EQT announced that it planned to follow through on the offer at SEK 27.50. The deal generated capital gains of SEK 645 m for Latour.

Note 47 Important estimations and assessments

In order to prepare the accounts according to good accounting practice, Group management and the board of directors must make estimations and assessments which affect the asset and liability items, respectively balance and income statement items, reported in the annual accounts, as well as reported information in general, for example contingent liabilities. These assessments are based on historic experience and the various assumptions that Group management and the board of directors consider plausible under existing circumstances. In cases where it is not possible to ascertain the book value of assets and liabilities through information from other sources these estimations and assumptions form the basis of the valuation. If other assumptions are made or other circumstances influence the matter can the actual outcome differ from these assessments.

Particularly in the areas of income accounting and doubtful receivables, valuing intangible and fixed assets, restructuring measures, pension obligations, taxes, disputes and contingent liabilities can assessments have a significant effect on Latours' profits and financial position (see each note respectively).

Group management has discussed the development and selection of, and information concerning, the Group's critical accounting principles and estimations, as well as their application and estimations with the auditing committee.

Assessing the need to write-down goodwill

Goodwill is subject to annual impairment test according to the accounting principle described in note 2. The recovery value for cash generating units is determined by calculating value of use. To make these calculations certain estimations must be made (note 18).

If the estimated discount interest before tax used as a discounting factor for cash flows had been 1 percentage point higher than management's assumption the Group would still not have had to write-down the book value of goodwill.

Pension obligations

The current 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. Included in the assumptions used to determine the net cost (income) of pensions are long-term returns on current administration assets and discount interest. Every change in these assumptions will have an affect on the book value of pension obligations.

Assumptions on anticipated returns on administration assets are determined in a uniform manner and take into consideration historical long-term returns, the allocation of assets and assessments of future long-term returns.

The Group establishes appropriate discount interest rates at the end of every year. This is the interest used to determine the current value of estimated future payments that are assumed necessary to pay for pension obligations. The Group bases the discount interest rate on first class corporate bonds expressed in the currency the remuneration will be paid in and with the same maturity period as the obligations in question.

Other important actuarial assumptions concerning pension obligations are based in part on current market conditions. Further details are given in note 35.

Warrantees

Management in each subsidiary estimates necessary reserves to guarantee future warrantee demands based on information concerning historical warrantee demands as well as current trends which can signal that historical information can differ from future demands.

Among the factors that can affect information concerning warrantee demands is the success of the Group's productivity and quality initiative as well as the cost of labour and parts.

Write-downs of available-for-sale financial assets

Extensive assessments by the Group are necessary to determine whether an instrument has decreased in value other than temporarily. To make this assessment the Group analyses, among other factors, how long and to what extent the fair value of an instrument is lower than its acquisition value as well as the financial condition and short-term business outlook of the investment object, including such factors as trade and sector profitability, changes in technology and operating and financial cash flows.

Note 48 Definitions

Adjusted equity Equity and the difference between book value and fair value in the investment portfolio in the parent company and associated companies in the Group.

Adjusted equity/assets ratio Equity and the difference between book value and fair value in the investment portfolio in the parent company and associated companies in the Group in relation to adjusted total assets.

Capital employed Total assets minus non-interest-bearing liabilities.

Direct yield Dividends as a percentage of the share purchase price.

EBIT-multiple Market value in relationship to operating profit/loss.

Equity/assets ratio Equity in relation to the total assets.

Net debt/equity ratio Interest-bearing liabilities plus interest-bearing reserves less liquid assets in relation to adjusted equity.

Net worth 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 margin Operating profit/loss as a percentage of invoiced sales.

P/e ratio The share purchase price in relation to profits after tax.

Profit margin Profit after net financial items plus financial costs as a percentage of invoiced sales.

Return on capital employed Profit after net financial items plus financial costs as a percentage of average capital employed.

Return on equity Net profit according to the income statement as a percentage of average equity.

Return on total capital Profit after net financial items plus financial costs in relation to average total assets.

Return on working capital Operating profit as a percentage of working capital.

Working capital Material assets, stock and accounts receivable less accounts payable and interim liabilities.

Volatility A measure of risk. Usually measured as a standard deviation in the return on an asset during a certain period of time.

Audit report

To the annual meeting of the shareholders of
Investment AB Latour (publ)
Corporate identity number 556026-3237

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Investment AB Latour (publ) for the year 2007. The company's annual accounts and the consolidated accounts are included in this document on pages 51–89. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit (loss) of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Göteborg 20 March 2008

Öhrlings PricewaterhouseCoopers AB

Lennart Wiberg
Authorised Public Accountant

Corporate Governance

Annual General Meeting

The Annual General Meeting must be held within six months after the end of the financial year. The Annual General Meeting can 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.

Nominating process

The Annual General Meeting selects board members for a one-year term. At the Annual General Meeting of 2007 the nominating committee provided a proposal concerning the election of the chairman and the other members of the board, remuneration to the board and possible remuneration for committee work to the Annual General Meeting. The nominating committee, which was appointed by the Annual General Meeting of 2007, consists of Gustaf Douglas (chairman), Henric Ankarcrona and Björn Karlsson. None of them has received any remuneration for their participation in the nominating committee.

Board of directors

The Latour board consists of eight 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. Gustaf Douglas was elected chairman of the board by the Annual General Meeting 2007. The members of the board represent 85 percent of the voting shares in the company and 78.4 percent of its share capital. Employees are represented in the subsidiary Latour Industrier AB, which is the parent company of the wholly owned companies in the industrial and trading operations. They are therefore not represented in the investment company's board.

The board annually adopts a work program that regulates board meetings, matters that must be put before the board at these meetings, the division of responsibility between the board and the chief executive officer as well as certain other matters. Instructions to the chief executive officer stipulate his duties and reporting responsibilities to the board.

The board has had five meetings during the year, of which one per telephone. All board members have attended every meeting with the exception of two, where one member could not participate. The company's auditors attended two board meetings and provided reports and observations from the audits performed. The auditors attended one meeting without Group management in attendance to give their views on Group management. Among the matters dealt with by the board are strategic changes in portfolio investments, acquisitions and divestitures of subsidiaries, budgets and forecasts for the subsidiaries as well as financial follow-up of operations.

The chairman of the board has also made sure that during the year an evaluation of the board's work was carried out and that all board members have expressed their views.

Committees

The board has appointed a remuneration committee, which consists of Gustaf Douglas (chairman) and Caroline af Ugglas, and an auditing committee which consists of the entire board except the chief executive officer.

The remuneration committee has held two meetings and been complete. The committee presents proposals to the board concerning remuneration to the chief executive officer and supports him in determining remuneration to the other senior officers. Thereafter the board decides on the matters at hand.

The auditing committee has met twice and all members as well as the auditors were present. Financial risks and the focus of auditing were discussed, among other things. The auditors have even presented their observations made during the audit.

Remuneration to the chief executive officer consists of a fixed and a variable portion, of which the variable portion is based on achieved individual goals. Remuneration to other senior officers also consists of a basic salary and a variable portion based on a fixed key ratio. The variable portion is maximised to a certain number of monthly wages.

Auditors

Öhrlings PricewaterhouseCoopers was selected at the Annual General Meeting of 2004 as auditors with Lennart Wiberg as authorised auditor. Lennart Wiberg has led auditing since 2000 and is also auditor for, among others, AB Fagerhult and Rederi AB Transatlantic. He has no other assignments in companies that are closely related to Latour's largest owner or the chief executive officer.

The auditor has personally reported to the board concerning auditing and internal control of the Group at the board meetings in December 2007 and March 2008.

Group management

Latour's industrial and trading companies are divided into six business areas, which also comprise legal structures. The investment portfolio is managed by the parent company, Investment AB Latour. The subsidiary Latour Industrier AB is a management company and the parent company of all the business areas mentioned above. Other subsidiaries to Investment AB Latour are Nordiska Industri AB which operates as a management company and the Group's internal bank as well as Karpalunds Ångbryggeri AB, where share trading takes place.

Group management consists of the chief executive officer and the chief financial officer. The business area managers lead operations in the operating parent companies that own shares in the underlying companies and are responsible for business areas profits and management. The Group's business organisation is built on decentralisation of responsibility and authority. The business areas are responsible for developing their own operations and for meeting financial targets that include the return on capital employed, capital binding and operating margins.

A presentation of the business areas is found on pages 14–27.

Internal control relating to financial reporting

Internal control relating to financial reporting is based on a control environment that includes the organisation, the decision-making process, authority and responsibility and which has been documented and communicated in management documents. An example of this is the division of responsibility between the board and the chief executive officer as well as instructions for authorisation rights and accounting and reporting instructions.

The risks identified concerning financial reporting are managed by the Group's control structure.

Control documents have been produced to promote completeness and correctness in the financial reports and have been communicated to appropriate staff. Follow-up of effectiveness and implementation takes place through programmed controls and procedures for personnel. The Group has a common report system in which all reporting is done. Group management regularly visits the subsidiaries for a financial follow-up and it actively participates in the subsidiaries' boards where it reviews financial reporting.

The board 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 larger companies presented their 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 will be taken. This will be followed-up in the regular auditing.

The above information concerning internal control has not been reviewed by an auditor.

Applying the Swedish Code of Corporate Governance

Latour applies the Swedish Code of Corporate Governance with the following exceptions.

The chairman of the nominating committee is also the chairman of Latour's board. This is because it is only natural that the major owner is represented in the nominating committee and at the same time the number of members ought to be limited. It is also natural that the owner with the largest number of votes is the chairman of the nominating committee.

According to the definition in the Code the majority of Latour's board members are not independent. However, the board does not believe there is any dependency relationship in cases where a member has had a position for more than twelve years. On the contrary there is a very good argument for the positive effect of long experience of operations and continuity.

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 as well as the auditing firm's extensive organisation, together with the controls made by Group management and the existing control functions in the business areas, are considered to be an acceptable level.

Board of Directors

Gustaf Douglas b 1938
M.B.A, Harvard Business School. Entrepreneur since 1980. Chairman of the board. Owns with family Förvaltnings AB Wasatornet (principal owner of Latour). Chairman of the board of Assa Abloy AB, Boxholms Skogar AB and SäkI AB. Vice Chairman of Securitas AB. Member of the boards of the Moderate Party of Sweden and Stiftelsen Svenska Dagbladet.
Chairman of Latour's board from 1985-1991 and since 1993.
Shares in Latour: 210,000 A and 525,000 B, through various family-owned companies 20,200,000 A, 77,950,000 B

Anders Böös b 1964
Previously MD of Drott AB and Hagströmer & Qviberg AB.
Chairman of the Board of IFS AB and Cision AB. Member of the board of Haldex AB, Securitas Systems AB, CLS Holdings Plc and Avec Property Fund.
Member of Latour's board since 2005.
Shares in Latour: 13,200 A and 10,040 B

Elisabeth Douglas b 1941
University studies at Sorbonne, Paris, France, university studies at the University of Stockholm. Entrepreneur.
Member of Latour's board since 1987, Chairman 1991-1993.
Shares in Latour: 90,000 A and 860,000 B

Eric Douglas b 1968
Economic college graduate and 3 years studies at the University of Lund in "Economy for Entrepreneurs". Entrepreneur since 1992. Partner in Pod Venture Partners AB. Chairman of the board of Sparbössan Fastigheter AB. Vice Chairman of AB Fagerhult, Sweco AB and LinkTech AB. Member of the board of, among others, Specma AB.
Member of Latour's board since 2002.
Shares in Latour: 152,500 A and 187,500 B

Bo Eveborn b 1942
Bachelor of Science (Econ.)
Previously MD of AB Fagerhult.
Member of the boards of Swegon AB and Jönköpings University School of Health Sciences.
Member of Latour's board since 2002.
Shares in Latour: 22,500 B (Bo Eveborn and family)

Fredrik Palmstierna b 1946
Bachelor of Science (Econ.) M.B.A.
MD of SäkI AB. Member of the boards of Securitas AB, AB Fagerhult, Hultafors AB, Nobia AB, Academic Work AB and SäkI AB.
Member of Latour's board from 1985-87 and since 1990.
Shares in Latour: 1,500,000 A and 670,000 B (Fredrik Palmstierna with family and companies)

Jan Svensson b 1956
Mechanical engineer and Bachelor of Science (Econ.).
Chief Executive Officer
Chairman of the board of OEM International AB. Member of the boards of Munters AB, Loomis AB, Oxeon AB and AB Fagerhult. CEO and member of Latour's board since 2003.
Shares in Latour: 42,000 B (Jan Svensson and family)

Caroline af Ugglas b 1958
Bachelor of Science (Econ.) at the University of Stockholm.
Head of equities and corporate governance at Livförsäkrings AB Skandia.
Member of the board in Connecta AB.
Member of Latour's board since 2003.
Shares in Latour: 900 A and 3,400 B

Group management

Jan Svensson b 1956
Mechanical engineer and Bachelor of Science (Econ.)
Chief Executive Officer since 2003.
Shares in Latour: 42,000 B (Jan Svensson and family)

Tore Åberg b 1942
Bachelor of Science (Econ.).
Chief Financial Officer since 1987 – 2008-03-31.
Shares in Latour: 36,900 B and 9,000 call options Latour B

Anders Mörck b 1963
Bachelor of Science (Econ.).
Chief Financial Officer from 2008-04-01.
Shares in Latour: 1,000 B

Accountants

Öhrlings PricewaterhouseCoopers AB

Lennart Wiberg, Authorised Public Accountant

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Annual General Meeting

Time and location

The Annual General Meeting will be held Tuesday 13 May 2008, 5:00 p.m. at the Radisson SAS Scandinavia Hotel, Södra Hamngatan 59, Gothenburg, Sweden.

Participation

Shareholders who desire to participate in the Annual General Meeting must be recorded in the registered list of shareholders managed by VPC AB by Wednesday, 7 May 2008, and submit a notice of intention to participate to Latour at the latest on Wednesday, 7 May 2008 by 3:00 p.m.

Notice of participation

The notice of participation may be submitted to Investment AB Latour, Box 336, SE-401 25 Gothenburg, or Investment AB Latour, Box 7158, SE-103 88 Stockholm, by telephone +46 31-89 17 90 or +46 8-679 56 00, or on Latour's website www.latour.se.

Registration

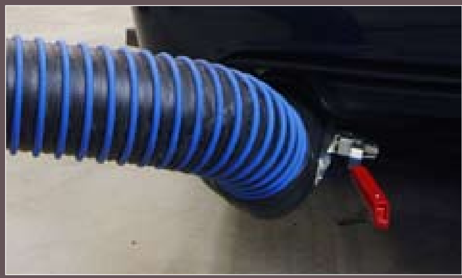
Shareholders who have their shares held in the name of a nominee must arrange in sufficient time before 7 May 2008 to have the nominee temporarily register their shares in their own name in order to be able to participate in the proceedings at the Annual General Meeting.

Dividend

The board of directors recommends a dividend in the amount of SEK 3.50 per share to the Annual General Meeting. The dividend record date suggested is Friday, 16 May 2008. If the Annual General Meeting decides according to this recommendation, the dividend is expected to be sent from VPC on Wednesday, 21 May 2008 to those who are registered in the share register on the record date.

Information dates

2008-05-06	Interim report per 2008-03-31
2008-05-13	Annual General Meeting
2008-08-19	Interim report per 2008-06-30
2008-11-04	Interim report per 2008-09-30



This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.
Translation: Camille Forslund

Investment AB Latour (publ)

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