ANNUAL REPORT 2012

LATOUR

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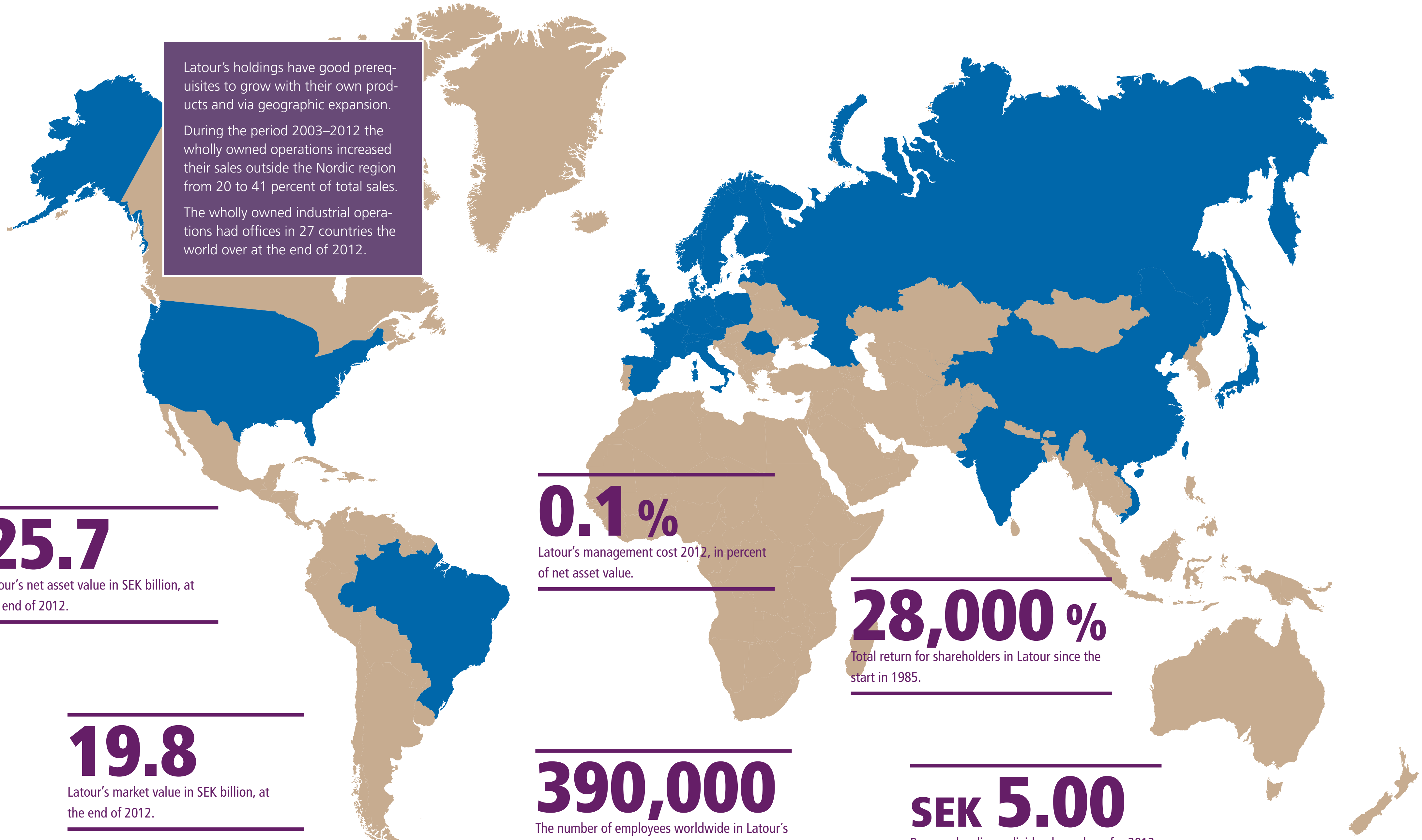


Latour's holdings have good prerequisites to grow with their own products and via geographic expansion.

During the period 2003–2012 the wholly owned operations increased their sales outside the Nordic region from 20 to 41 percent of total sales.

The wholly owned industrial operations had offices in 27 countries the world over at the end of 2012.

25.7

Latour's net asset value in SEK billion, at the end of 2012.

19.8

Latour's market value in SEK billion, at the end of 2012.

0.1 %

Latour's management cost 2012, in percent of net asset value.

390,000

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

28,000 %

Total return for shareholders in Latour since the start in 1985.

SEK 5.00

Proposed ordinary dividend per share for 2012. This can be compared to the ordinary dividend for 2011, which was SEK 4.50.

IMPORTANT EVENTS

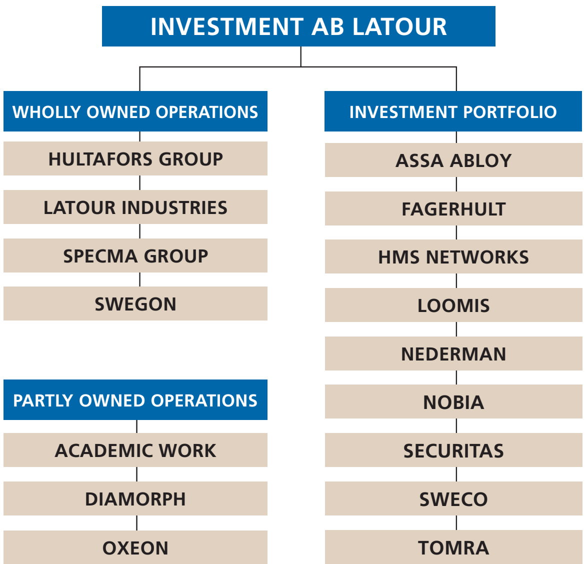
- Orders received: SEK 6,787 (6,950) m, a reduction by 3 percent adjusted for acquired and divested operations and exchange effects.
- Net sales: SEK 6,788 (6,831) m, a reduction for comparable units by 2 percent adjusted for exchange effects.
- Operating profit before restructuring costs: SEK 652 (790) m, corresponding to an adjusted operating margin of 9.6 (11.6) percent.
- Continued investment in product development and international expansion.
- Seven acquisitions were made during the year in the industrial operations, which in total contribute almost SEK 300 m in net sales. Pressmaster, with annual net sales of around SEK 100 m, was divested.
- Acquisition of 21.9 percent in Diamorph, a new interesting partly owned unlisted holding that offers advanced material solutions.
- Very good development in the portfolio investments. This success is mirrored in Latour's share price which rose by 28.1 percent adjusted for dividends when the comparable index, SIXRX, rose by 16.6 percent.

CREATING LONG-TERM VALUE THROUGH INTERNATIONALLY SUCCESSFUL COMPANIES

Latour is a mixed investment company whose comprehensive business concept is to invest with a long-term perspective in sound companies that have their own products and that are considered to have a major internationalization potential.

Production: Elanders 2013.
Images: Latour's image archives and photographer Nils-Olof Sjödén.

> **„ ... sound operations that have achieved good results and stable cash flows over a longer period of time.**
>
> **Jan Svensson, Comment by the CEO. Read more on pages 4-5.**



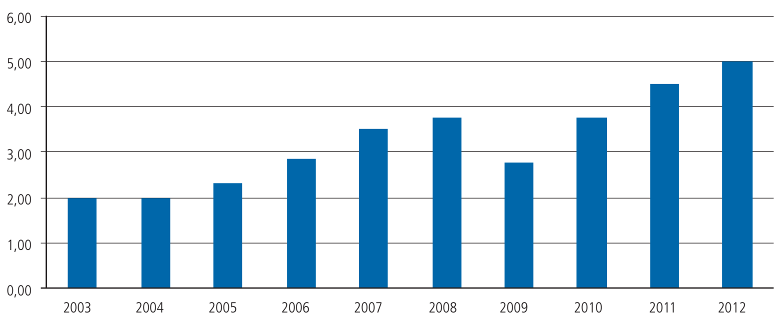
OPERATIONS IN TWO BUSINESS LINES

Latour's operations are primarily operated in two business lines: the wholly owned industrial operations and a portfolio with listed holdings.

The wholly owned operations consist of four business areas with over 3,700 employees. Our ambition is to own operations with good potential for international expansion that have their own unique products. The investment portfolio consists of nine holdings where Latour is the principal owner or one of the principal owners. The portfolio is dominated by holdings in Assa Abloy, Securitas and Sweco in terms of value.

In addition to the two principal business lines Latour also owns a number of partly owned unlisted operations

DIVIDEND GROWTH, SEK/SHARE



INDUSTRIAL OPERATIONS

Net sales amounted to SEK 6,788 (6,831) m which corresponds to an organic decline of 2 percent for comparable units adjusted for currency effects. Operating profit amounted to SEK 652 (790) m before structural costs.

INVESTMENT PORTFOLIO

Dividends from the investment portfolio to Latour for 2012 (distributed to Latour in the spring of 2013) increased by 11 percent for comparable investment portfolio to SEK 560 m, which was yet another record high.

The value of the investment portfolio rose by 28.1 percent in relationship to the comparable index (SIXRX*) which rose by 16.6 percent.

NET ASSET VALUE

Latour's calculated net asset value at the end of 2012 was SEK 162 per share, an increase of 19.1 percent. The comparable index increased by 16.6 percent. Information on the calculation of the net asset value is found on pages 18–19.

TOTAL RETURN

The total return on the Latour share amounted to 22.8 percent, which can be compared to 16.6 percent for the comparable index, (SIXRX*). The total return on the Latour share was 42.2 percent during the latest five year period, 2008–2012. The development for the SIXRX was 18.7 percent for the same period.

DIVIDENDS

Proposed dividends are SEK 5.00 (4.50) per share. Calculated on Latour's share price at the end of 2012 this is a return of 4.0 (4.2) percent.

*Six Return Index (SIXRX) shows the average development on Nasdaq OMX Stockholm, including dividends.

COMMENTS BY THE CHIEF EXECUTIVE OFFICER

"A year characterized by investments for the future"

Given the weak economy, the investments made for the future and the implemented restructuring measures the result in the wholly owned industrial operations was acceptable. At the same time we note that the portfolio companies have once again generated a return that is better than the Stockholm Stock Exchange on the whole.

Our long-term strategy is to build businesses that develop and manufacture their own technically advanced products on a market with good profitability and good growth opportunities internationally.

Following this strategy, in recent years we have increased our presence in sectors connected to the work environment and exterior environment. For example, we acquired Tomra (recycling and sorting) and Kabona (energy efficiency), through further developed products for energy efficient ventilation in Swegon and Nederman's acquisition of EFT.

Important events in the wholly owned operations

We have been very active in the area of product development during the year and had a number of successful launches, such as Nord-Lock's new, and in many ways, revolutionary NIX washer, that contribute to a better basis for growth.

> **"This means we persist in our long-term perspective to create growth with good profitability ...**

Another new item this year is Swegon's novel system Tellus™ for energy efficient production of heating, cooling and hot tap water, all in a single unit. Tellus™ is the first example of product development that combines the know-how in Swegon and Blue Box. In addition, the Hultafors Group launched a new tool carrying system that very deservedly received an award in the international design contest Red Dot Awards.

> **"... the portfolio companies have once again generated a return that is better than the Stockholm Stock Exchange.**

Our global expansion continues. During the year Nord-Lock built up a base for its future operations in Asia. Swegon has established itself in China and is expanding operations in India. Swegon is also hiring sales people and technicians in Europe to bolster the business there. The Hultafors Group continues to expand in Europe and has started up in three countries: France, Poland and Austria.

These measures have contributed to growth in exports during the year. Net sales outside the Nordic region grew by 39 to 41 percent of total net sales. Ten years ago this ratio was 20 percent.

Mats Holmqvist, former CEO of Swegon, retired in 2012 after a long and successful career in which he led the company to a leading position in energy efficient ventilation solutions. We want to thank him for his excellent work and at the same time welcome the company's new CEO Hannu Saastamoinen.

Important events in the portfolio companies

As an owner Latour works for lasting and profitable growth in our portfolio companies just as we do in the wholly owned industrial operations.

In 2012 Nederman strengthened its world leading position in industrial air filtering by acquiring EFT, one of the leading companies in solutions for industrial air filtering in the US. As a result of the acquisition Nederman now has an annual net sales rate of SEK 3 billion. When we first became principal owners in 2007 net sales were SEK 1 billion.

During the year we have increased our ownership in Tomra which acquired Best, an internationally leading supplier of advanced optic food stuff sorting. We also increased our holding in HMS Networks which made a major acquisition of the German IXXAT® at the turn of the year 2012–2013.

Assa Abloy has continued to grow. With the acquisition of 4Front in December 2012 the company has acquired 100 businesses since 2005. During the same period net sales have increased by 80 percent and earnings per share more than doubled.

These are just a few examples.

We can also note that the total return from the portfolio companies grew by 28.1 percent in 2012. This can be compared to 16.6 percent for the Nasdaq OMX Stockholm SIX Return Index. This fine development is reflected in the dividends Latour receives from the portfolio companies.

In the spring of 2013 Latour will receive SEK 560 m, an increase of SEK 68 m. This is a contributing factor to why Latour's board proposes raising the ordinary dividend to SEK 5.00 per share.

Challenges and opportunities

We see continued opportunities to further internationalize the wholly owned industrial operations.

The companies' products have a high international standard, which is the basis for international growth.

There are good opportunities for acquisitions in the wholly owned industrial operations, where we made seven acquisitions in 2012. We can also make investments in our other holdings where we, for instance, acquired 21.9 percent of Diamorph in 2012. The company offers advanced material for particularly demanding applications in industry the world over. This is a company that meets all of our criteria for long-term holdings – advanced technology, profitability in the trade and good growth opportunities on the international market. Then we have Oxeon and Academic Work, which are companies with interesting future prospects and good development.

In addition, the portfolio companies make acquisitions on a regular basis.

During the past few years we have intensified our HR focus. Our progress is very dependent on our ability to develop the talent we already have in our organizations and attracting competent employees as the wholly owned operations expand internationally.

Our financial position

Latour's financial position is stable thanks to sound operations that have achieved good results and stable cash flows over a longer period of time. This makes it possible to invest in growth organically and through acquisitions, which is part of our long-term strategy.

Prospects for 2013

There is considerable uncertainty about where the European economy is heading and this is where we have a relatively large part of our net sales. However, our sales volume in the countries with greatest growth prospects is still very modest.

In conclusion I would like to emphasize that we continue to invest, despite the uncertain situation in the world around us. This means we persist in our long-term perspective to create growth with good profitability and we will make further acquisitions when the right opportunity presents itself.

With all the above in mind I look forward to an exciting if challenging 2013.

Jan Svensson
President and
Chief Executive Officer

LATOUR'S COMPREHENSIVE BUSINESS CONCEPT

is to invest in sound companies with a strong potential for development and solid future prospects. Our long-term ambition is through active ownership to create growth and added value in our holdings, which in turn is reflected in the company's share.

VISION

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

CORE VALUES

Latour's core values are:

- Long-term
- Professional
- Development

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

VALUE-CREATING MANAGEMENT

Board work is the platform for value creation in both the wholly owned industrial operations and in the investment portfolio. Regardless of our owner share we apply a structured working method for board work, acquisition processes and integration processes. Thanks to Latour's interests in globally listed companies we can transfer knowledge and contribute to developing our wholly owned companies in line with our international expansion strategy.

The work is goal-oriented and with low central management expenses.

THE STRATEGY – steers acquisitions and development

In 2012 Latour acquired seven companies in the wholly owned industrial operations and invested in a major holding in Diamorph. In order to have a high success rate in our investments the acquisition process is always based on our long-term strategy, overall and within each business area and company.

Latour's core values Long-term, Professional and Development characterize both the strategy and acquisition processes, regardless if they are a smaller acquisition in some of the wholly owned industrial operations or the purchase of a holding in a major listed company.

Lists of acquisition candidates

Most of the acquisitions Latour makes supplement existing holdings. Each business area in the wholly owned industrial operations and each company in Latour Industries must have a long-term, clear strategy as well as an action plan.

Based on its development need the company identifies a list of possible acquisition candidates in its strategy work. If and when it seems logical to meet a development need with an acquisition, thereby realizing our strategy and achieving our goals, Latour continues along the structured acquisition process.

The actual integration is characterized by the strategic need that the acquisition must fulfill. Such needs can be geographical expansion, broadening our product portfolio or a vertical integration. These aspects that improve our competitiveness can be difficult to fix in the short-term organically.

The more needs a company fulfills the more interesting a possible acquisition becomes.

Own products with international potential

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

Latour is interested in both mid-sized companies that could be integrated into Latour Industries and in major companies that could become

LATOUR'S FINANCIAL GOALS AND DIVIDEND POLICY

Over a business cycle the wholly owned companies should reach:	• Average annual growth of at least 10 percent. • Operating margin of at least 10 percent. • Return on operating capital of at least 20 percent.
In normal circumstances net loans must amount to no more than:	• 10 percent of the portfolio market value, plus • 2.5 x EBITDA in the wholly owned industrial operations (3 year average of historic profit).
Dividend policy:	• Distribute 100 percent of dividends received from listed holdings. • Further dividends of 40–60 percent of profit after tax in the wholly owned operations.

Latour is interested in both mid-sized companies that could be integrated into Latour Industries and in major companies that could become business areas in their own right.

business areas in their own right. Our only size criteria is that the company may not be so small that it cannot develop and be managed on its own. However, this criteria is not valid when it comes to supplementary acquisitions that will be integrated into an already established, well functioning organization for operation and development in line with our strategy.

Question-driven strategy process in the development of our holdings

In Latour there are no templates for the strategic work in the wholly owned companies. Instead effort is put into answering three comprehensive questions: What is the company's current position, which are the company's goals in five years time and what needs to be done in order for it to reach these goals?

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

Focus on four to five strategic initiatives

The strategies in Latour's wholly owned industrial operations normally stretch three to five years ahead and their core is a number of strategic initiatives, usually four or five, as well as a specification of the goals to reach. The exact activities needed to reach the goal are not formulated, only the central aspects the company needs to work with.

This makes the entire organization more goal-oriented and participatory in the process of turning the initiatives into concrete and situation-specific activities on each level in the companies.

Simple and efficient steering and follow-up

Management and follow-up of the strategic initiatives are formulated as simply as possible, allowing the work to be performed efficiently in every part of each organization, along with the management and boards that continuously follow up performance.

In addition to creating higher goal fulfillment Latour's question-steered strategy process creates a collective base of experiences that can be transferred among the holdings. ■

(To the right) A new use for Diamorph's ceramic rollers is as façade material. The company has delivered rollers to Banco Populár de Madrid and the New York Times Building in Manhattan.

DIAMORPH MEETS THE CRITERIA

In 2102 Latour acquired 21.9 percent of the shares in Swedish Diamorph which develops, manufactures and sells products based on advanced light weight material that is wear resistant.

Meets all our criteria

Diamorph is an example of a company that meets all of Latour's criteria for a long-term investment which is then flowed by a commitment to ownership steering and other support.

Unique and advanced solutions

First of all, Diamorph offers unique products with a high level of technology. The company has control over the entire chain from development to distribution, which means it is well protected against possible competition.

Growing demand

Secondly, its products, or rather its solutions, are sought after. There is a growing global demand for advanced material with properties that are tailored to suit the user's needs.

International growth

Thirdly, there are good opportunities for international expansion. Diamorph already has good international market coverage through acquisitions like this year's British Tenmat that produces specialized, high performing material and which is present and sells in 50 countries. ■

CODE OF CONDUCT
– for responsible behavior

Latour bases its operations on trust based on responsible behavior. The Group strives to integrate a sustainable perspective into our business and thereby improve competitiveness and profitability in the long run. For this reason we have, among other things, developed a code of conduct.

Latour has a long tradition of taking responsibility, which follows the company's long-term investment horizon and management style. All our operations must comply with laws and valid regulations as well as establish relevant guidelines with clear goals.

We also strive for the operations in the company's holdings to be run with good ethics, respect for the individual, health and equality.

A code of conduct was introduced in 2012 to emphasize the principles that steer Latour's relationship with its employees, business partners and other interests.

Valid for all employees

The code of conduct, which applies to all board members and employees in Latour, is an ethical framework. This means that the business areas may have their own codes tailored to their own operations and which are more comprehensive and stringent than the overriding Group code of conduct. In that case the business area's code takes precedence.

Management plays an important role

In order for the code of conduct to be relevant leading senior officers must act as guiding models for the rest of the employees by incorporating Latour's core values and the code into the way they work.

Business partners are encouraged to apply the same principles

We encourage our suppliers, agents, consultants and other business partners to apply the principles laid down in the code of conduct. We use the principles in the code to evaluate future and existing suppliers.

We will follow the laws and regulations of every country we have operations in.

In situations where legislation does not provide guidance Latour's own norms, built on our core values and culture, are applied. If the principles of the code of conduct conflict with obligatory laws, the law of the land takes precedence.

> “... follows the company's long-term investment horizon

Impartial relationships with our business partners

All our ties with business partners must be characterized by impartiality. We do not offer customers, potential customers, governments, authorities or representatives for such organs any rewards or advantages that break the law or go against feasible and generally accepted business customs.

For the same reason Latour's employees may not receive payments, gifts or any other form of compensation from a third party that can affect, or appear to affect, the objectivity of a business decision.

In addition to the code of conduct we have a policy against bribery which all employees must adhere to.

Accounting and reporting

Financial transactions must always be reported according to generally accepted accounting principles and accounting must always show the nature of the transaction correctly and transparently. Latour's accounting must also be open and truthful, relevant and understandable.

Avoid conflicts of interest

Employees and board members must handle private or otherwise external activities and financial interests in such a way that they do not conflict with, or appear to conflict with, our interests. If such a conflict should arise the person involved must immediately report to his or her superior.

Political engagement

We maintain a neutral position regarding political parties and candidates. Neither our company name nor assets may be used to promote the interests of political parties or candidates.

Follow our environmental policy

Latour strives to design our products and processes so that they use energy and raw materials efficiently and minimize waste and byproducts over the life cycle of a product. We have an environmental policy and our holdings are encouraged to draw up environmental policies tailored to their own businesses.

We apply the precautionary principle by avoiding material and methods that can cause environmental and health hazards when other adequate alternatives are available.

Read more about our work with the environment on pages 10–11.

Respect human rights

We support and respect the protection of human rights and guarantee that we are not involved in crimes against human rights. All our operations follow the UN's and OECD's guidelines for sustainability.

Encourage diversity
We encourage diversity on all levels in the Group and recruit and treat employees in such a way that does not discriminate against gender, race, religion, age, functionality, sexual orientation, nationality, political opinion, trade union membership or social or ethnic origin.

Good work environment
All the employees in the Group must have good conditions for a safe and healthy work environment. Read more about our work to create a good work environment on pages 12–13.

We do not tolerate child or forced labor, or work performed under threat. Minimum age for employment is the legal age for finishing compulsory schooling.

The right to organize and the right to collective bargaining agreements are respected throughout the Group.

Wholly owned business areas are encouraged to formulate their own codes
Our wholly owned industrial operations are encouraged to formulate their own, customized codes of conduct which can be more comprehensive. The spirit of the overriding Group code of conduct must, however, be reflected in the business area's own document.

Not following the code can lead to disciplinary action
Breaches of the code of conduct may be reported anonymously and confidentially to a supervisor or business area management. Those who report any such breaches in good faith do not risk repercussions. ■

ACTIVE ENVIRONMENTAL CHOICES
– a strategic matter for business

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

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

Strategic mindset
Latour strives to identify solutions that satisfy all four driving forces described in the column to the right of this spread.

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

SEK 37.3 billion
Energy savings via Swegon's products since 1994.

Our ambition is to create products that lead to lower environmental impact and better finances for our customers throughout the entire life cycle of a product.

Board level responsibility and management
There is an inherent expectation of continuous progress in the Group. All boards in the wholly owned industrial operations regularly report their progress in sustainable development according to the four driving forces in the column to the right of this spread. In addition, the subsidiaries are ISO certified and by other industry-specific systems with high demands, like those in the automotive industry.

Billions of savings
Product development in the wholly owned subsidiary Swegon is an example of how Latour's philosophy has been put into practice. Swegon is a leader in the ventilation industry

Swegon's efficient ventilation solutions have contributed to energy savings equivalent to 12.2 million mid-sized homes' annual consumption of household electricity since 1994, according to the company's calculations.

“... the right environmental choice is intended to lead to greater sales and profitability.

and has for years put a great deal of resources into integrating environmental and energy savings into its product development.

This has been a successful strategy. Since 1994 Swegon's products have helped to save the equivalent of 12.2 million mid-sized homes' annual consumption of household electricity or 4.7 million homes' annual consumption of electricity for heating. Measured in money, the total savings since 1994 amounts to SEK 37.7 billion.

Up to half the energy consumption

Kabona, an independent supplier of automated and energy efficient systems for central heating, was acquired in 2012.

Kabona, which is one of the leading companies in Europe in its niche, offers, among other things, a solution that coordinates existing systems in buildings, and which takes into account indoor temperatures, air quality, weather forecasts and thermal storage capacity. Energy savings of between 25–50 percent can be achieved through this system. ■

WORK ON SUSTAINABILITY

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

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

Companies that can come up with attractive solutions in these areas will have a valuable competitive edge.

❷ **Public opinion and consumer power:** The general public is now much more aware of the environmental challenges we face. This creates a greater need for products that help reduce environmental impact and puts greater demands on companies to act responsibly.

❸ **Political ambitions:** Political ambitions regarding the environment are high. The instruments used are divided in two main areas: punitive measures to decrease the use of harmful substances and rewarding measures such as special support for the development of environmentally friendly technology that leads to less fossil fuel consumption.

❹ **New technology:** New technology makes it possible to individually, or with other products and systems, make environmental and financial gains. ■

HR WORK WITH SPECIFIC GOALS – long-term attractive employer

Latour works with systematic management so that Latour's headquarters and the companies we invest in are attractive workplaces where employees enjoy working and can develop. This is essential to recruiting and holding the right expertise and individuals – and that has a positive effect on our ability to create long-term value.

At the end of 2012 the number of employees in all of Latour's holdings amounted to around 390,000. Of these some 3,700 were in the wholly owned industrial operations, while the rest were employed in the investment portfolio companies where Latour's share of votes is at least 10 percent. Eleven people work at Latour's parent company.

Strong and long lasting company cultures are an important component in steering employee-related matters in the parent company and the company's holdings. Our company culture is based on our core values: Long-term, Professional and Development.

Every business unit has its own unique company culture but they are all based on these core values which are the same for all of Latour's operations.

High competence and diversity

In order to take active ownership responsibility and develop the holdings through professional board work we need a high level of competence and diversity in the boards that we appoint.

390,000

Number of employees worldwide in Latour's portfolio companies, the wholly owned industrial operations and associated companies.

For some time now Latour works on the principle that the boards of the wholly owned industrial operations must have two external and experienced members, of which at least one must be a woman.

For this same reason Latour strives to make sure we can recruit and keep the right people, both in the parent company and in the holdings that the company invests in.

Latour has built up a comprehensive

Keeping our employees and competence is essential at Latour, which is why we endeavor to systematically create opportunities for personnel to try other positions in the Group. The picture is of personnel at Nord-Lock, which celebrated its 30 year jubilee in 2012.

network as the company and its holdings have grown and become increasingly international. This network of contacts has a depth and width that is advantageous in many situations but particularly when it comes to major deals and the ensuing need to recruit management, board members, consultants and other key personnel.

Securing access to the right competence

As the wholly owned industrial operations grow internationally we increasingly need the right individuals and expertise in leading positions, middle management and other key positions. Meeting this need requires competitive terms where good results are rewarded in line with Latour's long-term and industrial ambitions concerning value.

The same holds true for the portfolio companies. However, for the most part these have come farther along in internationalization and the work to secure the right competence as they grow. They have a great deal of good experience and knowledge in this area that can be transferred to the wholly owned operations.

Well developed leadership program

An important component in creating successful leadership is offering employees competence development in this area. This is the responsibility of each individual company. For instance, there are well developed leadership programs in the business areas in the wholly owned industrial operations.

> **"... are attractive workplaces where employees enjoy working and can develop.**

Possibility to advance in the Group

Keeping our employees and competence is essential at Latour, which is why we endeavor to systematically create opportunities for personnel to try other positions in the Group. This leads to better dynamics and good opportunities for the individual to develop.

Systematic health promotion

Latour also strives to create good working conditions in all our companies from a job satisfaction and health perspective – areas which are very important for the long-term development of both individuals and companies.

Healthcare in Swegon

All the wholly owned industrial operations run health programs. Swegon started a healthcare project in 2007 at their unit in Kvänum, and all 350 employees can participate. Every participant starts in the project by having their health habits charted and being given a physical. After that they sit down with a health coach who gives them advice based on each individual's unique situation and then they set their personal health targets. After three months they come back for a follow-up to evaluate how well they have met their goals and how much they have changed their lifestyle.

The project was evaluated in 2012 and it showed good results. Around 13 percent of the participants had gone from the risk group category to the healthy group category, which means they had reduced the risk of running into health problems. ■

HELLO GÖNNA!

Interview with Gönna Petersen, Marketing Director at Swegon, about working in the Latour Group.

When did you start at Swegon?

I started as a trainee in 2002 and this lead to a temporary job a few years later when I had finished my education. My first assignment was to develop sales on the German market. The project was a success so I stayed on and got new assignments.

What is it like to work in a Latour company?

I left my home country Germany, learned a new language and created a new life in Sweden in order to take the job I was offered – just because I liked working at Swegon so much! I like the entrepreneurial culture and the fact that you are given responsibility so quickly. It's good for creativity and motivation.

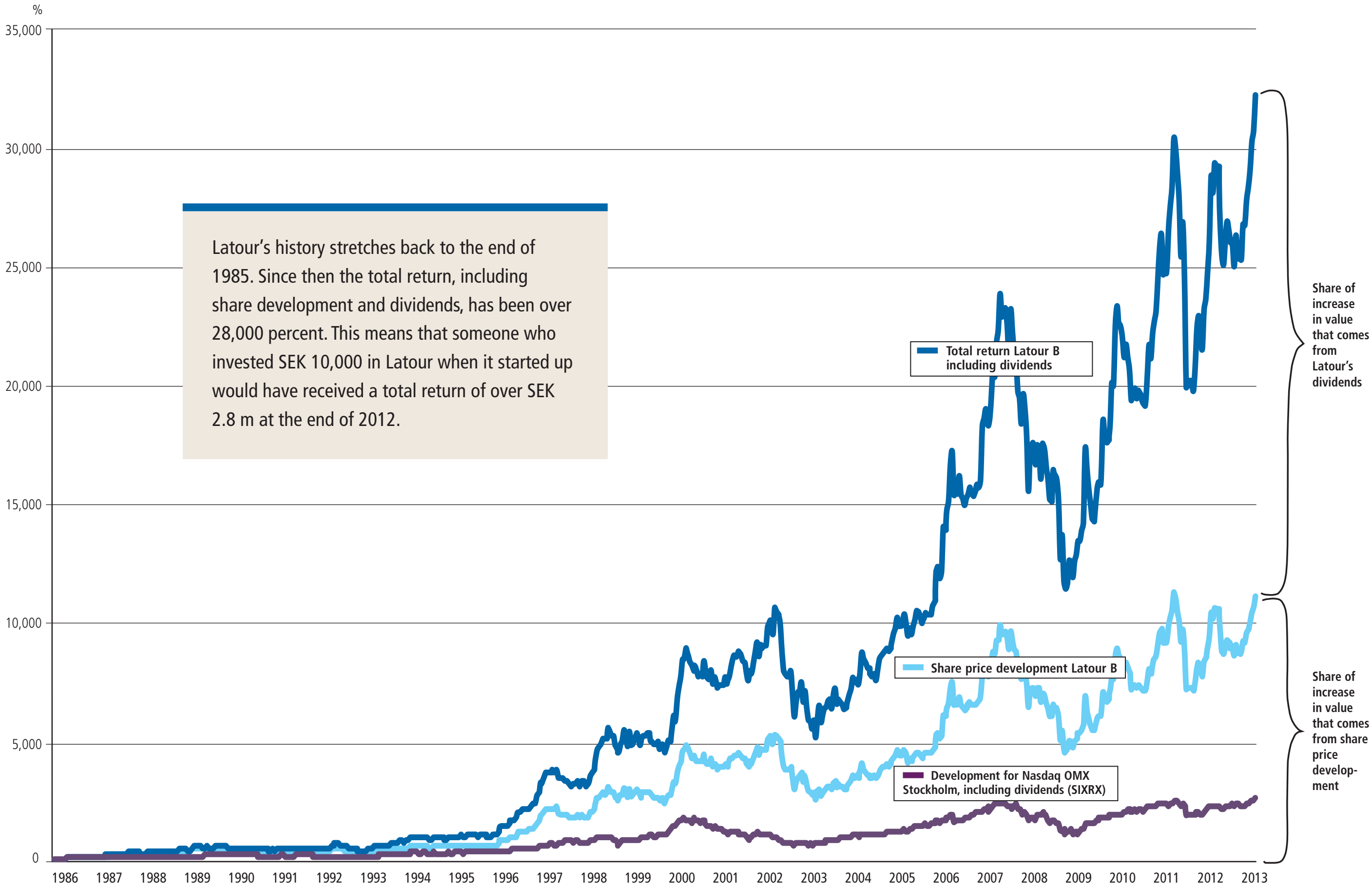
What about the opportunities to develop as an employee?

I started out with a project job and now I'm Marketing Director, so naturally I think they are good. The company has always challenged me with new jobs and I have always wanted them. The responsibility for developing has to be shared by both sides.

Latour's companies work on many different markets. What do you think about that?

It's great that Latour is an international company! I'm a German who has previously worked in the US and now I'm here in Sweden. Being able to work internationally is important to me. Other cultures, languages and perspectives contribute a lot to me as a person and to my work. ■

THE LATOUR SHARE'S TOTAL RETURN
– over 28,000 percent since it started in 1985



The diagram shows the total return on the Latour share, which includes both the development of the share price and the distributed dividends, in relation to the Nasdaq OMX Stockholm on the whole. Since the start of the company in 1985 the share has had a higher total return than the average for Nasdaq OMX Stockholm, even the past one, ten and twenty year periods.

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

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

1991 Securitas is listed.

1993 Latour sells most of the holding in Trelleborg.

1994 Latour contributes to creating Europe's largest lock group: Assa Abloy. Acquisition of Swegon.

1997 Distribution of Fagerhult and Säkl. Acquisition of a major item in Sweco.

1999 Increased ownership in Fagerhult and Sweco.

2000 Sales of holdings in Piren and BT Industries.

2003 Acquisition of shares in Munters.

2004 Start of concentration in the wholly owned industrial operations.

2005 Acquisition of Wibe Stegar.

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

2007 Acquisition of major shareholding in Nederman.

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

2009 Divestiture of holdings in OEM International.

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

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

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

Five year overview

(SEK m)	2012	2011	2010	2009	2008
PARENT COMPANY					
Dividends paid	796[1)]	957	491	360	491
Equity/debt ratio (%)	91	93	100	98	98
Adjusted equity/debt ratio [2)] (%)	96	96	100	98	98
GROUP					
Dividends received	499	430	279	292	320
Return on equity (%)	13	18	6	6	16
Return on total capital (%)	12	17	6	6	14
Adjusted equity/debt ratio [2)] (%)	86	84	85	82	75
Adjusted equity [2)]	20,223	16,709	13,783	11,051	8,524
Net debt/equity ratio [2)] (%)	8	7	2	7	15
Net asset value [2)]	25,726	22,653	20,536	15,850	10,527
DATA PER SHARE					
Profit after tax [3)]	8.45	14.13	5.37	4.21	11.14
Listed price 31 December	124.2	106.7	124.6	99	62
Net asset value per share [4)]	162	142	157	122	80
Share price as a percent of net asset value [4)] (%)	77	75	79	81	78
Earnings per share before dilution	8.45	14.13	5.37	4.21	11.14
Earnings per share after full dilution	8.42	14.10	5.36	4.21	11.14
Administration costs, as a percent of portfolio value (%)	0.08	0.11	0.07	0.08	0.09
Cash flow from current operations per average number of shares	5.5	2.8	3.7	5.4	4.5
Equity [5)]	68	66	94	76	60
Dividends paid	5.00[6)]	6.00	3.75	2.75	3.75
Return (%)	4.0[7)]	5.6	3.0	2.8	6.0
P/E-ratio	15	8	23	24	6
Total outstanding shares	159,263,000	159,500,000	131,000,000	131,000,000	131,000,000
Average number of outstanding shares	159,421,000	144,898,630	131,000,000	131,000,000	131,000,000
Average number of shares after full dilution	159,922,885	145,224,005	131,172,973	131,067,110	131,000,000
Bought back shares	697,000	460,000	460,000	460,000	460,000
Average number of bought back shares	539,000	460,000	460,000	460,000	460,000

1) Proposed dividend based on the number of outstanding shares as of 2013-02-20.
2) Including surplus value in associated companies.
3) Calculated on an average number of outstanding shares.
4) Calculated on the average of the multiple span applied since 2006.
5) Calculated on the number of outstanding shares per the balance date.
6) Proposed dividends.
7) Calculated on the proposed dividend.

THE LATOUR SHARE
– strong development in 2012

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

The world's stock markets recovered in 2012 after a weak 2011. The development for the Latour share was 16.4 percent, which can be compared with OMXSPI (Nasdaq OMX Stockholm) which was 12.0 percent during the same period. The highest value for 2012, SEK 148.00, was on 27 March and the lowest, SEK 106.70, was on 2 January. The final price paid on 28 December was SEK 124.20.

In 2012 the total return (share development including reinvested dividends) for the Latour B share amounted to 22.5 percent compared with SIXRX which increased by 16.6 percent during the same period. The average annual total return for the Latour B share has been 14.3 percent in the last ten years, compared with 12.6 percent for SIXRX during the same period.

Market value
Latour's total market value, calculated on the number of outstanding shares, amounted to SEK 19.8 billion at the end of 2012. This makes Latour the 38th largest company of the 257 companies registered on the Nasdaq OMX Stockholm.

Trading
In 2012 a total of 5.8 million Latour shares were traded for a value of over SEK 0.7 billion. On average, 23,065 shares were traded daily, a reduction of 14 percent compared to 2011.

Share capital
As of 31 December 2012 the company's share capital was unchanged and amounted to SEK 133,300,000. The total number of A shares were 11,947,059 and B shares were 148,012,941. The number of votes was 267,483,531 (including 697,000 B shares bought back that are not entitled to vote at the Annual General Meeting).

Share buy backs
The total number of shares per 31 December 2012 was 159,960,000, including bought back shares. In 2012 237,000 own shares were bought back. Latour previously owns 460,000 bought back B shares. As of 31 December 2012 the total number of bought back shares was 697,000. Call options have been issued to senior officers on 663,000 of the bought back shares. The Annual General Meeting 12 May 2012 authorized the board to decide on the acquisition and the transfer of shares.

Shareholders
The number of shareholders in 2012 increased from 10,690 to 10,986. The proportion of foreign investors amounted to 2.8 (1.6) percent at year-end. The number of institutional owners was 5.6 (5.6) percent.

Dividends
The board proposes dividends of SEK 5.00 (4.50) per share for the financial year 2012. Direct return is 4.0 percent based on the final share price at the end of 2012.

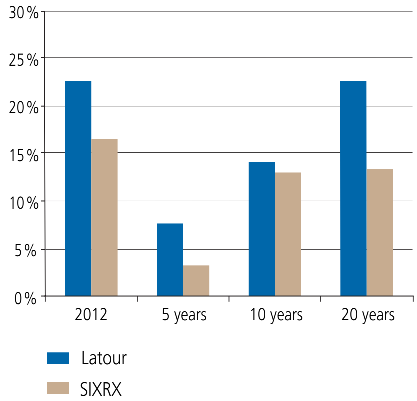
Analysts
The following analysts followed Latour at the end of 2012:
Niclas Höglund, Swedbank Markets
Richard Henze, ABG Sundal Collier
Johan Sjöberg, Carnegie
Elias Porse, Handelsbanken

IR contact
If you have any questions you are welcome to contact:
Anders Mörck, chief financial officer
tel: +46 31 89 17 90 or
e-mail: anders.morck@latour.se ■

OWNERSHIP FACTS

- The number of shareholders increased to 10,986 (10,690).
- 77.4 % of the company's share capital is owned by the principal shareholder with family and companies.
- Other board members own 3.0 %.
- Swedish institutional investors own 5.6 % of share capital.
- Foreign ownership accounts for 2.6 %.

AVERAGE TOTAL RETURN, LATOUR COMPARED TO SIXRX



TYPE OF SHARE

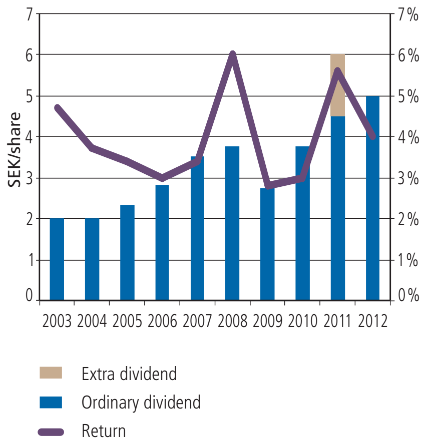
	Total shares	%	Number of votes	%
Serie A (10 votes)	11,947,059	7.5	119,470,590	44.7
Serie B (1 vote)	148,012,941	92.5	148,012,941	55.3
Total number of shares	**159,960,000**	**100.0**	**267 483 531**[1]	**100.0**

[1] Including 697,000 bought back B shares which are not entitled to vote at the Annual General Meeting.

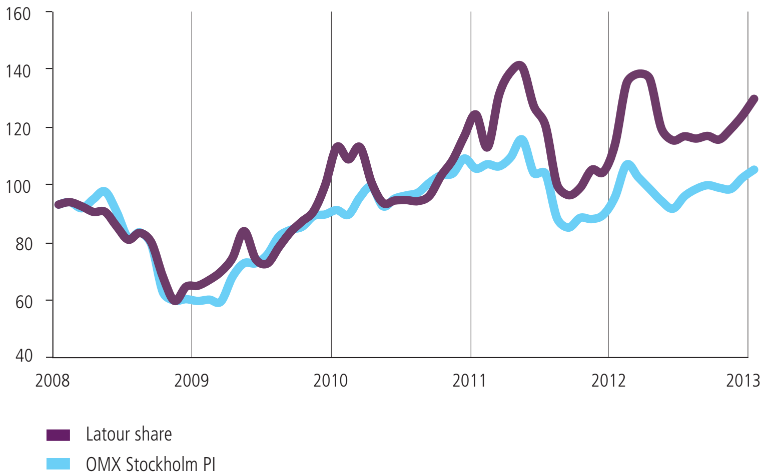
LARGEST OWNERS 31 DECEMBER 2012

Shareholder, thousands	Number A shares	Number B shares	% share capital	% of votes
Gustaf Douglas, family and companies	9,935	113,852	77.4	79.9
Fredrik Palmstierna, family and companies	1,802	2,815	2.9	7.8
Bertil Svensson, family and companies		2,274	1.4	0.9
SEB Funds		1,728	1.1	0.6
SEB Investment Management		1,358	0.9	0.5
Swedbank Robur Funds		1,283	0.8	0.5
Lannebo Funds		1,150	0.7	0.4
Didner & Gerge Aktiefond		855	0.5	0.3
AP4		678	0.4	0.3
Other shareholders	210	21,323	13.5	8.8
Investment AB Latour, share buyback		697	0.4	–
	11,947	148,013	100.0	100.0

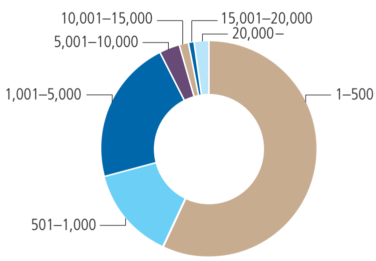
DIVIDENDS THE LAST 10 YEARS



LATOUR SHARE PRICE DEVELOPMENT



ALLOCATION PER SHAREHOLDING



Allocation of shareholders in size category.

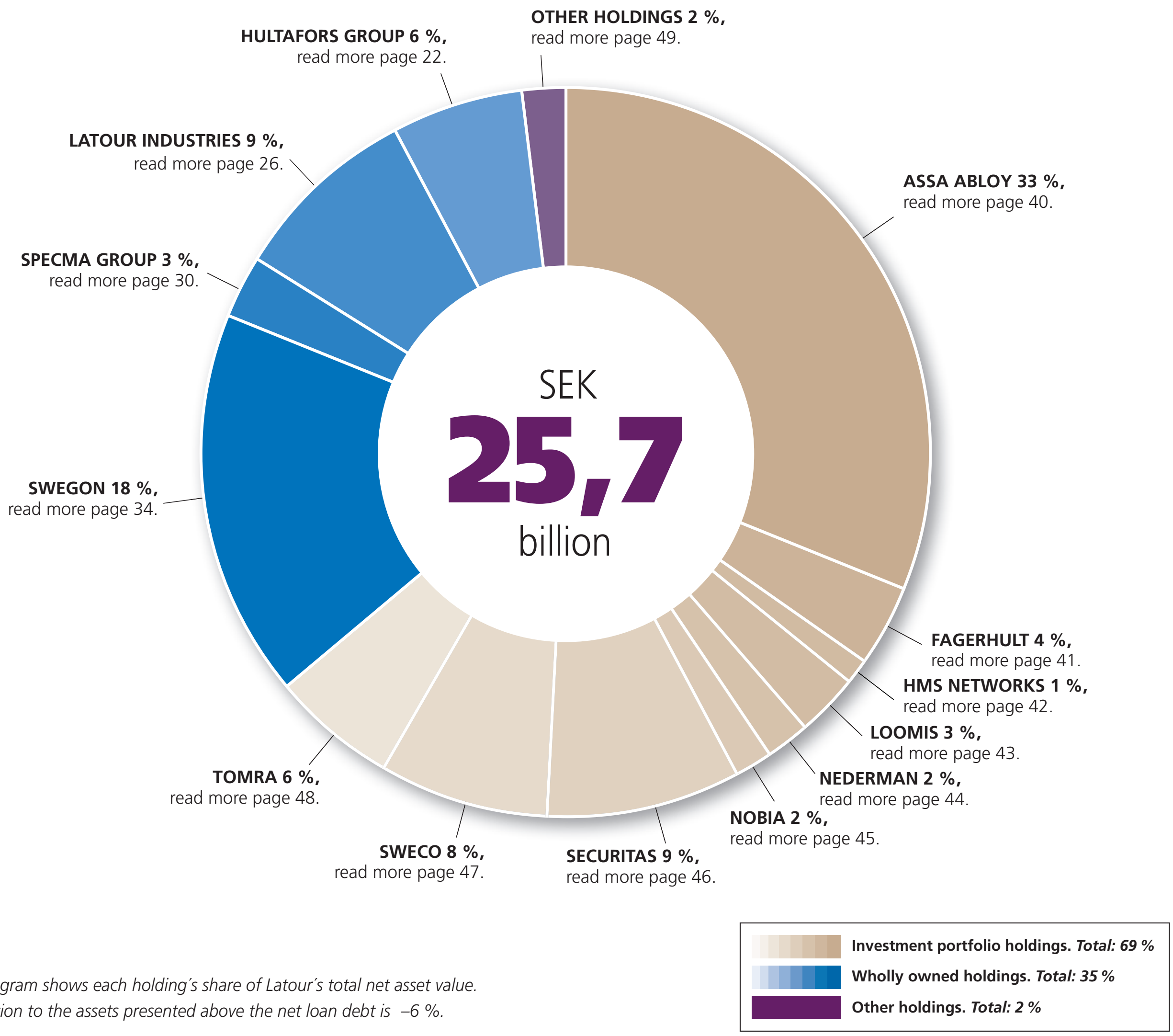
NET ASSET VALUE
– increased by 19.1 percent in 2102

The Group's net asset value on 31 December 2012 amounted to SEK 162 (142) per share. This is an increase of 19.1 percent, adjusted for paid dividends. This can be compared with the development on the Nasdaq OMX Stockholm (SIXRX) which increased by 16.6 percent in 2012.

As previously described, Latour consists in part of wholly owned industrial 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 industrial operations is more complicated. This is because the market value, the price potential buyers are willing to pay, is not as well defined. A description of the method that Latour uses to calculate the value can be found to the right.

Two of the largest holdings wholly owned

Latour's three largest holdings, based on net asset value, are Assa Abloy, Swegon, Latour Industries, Securitas and Sweco. It is worth noting that two of the five largest holdings are wholly owned. All in all the wholly owned industrial operations correspond to 35 percent of the total consolidated net asset value if using the value derived through the calculation method. ■



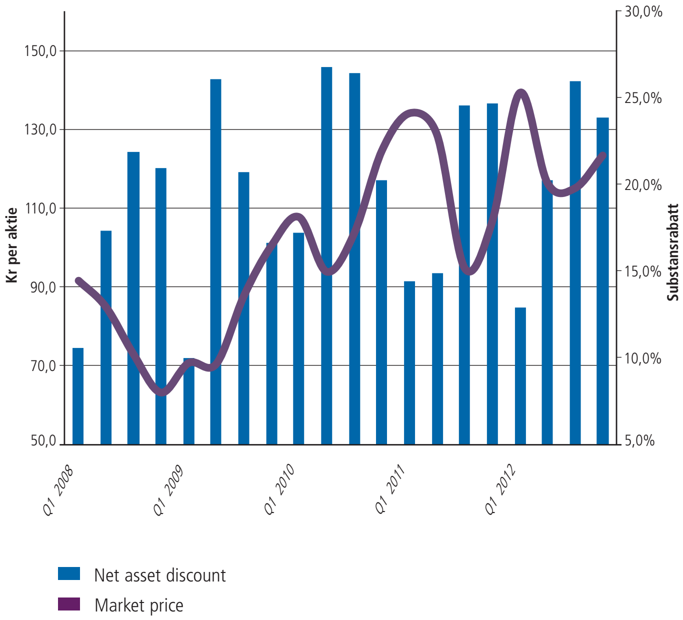
This diagram shows each holding's share of Latour's total net asset value. In addition to the assets presented above the net loan debt is –6 %.

NET ASSET VALUE 31 DECEMBER 2012

SEK m	Net sales[1]	EBIT[1]	EBIT-multiple or EV/sales-multiple Interval	Valuation SEK m[2] Interval	Valuation average	Valuation SEK/share[3] Interval
Hultafors Group	1,197	127	10 – 13	1,266 – 1,646	1,456	8 – 10
Latour Industries	1,650	172	11 – 15	1,898 – 2,588	2,242	12 – 16
Specma Group	1,215	21	0.5 – 0.6	607 – 729	668	4 – 5
Swegon	2,785	337	12 – 15	4,045 – 5,056	4,551	25 – 32
	6,847	657		7,816 –10,019	8,917	49 – 63
Listed shares (see allocation page 39)					17,710	111
Unlisted partnered holdings						
Academic Work[4], 20.06 %					336	2
Diamorph[5], 21.87 %					122	1
Oxeon[6], 31.08 %					32	0
Other assets						
Current trading portfolio					85	1
Other holdings					16	0
Dilution effect of option program					–6	0
Other assets					52	0
Net debt					–1,538	–9
Calculated value					25,726	162
				(24,625 – 26,828)		(155 – 169)

[1] Rolling 12 month operating result, current company structure.
[2] EBIT and EV/SALES recalculated taking into consideration the share price 2012-12-31 for comparable companies in each business area.
[3] Calculated on the number of outstanding shares.
[4] Valuation in accordance with statement from independent valuer.
[5] Valued according to last transaction.
[6] Valued according to Latours last market price.

NET ASSET DISCOUNT RELATIVE TO MARKET PRICE



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

THE METHOD STEP BY STEP

❶ IDENTIFICATION OF LISTED COMPARABLE OBJECTS

First listed companies operating in the same industries as Latour's wholly owned industrial operations are identified. At the end of 2012 there were 23 listed companies that were estimated to meet the criteria and which were therefore included in the calculation of Latour's net asset value.

❷ CALCULATION OF EBIT-MULTIPLES

When all comparable objects have been identified a review is made of the companies' EBIT-multiples. An EBIT-multiple is based on the company's EV (Enterprise Value). The EV is calculated by taking the market value and increasing it by the company's net debt (see Definitions, page 88). The EV is then divided by the operating result (EBIT). A company that has a share price of SEK 90 m, a net debt of SEK 10 m and an operating result of SEK 10 m per share will consequently have an EBIT-multiple of 10.

❸ 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 Swegon business area, where one has a multiple of 6 and the other has a multiple of 10. The EBIT-multiple used to calculate the value of the Swegon business area is in the span 6–10.

❹ COMBINING THE NET ASSET VALUE OF THE WHOLLY OWNED INDUSTRIAL OPERATIONS

When the spans for the EBIT-multiples are established a valuation of each business area can be made. This is done by first calculating a 12 month rolling operating result (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 Swegon business area shows a 12 month rolling operating result (EBIT) of SEK 100 m. If the EBIT-multiple 6–10 is then applied on the result we will end up with a value of SEK 0.6–1.0 billion. When these calculations have been made for all the business areas the result is combined for a total value of the wholly owned industrial operations in one span.

❺ 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 asset value for the listed holdings. This is multiplied by the number of shares owned in each listed company. These share prices lead to a net asset value for the listed holdings. This is then combined with the net asset value of the wholly owned operations, which has been calculated into a span in steps 1–4. This total, together with other assets and net debt, is the net asset value for Latour, also given as a span. ■

LATOUR'S WHOLLY OWNED OPERATIONS
– continued geographic expansion

The wholly owned industrial operations consist of four business areas with strong positions. Our ambition is that they grow internationally with their own products like the portfolio companies Assa Abloy and Securitas. We have been successful so far. Net sales outside the Nordic region increased from 20 to 41 percent of total net sales the past ten years.

In 2012 sales in the wholly owned industrial operations outside the Nordic region increased from 39 to 41 percent of total net sales. Even if many companies have increased their international presence substantially the degree of internationalization is still relatively low. This entails a major growth potential.

Growth at a higher rate than the general development of the economy can take place on three planes: through a broader product offer, through greater international presence and finally through increased market shares on existing markets.

The growth in these dimensions can occur through investments in organic growth and through acquisitions. Latour's goal is to grow by at least 10 percent annually over time.

IMPORTANT EVENTS 2012

- The slow economy contributed to a decrease in net sales by 2 percent for comparable units adjusted for exchange rates.
- The operating profit was also affected by the economic slowdown and amounted to SEK 652 (790) m excluding restructuring costs. This corresponds to an adjusted operating margin of 9.6 (11.6) percent for remaining operations, which is just under the goal.
- Continued international expansion. The share of sales outside the Nordic region increased from 39 to 41 percent.
- Seven acquisitions were made contributing nearly SEK 300 m per year. One business, with annual net sales of SEK 100 m, was divested.
- Continued investments in product development. There were a number of successful product launches in the business areas during the year.
- An action plan was implemented to further rationalize production in the Specma Group.
- Strategic reorganization in the Hultafors Group to create a better business focus and rationalize costs.

BUSINESS AREA RESULTS

	Net sales		Operating profit		Operating margin %	
	2012	2011	2012	2011	2012	2011
SEK m	12 mon	12 mon	12 mon	12 mon	12 mon	12 mon
Hultafors Group	1,197	1,182	127	151	10.6	12.8
Latour Industries	1,610	1,573	170	248	10.6	15.7
Specma Group	1,198	1,381	18	79	1.5	5.7
Swegon	2,785	2,707	337	312	12.1	11.5
Eliminations	–2	–12	–	–	–	–
	6,788	6,831	652	790	9.6	11.6
Restructuring costs	–	–	–57	–	–	–
	6,788	6,831	595	790	8.8	11.6
Capital gains, company divestitures	–	–	7	63		
Other companies & items	–	340	29	30		
	6,788	7,171	631	883		

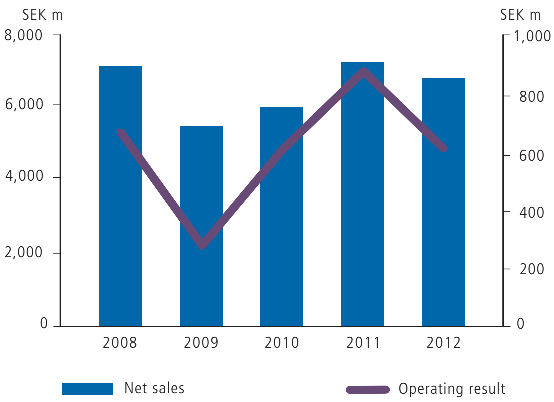
	Operating capital[1]		Return on operating capital %		Growth in net sales %		
	2012	2011	2012	2011	2012	Of which	Of which
SEK m	roll 12	roll 12	roll 12	roll 12		acquisitions	currency
Hultafors Group	835	826	14.7	18.3	1.3	2.1	–1.2
Latour Industries	1,100	869	14.1	28.5	2.3	5.8	–0.5
Specma Group	596	574	–1.5	13.7	–13.3	0.4	–0.5
Swegon	1,093	1,136	29.8	27.5	2.9	–	–1.6
Total	**3,624**	**3,404**	**16.4**	**23.2**	**–0.6**	**1.8**	**–1.1**

[1] Calculated as total assets reduced by cash and other interest-bearing assets less non-interest-bearing liabilities. Based on the average for the last 12 months.

FIVE YEAR OVERVIEW

	2012	2011	2010	2009	2008
Net sales	6,788	7,171	5,991	5,440	7,071
(of which export)	4,258	4,063	3,141	2,993	3,779
Operating profit	631	883	620	296	671
Average operating capital	3,624	3,404	2,590	2,674	2,669
Total assets	6,165	5,817	4,454	4,725	4,505
Number of employees	3,680	3,518	2,701	2,955	3,514
Return on operating capital (%)	16.4	23.2	22.4	12.7	26.3
Operating margin (%)	9.6	11.6	10.9	6.3	10.3

OPERATING RESULT AND NET SALES



HULTAFORS GROUP

Important events in 2012

- Organic growth remained unchanged despite a successively weakening market during the year.
- Continued investments in product development and building up the market which is expected to lead to good results in the coming years.
- A total of 78 new and further developed products were launched.
- We received two Red Dot Awards, one of them was Best of the Best for Hultafors Tools' adjustable wrecking bar.
- International expansion continued with the acquisitions of franchise owner in the Netherlands and the establishment of our own sales company in Poland.
- Strategic reorganization to create better business focus and achieve cost rationalizations

Goal achievement – primary factors

Despite higher costs for raw materials and production we achieved our goal for the operating margin thanks to continued rationalizations and a good ability to withstand an increasing price press. As a result of a successively weakening demand during the year we did not reach our net sales growth goal. However, expansion measures, in the form of product development and building up the market, resulted in net sales on par with 2011.

Strategy for expansion

Hultafors Group has good prerequisites to meet profitability and growth goals, provided that growth can be achieved organically and through acquisitions of brands sought after by end users via the following parallel processes:

- Supplementing the existing product range with similar products and using existing distribution channels even more effectively.
- Grow geographically on markets linked to our current markets. Our strategy is to have our own sales companies on our main markets.

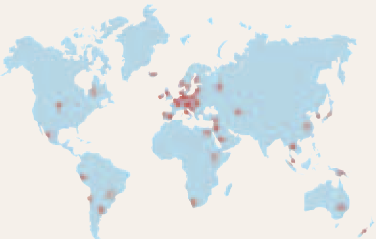
Slowly changing market

The European market for provisions for craftsmen is changing, albeit relatively slowly.

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

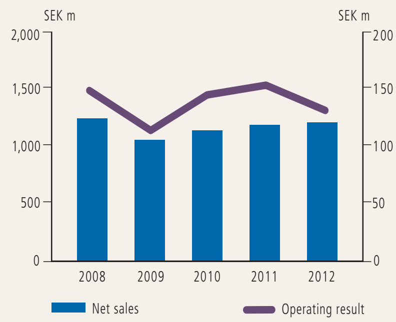
At the same time there is an underlying trend in the industry towards more

INTERNATIONAL EXPANSION

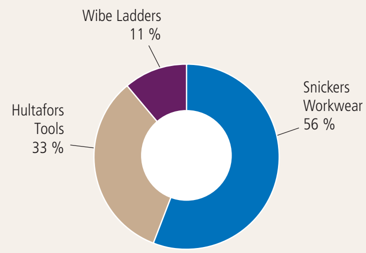


Hultafors Group's expansion continues with focus on Europe. Snickers Workwear was, for example represented in 28 countries at the end of 2012, which makes the brand one of the strongest in Europe.

NET SALES AND OPERATING PROFIT



DISTRIBUTION OF NET SALES PER BRAND

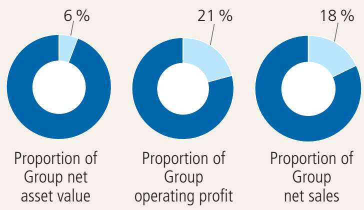


NET SALES AND PROFIT

(SEK m)	2012	2011	2010	2009	2008	Latour´s minimum goal
Net sales	1,197	1,182	1,134	1,052	1,213	>10 %
(of which export)	899	866	845	808	917	
Operating profit	127[1)]	151	143	115	148	
Operating capital[2)]	835	826	756	817	873	
Operating margin, %	10.6	12.8	12.6	10.9	12.2	>10
Return on operating capital, %	14.7	18.3	18.9	14.0	16.9	>20
Investments	17	11	8	19	39	
No. of employees	642	622	586	622	708	

[1)] *After restructuring costs*
[2)] *Average*

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



CHALLENGES AND OPPORTUNITIES IN 2013

The major future challenges are maintaining a high level of cost efficiency in the product supply chain, expanding the number of POS and further developing existing ones as well as integrating the Hultafors Group's comprehensive concept into more markets in Europe.

The brands are well positioned to grow organically and thereby continue to take market shares in Europe. Strategic acquisitions and partnerships that, for instance, expand the product range may also materialize.

Alexander Wennergren Helm, Hultafors Group Business Area Manager

cooperation and large scale production, distribution and marketing to increase profitability in the long-term. One effect of this is the growing retail chains aimed at craftsmen. Parallel to this trend is an increase in private labels and the need for internationally strong brands that can fuel the development in products and customer preferences. This development opens up great possibilities for Hultafors Group.

For internationally strong brands such as Hultafors Group the number of Point of Sales (POS) is an important success factor. POS is, simply put, a retailer through which Hultafors Group's brands reach the end consumer. At the end of 2012 Hultafors Group had about 10,000.

…the best functionality, safety, protection and productivity.

Hultafors Group – strong brands you can rely on

Hultafors Group offers carefully selected brands for both distributors and craftsmen. Each brand in Hultafors Group has a common passion: to give the craftsmen the best functionality, safety, protection and productivity.

Snickers Workwear, Wibe Ladders and Hultafors represent expert know-how in their respective fields and the unique challenges that craftsmen face every day. Hultafors Group's brands contribute to making craftsmen's work safer, simpler and more efficient.

For distributors Hultafors Group's strong brands entail a powerful combination of business opportunities and synergies. Close cooperation with our retailers means a better range of quality products and a good platform for better growth and profitability.

A reorganization was carried out in 2012 in order to concentrate and focus better on our business and end customers in each brand – aided by central functions like product development and product range planning. This change also led to greater cost rationalizations and more effective functions for all the brands, such as marketing and distribution to retailers. All these measures are

A total of 78 new and further developed products were launched in 2012. One of them was an adjustable wrecking bar named Best of the Best in the international design contest Red Dot Awards.

aimed at augmenting sales with continued good profitability.

International expansion

Hultafors Group has grown from a Nordic to a European supplier. The brands in Hultafors Group are sold in close to 40 countries globally, with emphasis on Europe and the Nordic region. In 2012 the Hultafors Group continued to make investments in marketing that are expected to have a good effect in the coming years.

The company has its own sales companies on the key markets in Europe. Other markets are either covered by franchise companies or importers. In 2012, 44 percent of total net sales were generated outside the Nordic region, with the strongest development in Belgium, Switzerland, Great Britain and France, although from a low level. However, sales developments have been slow during the year due to the weak European economy.

Snickers Workwear – passion for better work clothes

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

At the end of 2012 the brand was represented in 28 countries, making it one of the strongest in Europe. In 2012 the franchise in the Netherlands, Snickers Original BV with 17 employees, was acquired. This acquisition will give Hultafors Group greater leverage on the Dutch market.

The leading international competition is Kwintet Group among others.

Focusing on the product advancement process Snickers Workwear continues to lead development in the industry and in 2012 launched several new products with better functionality and quality, among them the new tool-carrying system that includes a tool bag and tool belt for craftsmen. This innovation received an award in the international design contest Red Dot Awards.

The company's successful product development and marketing provides Snickers Workwear with a good platform to gain more market shares in Europe.

Hultafors Tools
– hand tools you can rely on

Hultafors Tools offers a broad selection of advanced hand tools for the construction business and industry.

Hultafors is a leading brand on the Nordic market for hand tools.

The brand offers a broad range of products primarily for craftsmen in construction who require high quality, functional tools. Through its product development Hultafors shows innovative thinking in an otherwise traditional industry.

In 2012 the company launched an innovative adjustable wrecking bar named Best of the Best in the international design contest Red Dot Awards.

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

Wibe Ladders
– safety in each step

Wibe Ladders offers innovative ladders and scaffolding for craftsmen.

Like the two other brands emphasis is on product development and since it joined the Hultafors Group Wibe Ladders has increased this type of investment. The development of equipment used for work at great heights is highly regulated and investing in more product development has given Wibe Ladders a good position.

In 2012 one of the new products we launched was a scaffolding range with four new models that are well suited to the Nordic climate. They are stable and easy to mount, which makes for simple and safe handling.

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

Sustainable business – lasting profitability

Hultafors Group sees sustainable development as an opportunity to create lasting profitability. With focus on sustainable development Hultafors Group is generating business opportunities by using its competence to:

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

We began certification according to ISO 9001 and 14001 in our production units in 2012 and this process will continue in 2013. Snickers Workwear's products are certified according to ecolabel Öko-Tex. ■

LATOUR INDUSTRIES

Important events in 2012

- Profitability continued to exceed the goal, despite a downturn in the economy, a strong Swedish crown and costs connected to production development and organic growth.
- Net sales increased by 1.3 percent, despite a weak economy.
- Acquisition of Kabona, SCS, Westlings Industry, Visttäsk Slipservice and MBL's production of electrical actuators and lift systems.
- Divestiture of Pressmaster.
- Continued offensive investments in organic growth and product development.

Goal achievement – primary factors

Latour Industries' previous rationalizations and continued focus on attractive products and customer segments contributed to meeting our profitability goal despite a downturn in the global economy. The diminishing demand, however, meant that our net sales goal was not met.

Strategy for profitable expansion

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

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

AVT Industriteknik

AVT Industriteknik develops and manufactures automation solutions for machine servicing, montage, packaging and leak detection. AVT's is able to deliver complete production solutions from idea to turnkey installations.

In recent years AVT has reinforced its offer through, for instance, acquisitions of the automation operations in Elator in 2011 and Kontikab in 2010, a company which develops, manufactures and sells customized machines for automated leak control. Customers can be found all over the world, primarily in the automotive, electric power and heat pump industries.

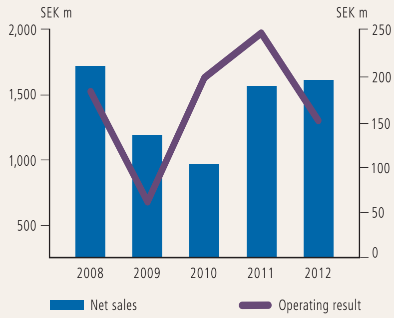
Brickpack

Brickpack, with operations in Laholm is one of Sweden's most experienced manufacturers of gaskets and seals. With a large number of specialized machines the company can punch, cut and otherwise work on unique details in a number of different materials. Production focuses on large series and the company has a

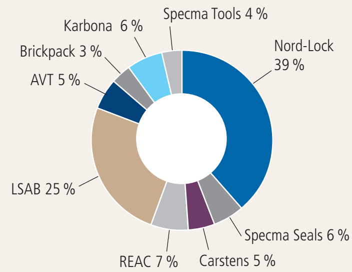
INTERNATIONAL EXPANSION

Latour Industries' holdings continue to expand internationally. Exports in, for example, Nord-Lock are more than 90 percent of total net sales.

NET SALES AND OPERATING PROFIT



DISTRIBUTION OF NET SALES PER BRAND

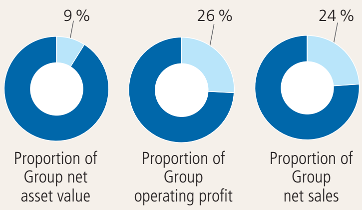


NET SALES AND PROFIT

(SEK m)	2012	2011	2010	2009	2008	Latour´s minimum goal
Net sales	1,610	1,573	982	1,196	1,730	>10 %
(of which export)	932	813	456	519	722	
Operating profit	156[1)]	248	200	63	185	
Operating capital[2)]	1,100	864	534	591	506	
Operating margin, %	9.7	15.7	20.3	5.3	10.7	>10
Return on operating capital, %	14.1	28.6	37.4	10.7	36.6	>20
Investments	47	52	87	22	39	
No. of employees	956	916	461	544	647	

[1)] *After restructuring costs*
[2)] *Average*

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



CHALLENGES AND OPPORTUNITIES IN 2013

Latour Industries will continue to concentrate on growing internationally and developing our own products. Investments will primarily be organic but if a good opportunity arises a supplementary acquisition might take place. We will continue to work on acquiring new operations keeping the same criteria in mind. We are looking for businesses with their own products and services that can expand internationally.

Henrik Johansson, Latour Industries Business Area Manager

broad customer base with companies from many different industries.

Carstens

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

Kabona

Kabona in Borås was acquired in 2012. Kabona is one of the leading companies in Europe in the sales and installation of automated systems for optimizing the indoor climate and energy consumption of buildings. By coordinating installed systems and taking into account actual conditions such as indoor temperatures, air quality, weather forecasts and thermal storage capacity it is possible to raise energy efficiency by 25-50 percent while improving the indoor climate in buildings, thanks to Kabona's system.

Buildings in Sweden represent 40 percent of the country's entire energy consumption. Reducing this level by 25-50 percent means substantial financial and environmental gains for both an individual property owner and society at large.

The LSAB Group

LSAB, with its headquarters in Långshyttan, is one of Europe's largest and most modern company groups in the sales and service of wood and metal cutting tools. LSAB operates in the Nordic region, the Baltic countries and Russia.

In 2012 LSAB acquired Visttråsk Slipservice which strengthened LSAB's position in Norrland and northern Finland. Westlings industry in Vansbro was also acquired during the year, which improved LSAB's offer to saw mills, in part by coming physically closer to customers in western Sweden and in part by contributing production capacity and competence. Westlings manufactures, among other things, large sawblades which LSAB previously could not offer.

Nord-Lock

The Nord-Lock Group is a world leader

In 2012 Kabona, one of the leading companies in Europe in the sales and installation of automated systems that optimize indoor climates and energy consumption, was acquired. Kabona's system makes it possible to raise energy efficiency by 25-50 percent while improving the indoor climate in buildings.

Latour Industries' international businesses continue to expand. The picture shows one of the new buildings at Ground Zero in New York that the 30 year-old Nord-Lock delivered locking washers to.

on the market for bolt securing systems. Production is located in North America, Switzerland and Sweden. The company focuses on customers with high quality demands who would suffer severe consequences if the bolt securing systems failed. Over 90 percent of production is exported. Sales are conducted through its own companies and through a global network of retailers. At the end of 2012 Nord-Lock had its own sales companies in the Nordic region, Benelux, France, Great Britain, North America, the Czech Republic, Germany, Poland, Japan, Norway, Switzerland, Italy, China and Singapore. During the year the company's marketing organization heavily expanded in Asia.

In the coming years Nord-Lock intends to continue its geographic expansion on key industrial markets using its own sales organizations and continue to work offensively with product development.

REAC

REAC develops, manufactures and sells electromechanical actuators and lifts primarily to customers in medical rehab where REAC is a subcontractor to several of the major manufacturers of electrical wheelchairs. Customers are primarily in Scandinavia, Germany, the Netherlands, France, Italy and the US. The largest customers are Permobil, InvaCare, Pride and Volvo Penta.

Headquarters and production of actuators is in Åmål, Sweden. Complete lift systems are produced in the Danish subsidiary Balle A/S in Herning.

SCS in Åmål was acquired in 2012. SCS will be the base for REAC's program in system and electronic development which is intended to strengthen and further REAC's position on the market for lift systems and actuators for advanced wheelchairs. In December MBL's production of lift systems and actuators was also acquired. The acquisition broadens REAC's customer base in medical rehab and at the same time gives the company access to manufacturing in Poland, which in turn creates good opportunities for the future.

Specma Seals

Specma Seals is a comprehensive supplier in seal technology and works primarily with the Swedish process industry and its subcontractors. The company develops and manufactures efficient sealing solutions, creating secure installations with long operating times.

The company has its own production of gaskets and the products are sold under brands such as Chempac, Specmaflex, Grafex and I-Seal. Specma Seals also represents well-known brands such as W.L. Gore and Frenzelit.

Specma Tools

Specma Tools is a trading company that offers a broad range of high quality electrical or air-powered hand tools for professional craftsmen in the engineering, construction and automotive industries.

Specma Tools represents FEIN, one of the best known brands in electrical hand tools. All sales go through selected retailers.

Product development

Latour Industries strives to have its own products with its own production and sales on a market which is as international as possible. Effective product development is a central factor in succeeding in this.

Several new products were launched by the subsidiaries in 2012.

One example is the launch of the new X-series washers from Nord-Lock. With the introduction of the X-series Nord-Lock brings a whole new dimension of safety to bolt securing systems.

The X-series combines Nord-Lock's unbeatable wedge-locking technology which effectively stops bolt loosening due to vibrations and dynamic loads with an exceptional spring effect that protects against slackening that can occur over time. This unique combination makes the X-series the first truly multi-functional bolt securing system on the market and with it Nord-Lock can offer the highest security in critical bolt joints.

“... on the cutting edge of the product areas the business area is active in.

950 employees

At the end of 2012 Latour Industries had around 950 employees. A Group priority is access to expertise and good leadership in each business.

Group training has been given to spread general knowledge but the focus in the HR work is on individual efforts.

Development programs are conducted on two levels: management and employee levels since both dimensions are needed for the organization to develop in step.

In addition to general management training leadership is offered individual courses in order to strengthen competence where it's needed the most, for instance in finances, law and labor law.

Other employees are not only trained to handle their current work, they are also prepared for the future. Many employees would like to advance in the organization, which requires individual development. A talent management program has been created in order to identify these employees and support them in a structured way.

Latour Industries conducts structured preventive health work which has resulted in little sick leave and a general well-being. There are also specific processes for quickly providing support to supervisors in their work with employees' rehabilitation from illness or stress. The employees in Latour Industries are given an attractive health stimulus and are offered to participate in sport events such as the half-marathon in Gothenburg for free.

Structural capital and sustainable development

Latour Industries consists of companies whose customers make high demands on quality both in the production process and in the actual products. We also need to take measures to reduce the negative impact on the environment like conserving energy, which saves money as well. Latour Industries' businesses work systematically to achieve improvements in these areas. Companies that need to be have been ISO certified. ■

SPECMA GROUP

Important events in 2012

- Net sales and profitability were affected negatively during the second half of the year by the weakening economy, particularly in the maritime sector and contractor machines.
- Measures to further rationalize production have been initiated with a planned 25 percent reduction of production sites in the Nordic region.
- Continued international expansion including the establishment of hydraulic system assembly in China and expansion in a new plant in Poland.
- The acquisition of Norlub Scandinavia establishes Specma Group as a supplier of central lubrication systems on the after sales market in Sweden and to large OEM customers around the world.

Goal achievement – primary factors

To sum it up 2012 was a disappointment. Despite positive sales developments during the first half of the year Specma Group did not live up to expectations concerning growth and profitability due to a dramatic slowdown in the economy during the second half. The most significant drop in demand was from marine and contractor machine customers.

The business area delivered a slightly positive result before extraordinary costs taken during the year. These are connected to the restructuring program launched in the fourth quarter and which will be completed during the first half of 2013.

Strategy for expansion and improved profitability

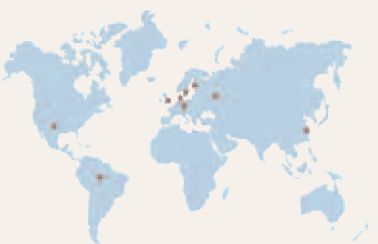
Despite the result for 2012 Specma Group has the prerequisites to be profitable and grow according to our goals. This will take place through acquired and organic growth, and structural rationalizations such as:

- Supplementing our existing range with closely associated products and further developing system solutions in areas where an increase in demand is anticipated in the future.
- Growth on existing markets through stronger sales corps and expansion on new markets by, for example, following existing customers in their internationalization process.
- Closer cooperation with strategic suppliers in order to tie up less capital and advance the exchange of know-how.
- Rationalize the production organization by reducing the number of units in the Nordic region and intensifying the move to lost-cost facilities in Poland and China.

Specma Group – global market

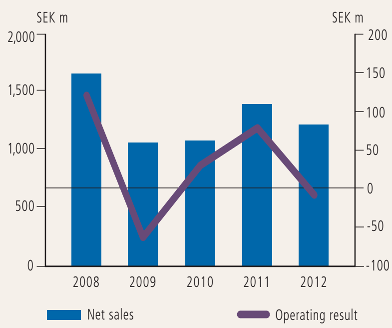
Specma Group conducts business operations in Europe, Asia and North

INTERNATIONAL EXPANSION

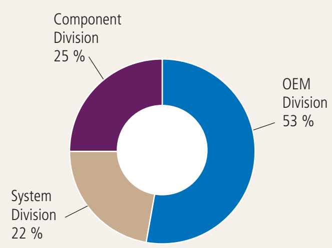


Specma Group follows its large international customers out into the world to where they have manufacturing plants. The units in Shanghai in China, San Antonio in the US, Curitiba in Brazil and Stargard in Poland are examples of this.

NET SALES AND OPERATING PROFIT



DISTRIBUTION OF NET SALES PER BRAND

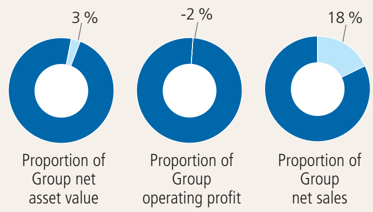


NET SALES AND PROFIT

(SEK m)	2012	2011	2010	2009	2008	Latour´s minimum goal
Net sales	1,198	1,381	1,065	1,045	1,658	>10 %
(of which export)	417	444	343	282	591	
Operating profit	–9[1]	79	29	–64	121	
Operating capital[2]	596	574	541	678	712	
Operating margin, %	–0.7	5.7	2.7	–6.1	7.3	>10
Return on operating capital, %	–1.5	13.7	5.4	–10.4	17.0	>20
Investments	18	24	25	34	36	
No. of employees	742	692	600	788	954	

[1] *After restructuring costs*
[2] *Average*

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



CHALLENGES AND OPPORTUNITIES IN 2013

In addition to growing globally the business area is focused on implementing the initialized rationalization package and reducing the number of production units without disturbances in deliveries to current and new projects. We also work continuously to create better defined structures and prioritize our range and customer segments to resist price pressure. We also counteract it by more clearly presenting the premium value created by our products, our top notch expertise and our ability to create functioning solutions. The future challenge is to achieve Latour's long-term goals for operating profit and return on operating capital while continuing the geographic expansion of our entire product range.

Ola Sjölin,Specma Group Business Area Manager

and South America. The largest volumes are still in Sweden and Finland, but the greatest growth is outside of the Nordic region.

Customers are mainly global players with quality as their main competitive strategy. This puts high demands on Specma's technical competence and ability to understand the customers' applications. It is also important to have efficient logistic solutions and flexibility such as local support for installation and construction through strategically located facilities.

Acquisitions that broaden our offer

Norlub Scandinavia, domiciled in Karlstad, was acquired in the autumn of 2012. The company delivers lubrication systems and conduction components to mobile applications, for example contractor machines, trucks and tractors.

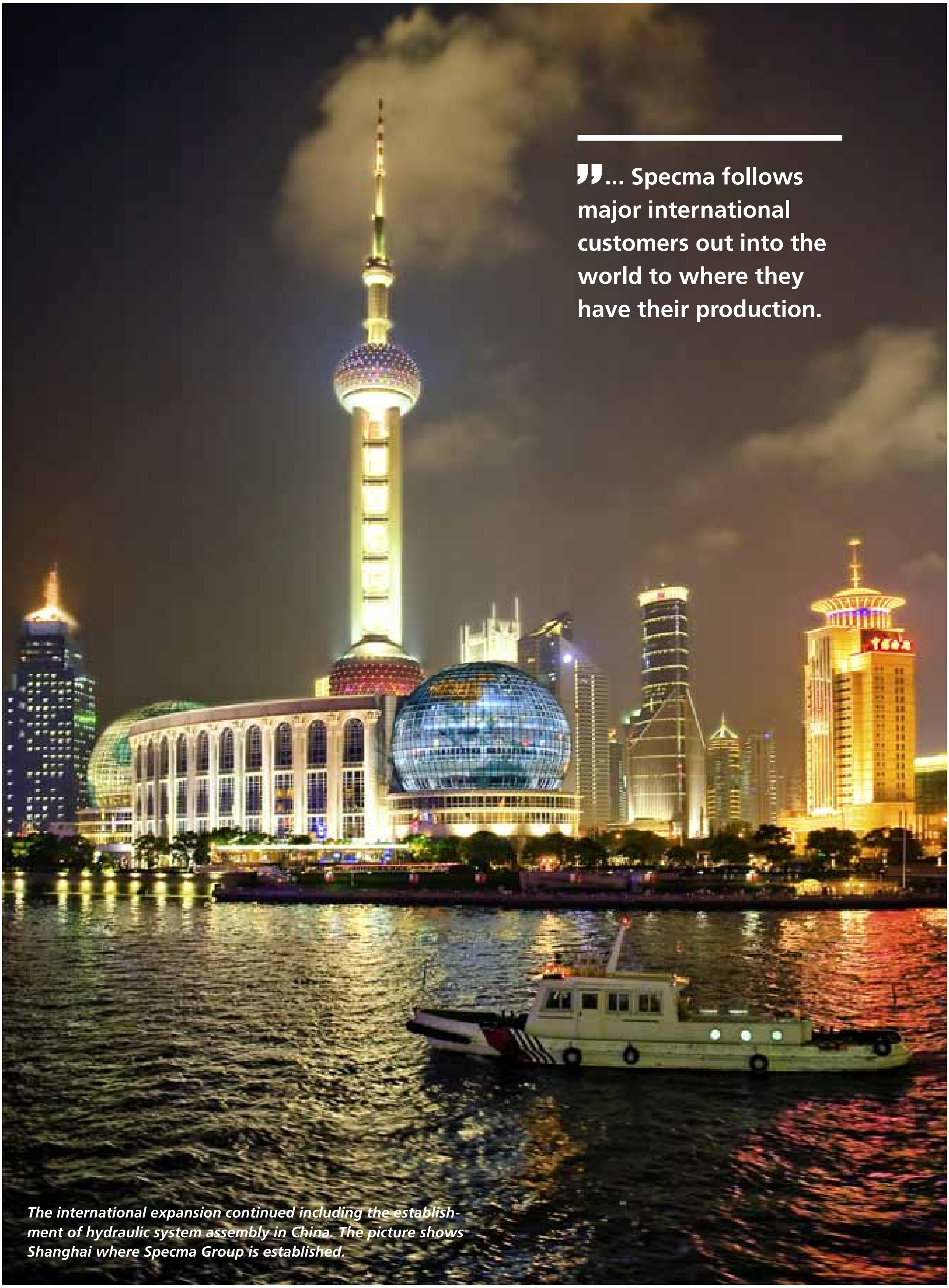
Norlub is a well run company with many skilled employees and it is specialized in central lubrication systems. The acquisition therefore broadens Specma Group's offer with central lubrication solutions aimed at existing international customers in mobile, marine and industrial hydraulics.

OEM Division

OEM Division offers system solutions for hydraulics and conduction components for manufacturers of trucks, contractor machines as well as forestry and agricultural machines. Scania, Volvo, Komatsu, Kalmar and Valtra belong to this category.

Conduction components represent a large part of net sales in this segment but hydraulics components have

Specma Group's customers put high demands on technical competence, efficient logistic solutions and flexibility such as local support.



”... Specma follows major international customers out into the world to where they have their production.

The international expansion continued including the establishment of hydraulic system assembly in China. The picture shows Shanghai where Specma Group is established.

increased in importance during 2012, which is a positive development.

Major OEM customers tend to position themselves closer and closer to their end customers and strive to use standardized components in order to reduce costs. This means that Specma follows major international customers out into the world to where they have their production. The company's units in Shanghai in China, San Antonio in the US, Curitiba in Brazil and Stargard in Poland are examples of this.

System Division

System Division delivers customized system solutions with hydraulic aggregates as well as hydraulic and conductor components to customers in the marine, mining and process industries. The market for industrial and marine hydraulics is characterized by long project and delivery times. Customers demand genuine hydraulic know-how and innovative skill. Some customers of this division are Rolls Royce, Atlas Copco, MacGregor Cranes, MacGregor RoRo and ABB.

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

International expansion continues in System Division, albeit from a relatively low level. More and more customers ask for support when they move production to Asia and Latin America. For this reason we began establishing System Division in China in 2012. This investment began to bear fruit at the end of the year and will intensify in 2013.

Component Division

The division offers components and spare parts to the after sales market, mainly the Nordic market. The market for hydraulic components is characterized by integration in the distribution chain where both manufacturers and wholesale dealers are active.

The manufacturers strive to sell through their own shops and at the same time large wholesalers buy smaller retailers and create larger chains. Specma Hydraulic is a part of this structural change through the concept SlangSnabben where the company collaborates with retailers. SlangSnabben is built on quick and efficient delivery of components to end customers who otherwise risk long and costly stops in production.

SlangSnabben can be found in Denmark, Finland, Norway and Sweden. Sweden alone has 80 retailers.

Specma Group's manufacturing

Specma Group produces and assembles hydraulic systems and conduction systems in the OEM, System and Component Divisions in 20 factories in four continents.

In 2012 an action plan to rationalize operations and reduce overhead was launched. According to the plan, 5 OEM and System production units will be shutdown which means going from 17 units at the beginning of 2012 to 12 in the middle of 2013.

Sustainable environmental work

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

> **“Customers are mainly global players with quality as their main competitive strategy.**

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

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

By investing in a video conference system in 2012, which resulted in fewer trips, Specma Group reduced its environmental impact. It has also led to better and more internal communication.

700 employees

At the end of 2012 Specma Group had around 700 employees. The Group works systematically to make sure it has access to competent and motivated employees. Health and the work environment work is an integrated part of everyday operations and development, and the purpose of this work is to promote job satisfaction and cooperation as well as increase employee participation.

In 2012 the company launched a training program to further raise its competitive capacity and attractiveness as an employer.

Structural capital

The Specma Group puts great importance on systematic quality management in every step of our production and construction process. This ensures continuous improvements, which benefits both the company and its customers. Quality management comprises both individual products and systems regarding function, operation reliability, life span and delivery reliability. The operations are both quality and environmentally certified.

Research and development

Specma Group conducts extensive research and development in order to improve product properties, simplify assembly and minimize the number of components for each application. All in all this leads to greater reliability and cost efficiency.

Specma Group also works consistently with evaluating suppliers as well as analyzing and filing test results. For instance, the Group has its own unique test operations. Complete hose conduits are tested there according to ISO certified methods. This test center creates a good platform to continue working on developing hose conduits and connections in order to raise the quality of the products and lengthen their life span. ■

SWEGON

Important events in 2012

- Slowdown on the market affected growth and profitability.
- Sales outside the Nordic region continued to rise.
- Swegon's market shares grew on the European market.
- More investments in marketing and product development in order to strengthen Swegon's head start in products and systems.
- Successful launch of Tellus™, a completely new concept for fresh air, chilling, heat and hot tap water.
- Hotel Solutions won the Big Indoor Climate Prize at Nordbygg in Stockholm.
- Home Solution Apartment, a system for need-steered ventilation for housing won the 2012 Ventilation Prize at VVS Dagene in Oslo.
- Hannu Saatamoinen became Swegon's new CEO.

Goal achievement – primary factors

Swegon's ambition is to develop significantly better than the rest of the market. The Group has achieved this for a number of years, and in 2012 as well.

Net sales improved by 3 percent, adjusted for exchange effects, despite the fact that markets developed negatively in several important countries. The operating margin increased primarily due our energy efficient products and systems.

Strategy for profitable expansion

- Broaden the product range and remain on the cutting edge of the product areas in which Swegon is a leader as well as develop new system solutions. This will be achieved through continued investments in product development as well as through strategic acquisitions.
- Continue expansion on new markets and markets with low penetration.

  Europe will be the primary growth market in the coming years, but there are also possibilities for expansion outside of Europe. Expansion will be achieved through both acquisitions and existing operations.

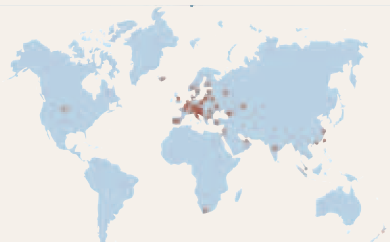
Swegon's customers

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

Historically speaking Swegon's customers are found among contractors, ventilation and sanitation consultants and architects. However, construction companies and property owners are becoming more and more important.

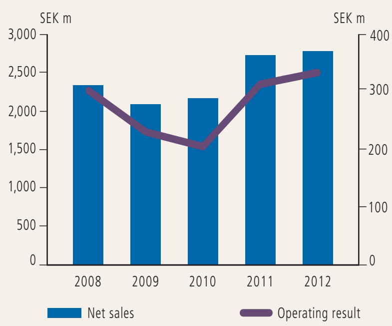
Stringent requirements from authorities and demanding consumers make companies in the Nordic region leaders in air treatment in terms of function and

INTERNATIONAL EXPANSION

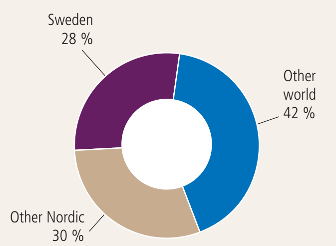


Swegon has continued its geographic expansion in 2012, despite the economic downturn. At the end of the year exports were 72 percent of the company's sales and sales outside the Nordic region were record high.

NET SALES AND OPERATING PROFIT



DISTRIBUTION OF NET SALES PER MARKET

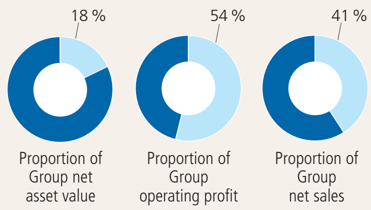


NET SALES AND PROFIT

(SEK m)	2012	2011	2010	2009	2008	Latour's minimum goal
Net sales	2,785	2,707	2,153	2,081	2,312	>10 %
(of which export)	2,010	1,940	1,497	1,384	1,529	
Operating profit	326[1)]	312	208	226	293	
Operating capital[2)]	1,093	1 135	759	673	606	
Operating margin, %	11.7	11.5	9.7	10.8	12.7	>10
Return on operating capital, %	29.8	27.5	27.4	33.5	48.3	>20
Investments	34	70	198	82	70	
No. of employees	1,340	1,288	1,054	992	1,047	

[1)] *After restructuring costs*
[2)] *Average*

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



CHALLENGES AND OPPORTUNITIES 2013

Swegon will continue to win market shares on all its markets and grow geographically through successful investments in and outside of Europe, with a focus on Asia. We will also build on the system head start we have in order to continue to be the market leader.

Hannu Saastamoinen, Swegon's new CEO

quality. Swegon is the market leader in the Nordic region. Our main competitors in the Nordic region are Fläkt Woods, IV and Halton. In Europe Systemair and Trox set the tone.

Broad product range

Swegon develops, manufactures and markets energy efficient air treatment aggregates as well as water and air borne climate systems, chillers and heat pumps, flow control and acoustics products as well as systems for all kinds of buildings and products for building ventilation. Swegon's aim is to contribute to rationalization of the construction process through systemization, which leads to a better overall economy for customers.

In 2010 the Italian company Blue Box, a leading company in development, production and sales of chillers and heat pumps, was acquired. The acquisition contributed to making Swegon's portfolio comprehensive.

Advanced product development

Swegon's development work is focused on creating energy efficient systems that are economic to use and create a better indoor climate.

All research and development takes place in Swegon's laboratories, where advanced methods are used in the development process. An example of this are the so called Computational Fluid Dynamics calculations used to simulate air flows. This is the same program as the one used in Formula 1 car racing for aerodynamic design.

Research has made Swegon a leader. The GOLD system, with its integrated steering functions, is a world leader in compact aggregates.

In addition to its research work Swegon conducts customer project specific projects in its laboratories in what is called full scale testing. Through the tests the customer gets a good idea of which type of system is best suited for their specific need.

Higher investments in 2012

We increased our investments in development and markets in 2011. This will result in higher costs short-term in relation to net sales but is expected to bolster Swegon's lead in systems as well as its leading position and profitability in the years to come.

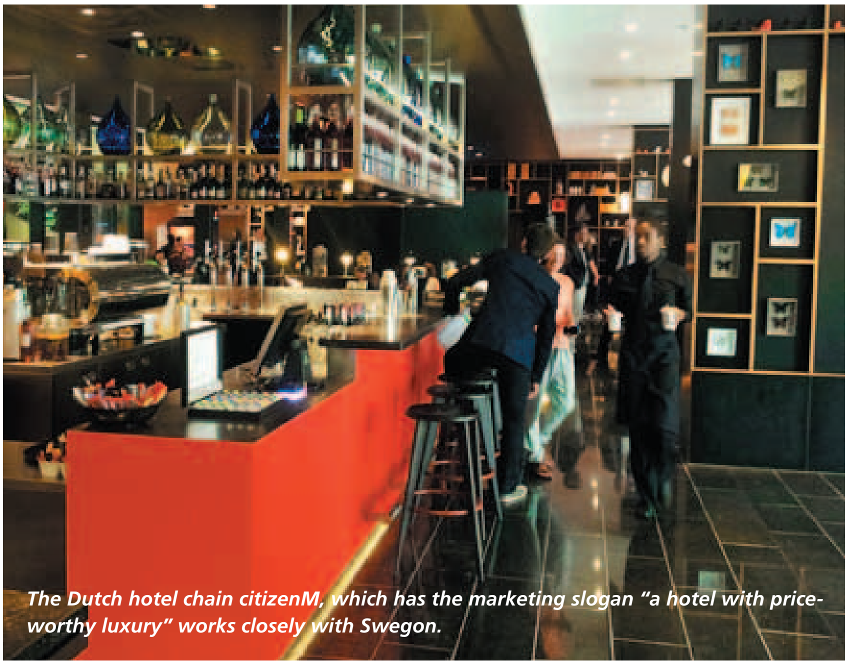
Launching Tellus™ – an energy efficient system solution

Tellus™ was launched in 2012, the system product of the future for energy efficient fresh air, chilling, heat and hot tap water.

Tellus™ is a complete and module-based HVAC that can be placed both indoors and outdoors. The system produces and distributes all the acclimatized air, heating, cooling and tap water needed in a building. The integration of all the modules results in efficient control and energy recovery.

Contributes to sustainable environmental development

Swegon works systematically to contribute to sustainable development from an environmental perspective through its operations. The company is certified according to the environmental certification ISO 14001. In addition to running its



The Dutch hotel chain citizenM, which has the marketing slogan "a hotel with price-worthy luxury" works closely with Swegon.

Good indoor climate has a major effect. A study shows that a temperature deviation of five degrees from the desired level leads to 30 percent less working efficiency and a 10 percent higher risk for injuries.

operations in an environmentally efficient way its products contribute to substantial environmental savings. Already in the first year that delivered products and systems are used energy savings will be significantly higher than the total environmental impact from production and transportation.

Substantial energy savings

Buildings consume close to 40 percent of the energy used annually in Europe, which can be compared to the 10 percent used by cars. Energy efficient innovations in the construction industry therefore have substantial impact on the environment in general, creating significant opportunities for society. The fact is that better ventilation, insulation and other improvements in existing buildings lead to energy savings that far surpass those that can be achieved by changing cars.

Calculations show that all the systems Swegon has delivered since 1994 contribute to an energy savings equivalent to driving around the equator 2.5 million times with a car or the annual consumption of household electricity in 12.2 million mid-sized houses.

Financial advantages

Initial costs for ventilation systems are usually about 10–15 percent of the total cost of the product's entire life cycle. The high operational and energy efficiency in Swegon's products makes them very cost-effective. Payback time for investments in the company's systems is usually about five years, which means substantial financial gains.

Commercial Indoor Climate – creates higher efficiency

Interest in creating a good indoor climate has grown dramatically in the past few years, particularly in commercial real estate. Creating a good indoor climate for employees and customers is not just a question of well-being. It can also have a significant effect on business.
Studies show that if indoor temperatures deviate by five degrees from the desired level work efficiency decreases by 30 percent and the risk of injury increases by 10 percent.

Production in five factories
Swegon's development and production takes place in five factories: Arvika, Kvänum and Tomelilla in Sweden, Kaarina in Finland as well as Cantarana di Cana close to Venice in Italy. Production is highly automated and divided into different product areas for each factory.

During the spring of 2013 a factory close to Mumbai, India will open. The factory will serve the Indian market and Middle East region.

High quality demands in production
Demands are high on quality in Swegon's operations and production. In order to ensure that they are met the entire business is quality certified according to ISO 9001. In addition, the company's air treatment aggregates GOLD and SILVER, together with chiller and climate baffles and chillers, are Eurovent certified, which is yet another sign of guaranteed quality production.

Continued geographic expansion
Swegon continued its geographic expansion in 2012, despite a weakening market which was a result of the downturn in the economy. At the end of the year exports were 72 percent of the sales in the company and sales to countries outside the Nordic region reached an all time high. Growth was particularly good in Norway, Russia and Belgium.

Stimulating work environment
At the end of 2012 Swegon had around 1,350 employees. The company is growing quickly on the international market and works consciously to create a good and stimulating work environment as well as making sure it has the competence it needs. Among other things the company regularly holds courses for its employees in Swegon School of Indoor Climate.

Swegon Air Academy
In addition to internal development opportunities Swegon runs an independent knowledge platform for indoor climate, the Swegon Air Academy. The company's own lecturers, well known representatives from universities and lecturers from other relevant organizations hold seminars on current subjects such as energy conservation. ■

Swegon's international expansion continued in 2012. The picture shows the ANZ Tower, the tallest building in Auckland, New Zeeland, where Swegon received an order for energy efficient systems that contribute to a better indoor climate.

LATOUR'S PORTFOLIO COMPANIES – increased in value by 28.1 percent

Latour's investment portfolio consists of nine companies where Latour is the principal owner or one of the principal owners and where Latour controls at least 10 percent of the votes. The market value of the holdings at the end of 2012 was around SEK 18 billion.

The value of the investment portfolio increased by 28.1 percent in 2012, adjusted for dividends. This can be compared to 16.6 percent for Nasdaq OMX Stockholm (SIX Return Index). The total result from portfolio management during the year was SEK 949 (1,408) m.

During the year ownership in Tomra increased to 18.9 percent and in HMS Networks to 25.0 percent.

Nederman

NEDERMAN is a world leading environmental technology company with focus on clean air and a good work environment.

- Net sales increased by 13.6 percent.
- Operating profit increased by 25.0 percent to SEK 176 m.
- Earnings per share, before and after dilution amounted to SEK 10.0 (7.41).
- Proposed dividends of SEK 4.00 (3.25) per share.

KEY RATIOS (SEK m)	2012	2011
Net sales:	2,273	2,001
EBIT:	176	141
EBIT margin, %:	7.7	7.0
Net debt (+)/Net cash (–):	582	387
No. of employees:	1,613	1,434

ASSA ABLOY

ASSA ABLOY is a world leader in lock and door opening solutions.

- Net sales increased by 12 percent, of which 2 percent organic growth.
- Operating profit increased by 13 percent.
- Earnings per share increased by 13 percent.
- Proposed dividends of SEK 5.10 (4.50) per share.

KEY RATIOS (SEK m)	2012	2011
Net sales:	46,619	41,786
EBIT:	7,501	6,624
EBIT margin, %:	16.1	15.9
Net debt (+)/Net cash (–):	14,732	14,207
No. of employees:	42,762	41,070

nobia

NOBIA develops, manufactures and sells kitchens on the European market.

- Net sales decreased by 5.9 percent.
- Operating margin was strengthened by 17.9 percent to 4.6 percent.
- Earnings per share after dilution decreased to SEK -3.25 (0.42) per share.
- Proposed dividends of SEK 0.50 (0) per share.

KEY RATIOS (SEK m)	2012	2011
Net sales:	12,343	13,114
EBIT:	565	518
EBIT margin, %:	4.6	3.9
Net debt (+)/Net cash (–):	1,417	1,586
No. of employees:	7,187	7,430

FAGERHULT

FAGERHULT is one of Europe's leading lighting groups.

- Net sales increased by 2.1 percent.
- Operating profit decreased by 20.5 percent and operating margin decreased by 21.9 percent.
- Earnings per share SEK 12.61 (16.52).
- Proposed dividends of SEK 6.50 (6.50) per share.

KEY RATIOS (SEK m)	2012	2011
Net sales:	3,085	3,023
EBIT:	252	317
EBIT margin, %:	8.2	10.5
Net debt (+)/Net cash (–):	874	939
No. of employees:	2,192	2,228

SECURITAS

SECURITAS is one of the global leaders in the security industry with a broad selection of services.

- Sales increased by 3.7 percent.
- Operating margin decreased by 13.2 percent to 4.6 percent.
- Earnings per share decreased by 30.1 percent to SEK 3.32.
- Proposed dividends of SEK 3.00 (3.00) per share.

KEY RATIOS (SEK m)	2012	2011
Net sales:	66,458	64,057
EBIT:	3,085	3,385
EBIT margin, %:	4.6	5.3
Net debt (+)/Net cash (–):	9,865	10,349
No. of employees:	279,641	272,425

HMS Connecting Devices

HMS is a world leading supplier of communication technology for industrial automation.

- Net sales decreased by 1 percent.
- Operating profit decreased by 11.1 percent to SEK 64 (72) m.
- Earnings per share SEK 4.64 (4.84).
- The Board proposes dividends of SEK 2.25 (2.25) per share.

KEY RATIOS (SEK m)	2012	2011
Net sales:	382	384
EBIT:	64	72
EBIT margin, %:	16.7	18.8
Net debt (+)/Net cash (–):	-31	25
No. of employees:	241	213

SWECO

SWECO offers qualified consulting services in technology, the environment and architecture. It is one of the larger players in Europe.

- Net sales increased by 25.3 percent.
- Operating profit increased by 24.1 percent.
- Earnings per share increased by 20.9 percent to SEK 4.97.
- Proposed dividends of SEK 3.25 (3.00) per share.

KEY RATIOS (SEK m)	2012	2011
Net sales:	7,504	5,988
EBIT:	659	531
EBIT margin, %:	8.8	8.9
Net debt (+)/Net cash (–):	409	–141
No. of employees:	7,336	5,772

LOOMIS

LOOMIS offers comprehensive solutions for cash management in Europe and the USA.

- Net sales increased by 3.5 percent.
- Operating profit increased by 22.7 percent to SEK 988 m.
- Earnings per share increased by 26.6 percent to SEK 8.90 before dilution.
- Proposed dividends of SEK 4.50 (3.75) per share.

KEY RATIOS (SEK m)	2012	2011
Net sales:	11,360	10,973
EBIT:	988	805
EBIT margin, %:	9.0	8.3
Net debt (+)/Net cash (–):	2,161	2,220
No. of employees:	19,448	19,511

TOMRA

TOMRA is a world leading company in technology for sorting and recycling.

- Net sales increased by 10.4 percent.
- Operating profit increased by 5.9 percent to NOK 662 m.
- Earnings per share increased by 15.5 percent to NOK 2.98.
- Proposed dividends of NOK 1.25 (1.05) per share.

KEY RATIOS (NOK m)	2012	2011
Net sales:	4,073	3,690
EBIT:	662	625
EBIT margin, %:	16.3	16.9
Net debt (+)/Net cash (–):	1,374	550
No. of employees:	2,194	1,786

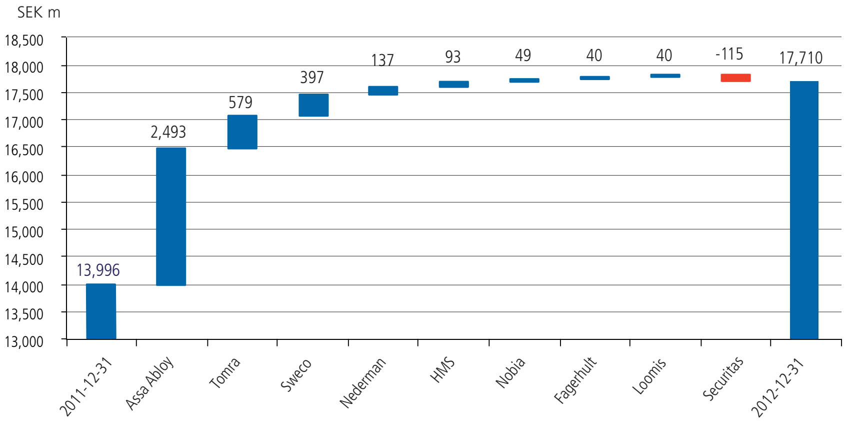
INVESTMENT PORTFOLIO

Share	Number	Market value[1] SEK m	Listed price[1] SEK	Acquisition value SEK m	Dividend[7] SEK m	Share of votes, %	Share of equity, %
Assa Abloy[2,3]	35,165,243	8,563	244	1,697	158	29.4	9.5
Fagerhult[3,4]	6,206,800	1,030	166	571	40	49.2	49.2
HMS Networks[3]	2,827,322	317	112	229	6	25.0	25.0
Loomis[2,3]	7,538,328	782	104	107	28	29.2	10.3
Nederman[3]	3,512,829	485	138	306	12	30.0	30.0
Nobia	23,100,000	612	27	469	0	13.8	13.8
Securitas[2,3]	39,732,600	2,245	57	1,081	119	29.6	10.9
Sweco[2,3]	28,997,760	2,036	70	152[5]	87	22.8	31.8
Tomra[6]	27,970,000	1,640	50 (NOK)	1,302	29	18.9	18.9
Total		**17,710**		**5,914**	**479**		

[1] Latest market price paid.
[2] The shareholdings in Assa Abloy, Loomis, Securitas and Sweco consist of both A and B shares. Due to limited trading in the A shares in Sweco, and the fact that the other three companies' A shares are unlisted they are presented in the table as one unit, and have been given the same market price.
[3] Shown as associated companies in the balance sheet.
[4] At the end of December 2012 30,000 share were loaned out.
[5] In the Group the purchase price of B shares, through the use of a call option, is SEK 34 m higher than in the parent company.
[6] The last price paid, which at the end of December NOK 50.25, is used as the market value. This has been recalculated to SEK at the annual accounts exchange rate of 1.167.
[7] Received dividend in 2012.

Photo: Arno Chapelle.

CHANGES IN VALUE IN THE INVESTMENT PORTFOLIO 2012

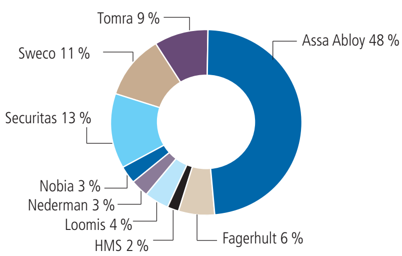


> **As an owner Latour works for lasting and profitable growth in our portfolio companies just as we do in the wholly owned industrial operations.**
>
> **Jan Svensson, CEO comments.**
> **Read more on pages 4–5.**

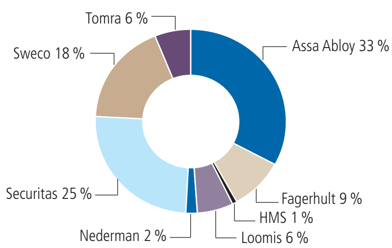
NET CHANGE IN LATOUR'S INVESTMENT PORTFOLIO 2012

Share	Number 2012-01-01	Purchase	Sales	Number 2012-12-31
HMS Networks	2,473,522	353,800		2,827,322
Nobia	23,000,000	100,000		23,100,000
Tomra	23,000,000	4,970,000		27,970,000

VALUE DISTRIBUTION IN THE INVESTMENT PORTFOLIO



PROPORTION OF RECEIVED DIVIDENDS



ASSA ABLOY

Assa Abloy is the world leader in lock and door opening solutions, dedicated to satisfying end-user needs for security, safety and convenience.

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

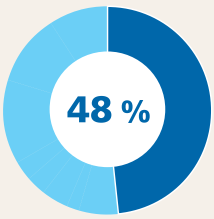
Since Assa Abloy was founded in 1994 the company has developed from a regional company to an international company with close to 43,000 employees, measured as an average of employees, and net sales of more than SEK 46.6 billion in 2012.

IMPORTANT EVENTS

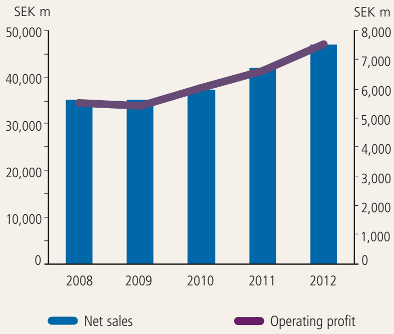
- The operating result improved by all of 13 percent in 2012. Improvements in efficiency and the ongoing production reorganization to low cost countries were crucial factors.
- The operational cash flow continued to be very good due to higher profits and the improved effectiveness of working capital.
- Large number of acquisitions continued. All in all 13 acquisitions, with total annual net sales of SEK 4,500 m corresponding to 11 percent growth, were finalized.

33 % PORTION OF LATOUR'S TOTAL NET ASSET VALUE

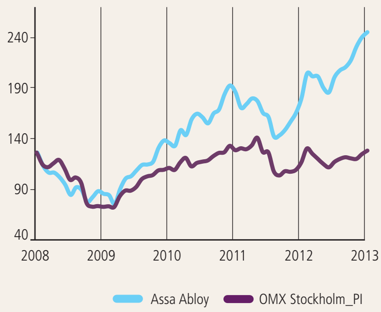
PORTION OF LATOUR'S PORTFOLIO OF LISTED SHARES



NET SALES AND OPERATING PROFIT



ASSA ABLOY SHARE PRICE DEVELOPMENT



KEY RATIOS ASSA ABLOY

	Full year 2012	Full year 2011
Net sales, SEK m	46,619	41,786
Operating profit, SEK m	7,501	6,624
Operating margin, %	16.1	15.9
Result after net financial items, SEK m	6,731	4,559
Earnings per share, SEK	13.84	12.30
Equity/debt ratio, %	44.6	42.9
Dividend per share, SEK [1]	5.10	4.50
Equity per share, SEK	71.82	65.54
Market cap per 31 December, SEKm	90,082	63,560

[1] Proposed dividend for 2012.

LARGEST OWNERS PER 31 DECEMBER 2012

	A	B	Total	Portion % of shares	Portion % of votes
Investment AB Latour	13,865,243	21,300,000	35,165,243	9.5	29.4
Melker Schörling AB	5,310,080	9,162,136	14,472,216	3.9	11.5
Capital Group Funds		31,693,500	31,693,500	8.5	5.8
BlackRock Funds		18,730,437	18,730,437	5.1	3.4
Swedbank Robur Funds		10,135,991	10,135,991	2.7	1.9
Norges Bank		9,402,027	9,402,027	2.5	1.7
SHB Funds		5,542,930	5,542,930	1.5	1.0
AMF Försäkring & Fonder		5,046,500	5,046,500	1.4	0.9
Harris Associates Funds		4,894,400	4,894,400	1.3	0.9
SEB Funds & SEB Trygg Liv		4,622,692	4,622,692	1.2	0.9
Other shareholders		231,152,842	231,152,842	62.4	42.5
Total	19,175,323	351,683,455	370,858,778	100.0	100.0

KEY RATIOS FOR MEASUREMENT AND RISK [2]

EV/sales	2.4
EV/EBIT	14.6
P/E ratio	18.5
Net debt/EBIT	2.0

[2] Based on last price paid 2013-02-28.

Chairman: Lars Renström
President and CEO: Johan Molin
Board members connected to Latour: Carl Douglas, Jan Svensson
www.assaabloy.com

FAGERHULT

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

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

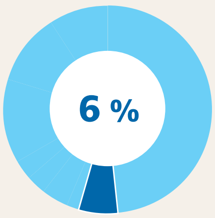
The Group contains strong brands such as Fagerhult, Ateljé Lyktan, Whitecroft Lighting, LTS and Designplan Lighting.

IMPORTANT EVENTS

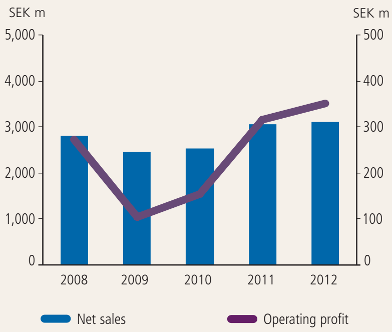
- Increase in net sales compared with the previous year.
- Due to a weaker economy fewer orders were received and the operating margin was lower than last year.
- Continued focus on adjusting costs but investments in product development will continue in order to be well positioned in the technology shift to LED.
- Good cash flow during the year.
- The strong Swedish crown affected the result negatively.

4 % PORTION OF LATOUR'S TOTAL NET ASSET VALUE

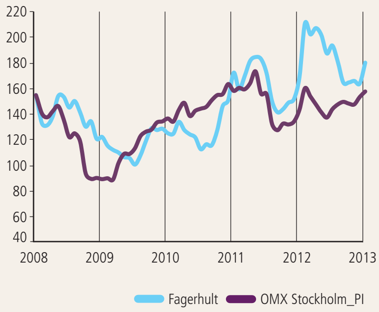
PORTION OF LATOUR'S PORTFOLIO OF LISTED SHARES



NET SALES AND OPERATING PROFIT



FAGERHULT SHARE PRICE DEVELOPMENT



KEY RATIOS FAGERHULT

	Full year 2012	Full year 2011
Net sales, SEK m	3,085	3,023
Operating profit, SEK m	252	317
Operating margin, %	8.2	10.5
Result after net financial items, SEK m	214	285
Earnings per share, SEK	12.61	16.43
Equity/debt ratio, %	35.0	32.0
Dividend per share, SEK[1]	6.50	6.50
Equity per share, SEK	73.57	70.76
Market cap per 31 December, SEK m	2,133	2,050

[1] Proposed dividend for 2012.

KEY RATIOS FOR MEASUREMENT AND RISK[2]

EV/sales	1.1
EV/EBIT	13.4
P/E ratio	15.7
Net debt/EBIT	3.5

[2] Based on last price paid 2013-02-28.

LARGEST OWNERS PER 31 DECEMBER 2012

	Total	Portion % of shares	Portion % of votes
Investment AB Latour	6,206,800	49.2	49.2
Fam Svensson, Family, foundation and companies	945,525	7.5	7.5
Lannebo Funds	868,112	6.9	6.9
SSB CL Omnibus AC	721,266	5.7	5.7
Robur Småbolagsfond	518,659	4.1	4.1
SEB Asset Management	400,000	3.2	3.2
AP4	379,113	3.0	3.0
Palmstierna Family	285,770	2.3	2.3
Handelsbanken Svenska småbolagsfond etc	290,509	2.3	2.3
Foundation Stockholms Sjukhem	230,000	1.8	1.8
Other shareholders	1,766,246	14.0	14.0
Total	12,612,000	100.0	100.0

Chairman: Jan Svensson

President and CEO: Johan Hjertonsson

Board members connected to Latour: Eric Douglas, Fredrik Palmstierna, Jan Svensson

www.fagerhultgroup.com

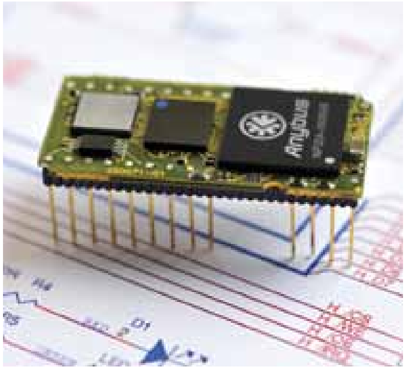
HMS NETWORKS

HMS Networks is a world leading supplier of communication technology for industrial automation. In 2012 sales amounted to SEK 382 m and over 90 percent were outside of Sweden.

HMS Networks' headquarters are situated in Halmstad, Sweden where all development and some production is located. HMS has sales offices in Tokyo, Beijing, Karlsruhe, Chicago, Milan, Pune, Coventry, Copenhagen and Mulhouse. The company has 250 employees and produces network cards and gateways that connect networks under the brand Anybus® as well as products for remote management under the brand Netbiter®.

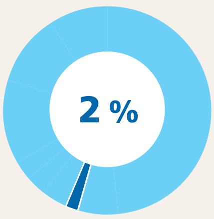
IMPORTANT EVENTS

- The number of delivered products declined in the fourth quarter which resulted in zero growth and 17 percent operating margin for 2012.
- The new product generation Anybus CompactCom in Chip, Brick and Module formats has been positively received on the market.
- Development of new technology platforms is advancing according to plan.
- The German IXXAT was acquired in January 2013. It is the world leader in so-called CAN-based communication technology.

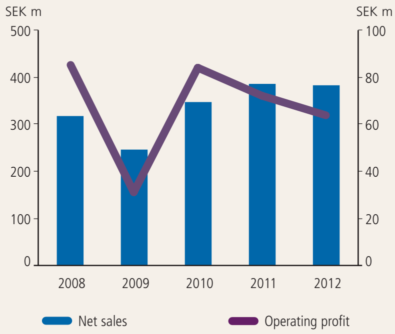


1 % PORTION OF LATOUR'S TOTAL NET ASSET VALUE

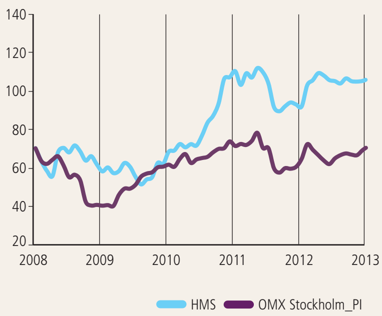
PORTION OF LATOUR'S PORTFOLIO OF LISTED SHARES



NET SALES AND OPERATING PROFIT



HMS SHARE PRICE DEVELOPMENT



KEY RATIOS HMS

	Full year 2012	Full year 2011
Net sales, SEK m	382	384
Operating profit, SEK m	64	72
Operating margin, %	16.7	18.8
Result after net financial items, SEK m	65	74
Earnings per share, SEK	4.64	4.84
Equity/debt ratio, %	81.9	76.3
Dividend per share, SEK[1]	2.25	2.25
Equity per share, SEK	30.21	26.77
Market cap per 31 December, SEK m	1,271	1,002

[1] Proposed dividend for 2012.

KEY RATIOS FOR MEASUREMENT AND RISK[2]

EV/sales	3.5
EV/EBIT	20.7
P/E ratio	25.9
Net debt/EBIT	n.a.

[2] Based on last price paid 2013-02-28.

LARGEST OWNERS PER 31 DECEMBER 2012

	Total	Portion % of shares	Portion % of votes
Investment AB Latour	2,827,322	25.0	25.0
Staffan Dahlström with companies	1,617,073	14.3	14.3
Nicolas Hassbjer with companies	1,611,872	14.2	14.2
Swedbank Robur Norden Funds	1,146,500	10.1	10.1
SEB Funds	838,218	7.4	7.4
Deka Bank	200,200	1.8	1.8
AMF	174,078	1.5	1.5
Avanza Pension	145,829	1.3	1.3
Nordea småbolagsfond	130,030	1.1	1.1
SSB	120,000	1.1	1.1
Other shareholders	2,511,278	22.2	22.2
Total	11,322,400	100.0	100.0

Chairman: Urban Jansson
President and CEO: Staffan Dahlström
Board members connected to Latour: Henrik Johansson
www.hms.se

LOOMIS

Loomis offers a broad range of secure and efficient comprehensive solutions for the distribution, management and recycling of cash for banks, retailers and other commercial companies.

The company has about 20,000 employees and net sales of some SEK 11 billion.

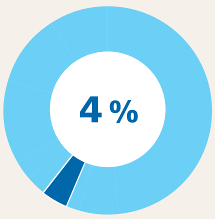
Operations are run through an international network of close to 400 operative local offices in 16 countries: Argentina, Austria, Czech Republic, Denmark, Finland, France, Great Britain, Norway, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the US.

IMPORTANT EVENTS

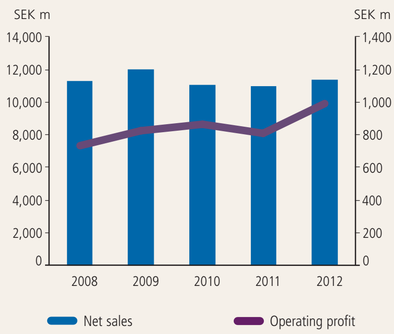
- The operating profit and margin increased for the whole year and the fourth quarter was Loomis' best ever.
- Continual work on greater efficiency and developing our offer has contributed positively. In addition, during the year Loomis terminated contracts, primarily in France and Great Britain, with low profitability.
- The operative cash flow continued to be strong.
- Earnings per share increased by 27 percent compared to the previous year.

3 % PORTION OF LATOUR'S TOTAL NET ASSET VALUE

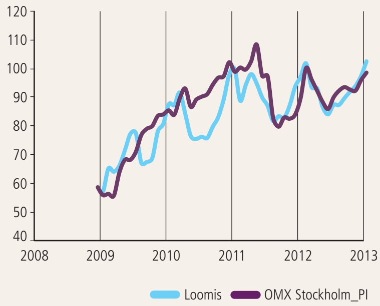
PORTION OF LATOUR'S PORTFOLIO OF LISTED SHARES



NET SALES AND OPERATING PROFIT



LOOMIS SHARE PRICE DEVELOPMENT



KEY RATIOS LOOMIS

	Full year 2012	Full year 2011
Net sales, SEK m	11,360	10,973
Operating profit, SEK m	988	805
Operating margin, %	9.0	8.3
Result after net financial items, SEK m	932	743
Earnings per share, SEK	8.90	7.03
Equity/debt ratio, %	40.0	37.0
Dividend per share, SEK[1]	4.50	3.75
Equity per share, SEK	49.24	46.53
Market cap per 31 December, SEK m	7,628	7,227

[1] Proposed dividend for 2012.

KEY RATIOS FOR MEASUREMENT AND RISK[2]

EV/sales	1.0
EV/EBIT	11.3
P/E ratio	14.4
Net debt/EBIT	2.2

[2] Based on last price paid 2013-02-28.

LARGEST OWNERS PER 31 DECEMBER 2012

	A	B	Total	Portion % of shares	Portion % of votes
Investment AB Latour	2,528,520	5,009,808	7,538,328	10.3	29.2
Melker Schörling AB	900,000	5,400,300	6,300,300	8.6	13.9
Swedbank Robur Funds		3,547,473	3,547,473	4.9	3.4
Didner & Gerge Fonder AB		3,444,408	3,444,408	4.7	3.3
Carnegie Funds		2,810,000	2,810,000	3.9	2.7
SEB Investment Management		2,786,329	2,786,329	3.8	2.7
Lannebo Funds		2,633,000	2,633,000	3.6	2.5
Afa Försäkring		2,204,317	2,204,317	3.0	2.1
SEC Fin Principal Non Lending		1,663,522	1,663,522	2.3	1.6
JPMorgan Chase		1,656,049	1,656,049	2.3	1.6
Other shareholders		38,428,054	38,428,054	52.6	37.0
Total	3,428,520	69,583,260	73,011,780	100.0	100.0

Chairman: Alf Göransson
President and CEO: Lars Blecko
Board members connected to Latour: Jan Svensson
www.loomis.com

NEDERMAN

Nederman is a world leader in supplying products and systems in environmental technology with a focus on air filtering and recycling.

The company's solutions contribute to reducing environmental impact from industrial production, creating a clean and safe work environment and making production more efficient.

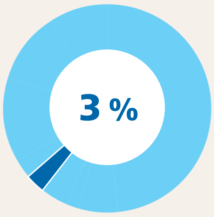
Nederman's products are marketed through its own subsidiaries in 30 countries and via agents and distributors in some 30 countries. The company has approximately 1,950 employees and develops and produces in its own manufacturing and assembly units in Europe, North America and Asia.

IMPORTANT EVENTS

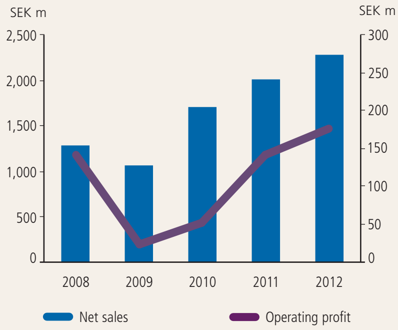
- Nederman strengthened its world leadership in industrial air filtering by acquiring EFT, one of the US's leading companies in solutions for industrial air filtering.
- Nederman's distributors in the Netherlands and Turkey were acquired in the beginning of the year.
- In January 2013 Nederman made its intention to rationalize its product structure clear by shutting down its Danish production unit and moving that production to other plants in Europe.

2 % PORTION OF LATOUR'S TOTAL NET ASSET VALUE

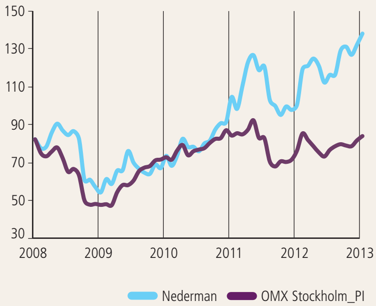
PORTION OF LATOUR'S PORTFOLIO OF LISTED SHARES



NET SALES AND OPERATING PROFIT



NEDERMAN SHARE PRICE DEVELOPMENT



KEY RATIOS NEDERMAN

	Full year 2012	Full year 2011
Net sales, SEK m	2,273	2,001
Operating profit, SEK m	176	141
Operating margin, %	7.7	7.0
Result after net financial items, SEK m	153	108
Earnings per share, SEK	10.0	7.41
Equity/debt ratio, %	28.9	33.7
Dividend per share, SEK[1]	4.00	3.25
Equity per share, SEK	52.78	47.54
Market cap per 31 December, SEK m	1,617	1,172

[1] Proposed dividend for 2012.

KEY RATIOS FOR MEASUREMENT AND RISK[2]

EV/sales	1.1
EV/EBIT	15.6
P/E ratio	15.7
Net debt/EBIT	3.0

[2] Based on last price paid 2013-02-28.

LARGEST OWNERS PER 31 DECEMBER 2012

	Total	Portion % of shares	Portion % of votes
Investment AB Latour	3,512,829	30.0	30.0
Lannebo Funds	1,457,000	12.5	12.5
Ernström Kapitalpartner	1,175,000	10.0	10.0
IF Skadeförsäkringar	1,160,400	9.9	9.9
Swedbank Robur småbolag	656,206	5.6	5.6
Fondita Nordic Micro Cap	400,000	3.4	3.4
Nordea Investment Funds	369,080	3.2	3.2
Shb: Ntc Un Joint Staff	339,605	2.9	2.9
AP4	200,354	1.7	1.7
SSL CL Omnibus AC	120,000	1.0	1.0
Other shareholders	2,324,866	19.8	19.8
Total	11,715,340	100.0	100.0

Chairman: Jan Svensson
President and CEO: Sven Kristensson
Board members connected to Latour: Jan Svensson
www.nederman.com

NOBIA

Nobia is Europe's leading kitchen specialist and develops, manufactures and sells kitchens through some twenty strong brands such as Magnet, Hygena, HTH, Marbodal, Sigdal, À la Carte, Parma, ewe and Poggenpohl.

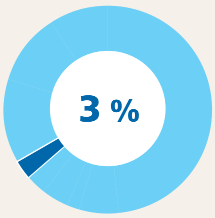
Nobia creates profitability by combining economies of scale with attractive kitchen offers. The company has about 7,200 employees, some 620 stores and net sales were about SEK 12 billion in 2012.

IMPORTANT EVENTS

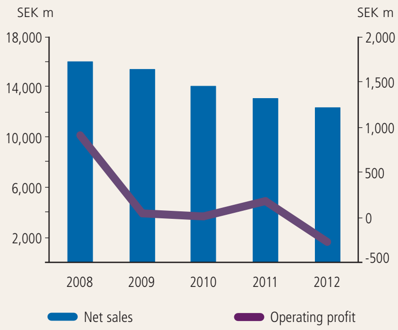
- The improved operating margin despite a weak market and less income was primarily due to the substantial savings in the past few years. Since 2010 some 1,000 employees have left the company and the accumulated annual savings amount to around SEK 250 m from 2013.
- There is now a product range for the entire Group and important steps have been taken towards a more efficient production structure.
- An extensive renovation program has been completed in the French Hygena chain stores.

2 % PORTION OF LATOUR'S TOTAL NET ASSET VALUE

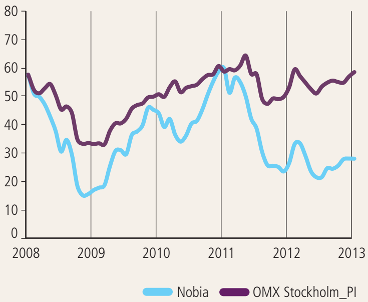
PORTION OF LATOUR'S PORTFOLIO OF LISTED SHARES



NET SALES AND OPERATING PROFIT



NOBIA SHARE PRICE DEVELOPMENT



KEY RATIOS NOBIA

	Full year 2012	Full year 2011
Net sales, SEK m	12,343	13,114
Operating profit, SEK m	565	518
Operating margin, %	4.6	3.9
Result after net financial items, SEK m	472	101
Earnings per share, SEK	-3.25	0.42
Equity/debt ratio, %	42.0	40.0
Dividend per share, SEK[1]	0.50	–
Equity per share, SEK	17.26	21.09
Market cap per 31 December, SEK m	4,645	4,295

[1] Proposed dividend for 2012.

KEY RATIOS FOR MEASUREMENT AND RISK[2]

EV/sales	0.6
EV/EBIT	13.2
P/E ratio	76.3
Net debt/EBIT	n.a.

[2] Based on last price paid 2013-02-28.

LARGEST OWNERS PER 31 DECEMBER 2012

	Total	Portion % of shares	Portion % of votes
Nordstjernan AB	36,447,843	21.8	21.8
Investment AB Latour	23,100,000	13.8	13.8
IF Skadeförsäkringar AB	21,075,000	12.6	12.6
Swedbank Robur Funds	11,088,018	6.6	6.6
Jpmel Re Depository For (N)	7,099,951	4.2	4.2
Lannebo Funds	6,920,295	4.2	4.2
AP4	4,127,063	2.5	2.5
Six Sis Ag, W8imy (N)	4,036,446	2.4	2.4
Didner & Gerge Småbolag	3,211,412	1.9	1.9
JPMorgan Chase	2,944,438	1.8	1.8
Other shareholders	47,080,692	28.2	28.2
Total	167,131,158	100.0	100.0

Chairman: Johan Molin
President and CEO: Morten Falkenberg
Board members connected to Latour: Fredrik Palmstierna
www.nobia.com

SECURITAS

Securitas provides security solutions that are suited to customers' individual needs in 52 countries in North America, Europe, Latin America, the Middle East, Asia and Africa.

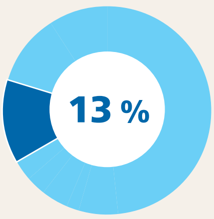
Securitas' primary service offer is specialized guarding, mobile services, monitoring services, consulting and security investigations. Securitas has a flat and decentralized organization that furthers leadership built on local responsibility in close cooperation with customers and employees.

IMPORTANT EVENTS

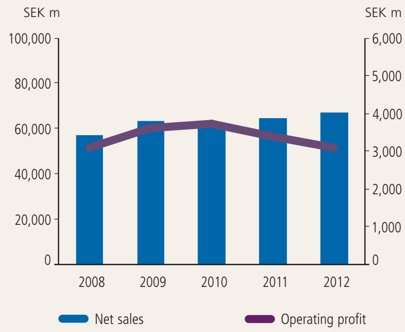
- Slower growth contributed to a strong cash flow of SEK 2,086 m.
- The operating margin in Security Services North America and Security Services Europe gradually improved during the year.
- An extensive restructuring and cost-savings program was carried out last autumn.
- Technology and security solutions represented 6 percent of sales. Our goal is to triple this share by 2015.

9 % PORTION OF LATOUR'S TOTAL NET ASSET VALUE

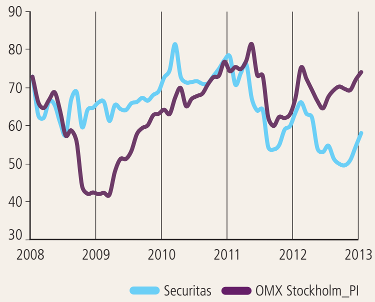
PORTION OF LATOUR'S PORTFOLIO OF LISTED SHARES



NET SALES AND OPERATING PROFIT



SECURITAS SHARE PRICE DEVELOPMENT



KEY RATIOS SECURITAS

	Full year 2012	Full year 2011
Net sales, SEK m	66,458	64,057
Operating profit, SEK m	3,085	3,385
Operating margin, %	4.6	5.3
Result after net financial items, SEK m	2,192	2,480
Earnings per share, SEK	3.32	4.75
Equity/debt ratio, %	22.0	25.0
Dividend per share, SEK[1]	3.00	3.00
Equity per share, SEK	23.56	25.22
Market cap per 31 December, SEK m	20,699	21,684

[1] Proposed dividend for 2012.

LARGEST OWNERS PER 31 DECEMBER 2012

	A	B	Total	Portion % of shares	Portion % of votes
Douglas Family with companies	12,642,600	29,470,000	42,112,600	11.,5	30.0
Schörling Family with companies	4,500,000	16,008,700	20,508,700	5.6	11.8
Nordea Investment Funds		12,915,225	12,915,225	3.5	2.5
Didner & Gerge Fonder Aktiebolag		11,150,000	11,150,000	3.1	2.1
Swedbank Robur Funds		10,514,869	10,514,869	2.9	2.0
JPMorgan Chase		8,454,755	8,454,755	2.3	1.6
JPMorgan Chase		8,050,722	8,050,722	2.2	1.6
Caceis Band France/Credit		8,000,000	8,000,000	2,2	1.5
Carnegie Funds		8,000,000	8,000,000	2.2	1.5
Handelsbanken Funds		6,553,575	6,553,575	1.8	1.3
Other shareholders		228,798,451	228,798,451	62.7	44.1
Total	17,142,600	347,916,297	365,058,897	100.0	100.0

KEY RATIOS FOR MEASUREMENT AND RISK[2]

EV/sales	0.5
EV/EBIT	10.3
P/E ratio	12.4
Net debt/EBIT	4.3

[2] Based on last price paid 2013-02-28.

Chairman: Melker Schörling

President and CEO: Alf Göransson

Board members connected to Latour: Carl Douglas, Fredrik Palmstierna

www.securitas.com

SWECO

Sweco is an international consultant company expert in technology, the environment and architecture and it offers qualified consulting services with high knowledge content, often at an early stage in a customer's project. In this way the company's engineers, architects and environmental experts contribute to the development of a sustainable society.

With 7,800 employees the Group is one of the major players in Europe and the market leader in the Nordic region and in Eastern and Central Europe.

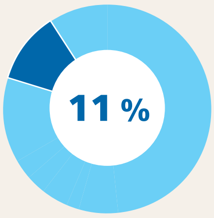
Sweco has a local presence in twelve countries and works on projects in some 80 countries worldwide.

IMPORTANT EVENTS

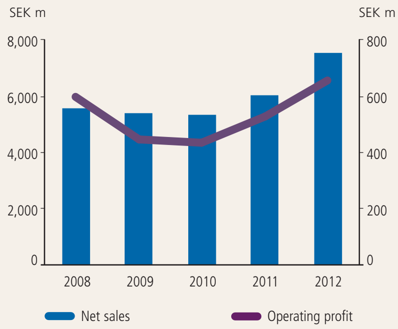
- 2012 was a record year for Sweco which grew by 25 percent. The operating result increased by SEK 128 m and the operating margin continued to be close to 9 percent.
- The best business area was Sweco Finland with an operating margin of 11.7 percent.
- Sweco gained a leading position in Finland through the acquisition of the FMC Group. The acquisition had considerable bearing on Sweco's success in 2012.

8 % PORTION OF LATOUR'S TOTAL NET ASSET VALUE

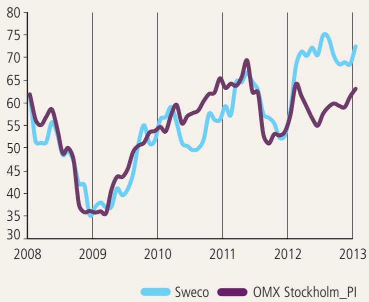
PORTION OF LATOUR'S PORTFOLIO OF LISTED SHARES



NET SALES AND OPERATING PROFIT



SWECO SHARE PRICE DEVELOPMENT



KEY RATIOS SWECO

	Full year 2012	Full year 2011
Net sales, SEK m	7,504	5,988
Operating profit, SEK m	659	531
Operating margin, %	8.8	8.9
Result after net financial items, SEK m	631	527
Earnings per share, SEK	4.97	4.11
Equity/debt ratio, %	36.6	46.2
Dividend per share, SEK[1]	3.25	3.00
Equity per share, SEK	18.55	16.46
Market cap per 31 December, SEK m	6,681	5,262

[1] Proposed dividend for 2012.

KEY RATIOS FOR MEASUREMENT AND RISK[2]

EV/sales	1.0
EV/EBIT	11.8
P/E ratio	16.1
Net debt/EBIT	0.6

[2] Based on last price paid 2013-02-28.

LARGEST OWNERS PER 31 DECEMBER 2012

	A	B	Total	Portion % of shares	Portion % of votes
G Nordström Family	5,190,616	8,747,797	13,938,413	15.3	34.5
Investment AB Latour	1,222,760	27,775,000	28,997,760	31.8	22.8
Stiftelsen J. G. Richerts minne	1,769,420	168,511	1,937,931	2.1	10.2
JPMorgan Chase		4,951,016	4,951,016	5.4	2.8
Swedbank Robur Funds		3,372,687	3,372,687	3.7	1.9
Kdtc		3,326,921	3,326,921	3.7	1.9
Öhman, Anders	250,000	450,000	700,000	0.8	1.7
Lannebo Funds		2,808,023	2,808,023	3.1	1.6
Kurt O Eriksson Family	148,267	795,883	944,150	1.0	1.3
Nordea Investment Funds		2,137,427	2,137,427	2.3	1.2
Other shareholders	800,601	27,318,753	28,119,354	30.8	20.1
Total	9,381,664	81,852,018	91,233,682	100.0	100.0

Chairman: Olle Nordström

President and CEO: Tomas Carlsson

Board members connected to Latour: Anders G. Carlberg

www.swecogroup.com

TOMRA

Tomra Systems is a world leading company in technology for sorting and recycling. The company that was founded in 1972 in Norway currently has operations in 80 countries all over the world and about 2,200 employees. Tomra's products and services are mainly offered in two main business areas: Tomra Collection Solutions and Tomra Sorting Solutions.

Tomra Collection Solutions comprise solutions for automated collection of deposit bottles and bale presses for compression of waste.

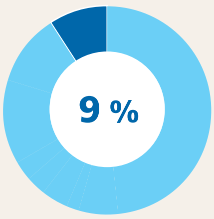
Tomra Sorting Solutions offer sensor-based technology for sorting and process analysis.

IMPORTANT EVENTS

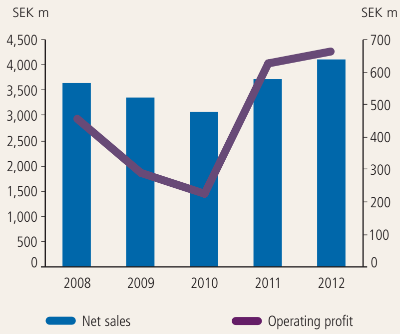
- The acquisition of BEST, an internationally leading supplier of advanced optic food sorting. Several of the ten largest food-makers are on BEST's list of customers. Net sales were EUR 87.8 m in 2011 and EBITA was EUR 13 m.
- Adjusted for exchange effects and acquisitions net sales increased by 1 percent. Net sales in Tomra Collection Solutions contracted by 3 percent while net sales in Tomra Sorting Solutions increased by 13 percent.

6 % PORTION OF LATOUR'S TOTAL NET ASSET VALUE

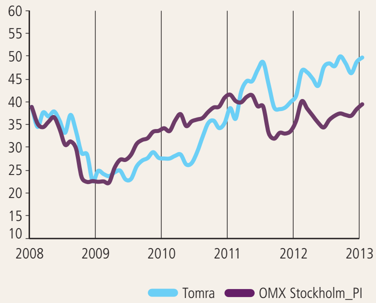
PORTION OF LATOUR'S PORTFOLIO OF LISTED SHARES



NET SALES AND OPERATING PROFIT



TOMRA SHARE PRICE DEVELOPMENT



KEY RATIOS TOMRA

	Full year 2012	Full year 2011
Net sales, NOK m	4,073	3,690
Operating profit, NOK m	662	625
Operating margin, %	16.3	16.9
Result after net financial items, NOK m	630	604
Earnings per share, SEK	2.98	2.58
Equity/debt ratio, %	45.7	55.0
Dividend per share, NOK[1]	1.25	1.05
Equity per share, NOK	15.92	14.98
Market cap per 31 December, NOK m	7,438	5,936

[1] Proposed dividend for 2012.

KEY RATIOS FOR MEASUREMENT AND RISK[2]

EV/sales	2.4
EV/EBIT	14.5
P/E ratio	18.6
Net debt/EBIT	2.1

[2] Based on last price paid 2013-02-28.

LARGEST OWNERS PER 31 DECEMBER 2012

	Total	Portion % of shares	Portion % of votes
Investment AB Latour	27,970,000	18.9	18.9
Folketrygdfondet	14,965,239	10.1	10.1
Jupiter Asset Management Ltd.	13,627,680	9.2	9.2
Nordea Investment Management	5,493,884	3.7	3.7
Fondita Fund Management Co. Ltd.	3,861,476	2.6	2.6
Impax Asset Management Ltd.	3,009,839	2.0	2.0
RWC Partners	2,619,654	1.8	1.8
SEB Investment Management AB	2,533,721	1.7	1.7
F&C Asset Managers Ltd.	1,953,158	1.3	1.3
Odin Forvaltning AS	1,872,725	1.3	1.3
Other shareholders	70,112,702	47.4	47.4
Total	148,020,078	100.0	100,0

Chairman: Svein Rennemo

President and CEO: Stefan Ranstad

Board members connected to Latour: Jan Svensson

www.tomra.com

ACADEMIC WORK.

Academic Work – experts on Young Professionals

Academic Work is specialized in temporary staffing and recruiting Young Professionals, i.e. students and young academics, and has operations in Sweden, Norway, Finland, Denmark and Germany. Academic Work's ambition is to continue international expansion and its vision is to be the largest company in the world in its area of expertise.

Academic Work was founded in 1998 by three students who saw that connecting students looking for extra work with companies looking for temporary staff would benefit them both. This simple business concept was the foundation of a steadily growing company that has over 550 employees today and makes close to 20,000 recruitments annually.

Passionate about helping young people in their careers

Today Academic Work is one of Sweden's largest staffing companies with operations all over the country. The company is expanding internationally on new markets and with new services. Staffing includes recruitment, where the candidate is directly hired by a company, and providing consultants temporarily.

International expansion

Academic Work initiated its international expansion in 2007 and by the end of 2012 the company had operations in Sweden, Norway, Finland, Denmark and Germany. One way to grow is by cooperating with other companies and organizations. The shortage of good developers in IT is a real challenge so the Talent Academy was started together with Microsoft in 2012. It reaches out to students in their last year of studies in IT. In order to shrink the gap between school and a first job the Talent Academy offers a kind of trainee program that mixes theory with consultancy work.

Been noticed

The company's long-term positive development has been noted several times in Swedish business. In 2011 Academic Work was nominated for the Founders Awards, a competition for the most successful companies in Sweden. Another distinction the company received the same year is Superföretag awarded by Veckans Affärer (a business magazine).

Academic Work is an unlisted company. At year-end Latour's holding corresponded to a net asset value of SEK 336 m and 20 percent of the capital and votes.

Academic Work (SEK m)	2012	2011
Net sales	1,750	1,665
Operating margin (EBIT), %	8.7	10.9
Profit before tax	154	180

International leader in niches for advanced material

Latour acquired 21.9 percent of Diamorph, a Swedish company with an internationally leading position and products in niches for advanced material, in 2012. During the year Diamorph acquired the British TENMAT, which creates good opportunities for international expansion in the future.

Diamorph supplies advanced material solutions for especially demanding industrial applications. The Group develops, manufactures and sells products that are used in civil engineering, forestry and the energy, automotive, marine and aerospace industries. Diamorph actively seeks deep niches in larger markets in order to differentiate itself from the competition and to obtain long lasting customer relations. The Group has customers in more than 60 countries and 270 employees at units in Sweden, Czech Republic and England. The company's vision is to be a world leader in niches for advanced material.

Originated from a research project

Diamorph was founded in 2003 after a discovery at Stockholm University. The discovery concerned a new group of materials with unique characteristics. The first patent application was submitted in 2004.

In 2012 the company had over 25 patents and patent applications. The company received a grant for new production equipment from the Swedish Energy Agency thanks to its success. During the year Diamorph also initiated a partnership with Karolinska University Hospital to develop knee implants, and this has since become Episurf Medical AB.

Since then Diamorph has inaugurated a production facility in Stockholm and acquired a company in Czech Republic to scale up production further to meet the growing demand.

Many uses

Diamorph's products can be divided into three groups: bearings and wear resistant components, high temperature material and fire protection. There are more than 100 products in total within these groups that by and large are classed as number one or two in their niches. These include everything from wear resistant shovels to special types of vacuum pumps, self-lubricating bearings used in space suits and submarines, transportation rollers that can handle high temperatures (>1300° C) and which are used to make tiles and fire stop blocks that expand in a fire and block fires from spreading in buildings.

Global organization

In 2012 Diamorph acquired the British TENMAT, a leading manufacturer of specialized construction material and components with high performance. TENMAT is a prominent player on the market with global sales and subsidiaries in five countries.

The acquisition provides Diamorph with a global sales organization and greater expertise and technology to meet the complex and varied customer needs in the niches the company works in.

Latour's holding

Diamorph is an unlisted company. At year-end Latour's holding corresponded to a net asset value of SEK 122 m and 21.9 percent of the capital and votes. ■

Diamorph, proforma (SEK m)	2012	2011
Net sales	350.5	361.0
Operating margin (EBIT), %	34.4	35.0
Profit before tax	40.8	45.7

H.M. King Carl XVI Gustaf, Leif Johansson, previously CEO of Volvo and Her Excellency Annika Jagander, Sweden's then Czeck Republic Ambassador were welcomed by Fredrik Svedberg, CEO of Diamorph and Heinz Pöhlmann, CEO of Diamorph HOB CerTec.

Continued international success with unique spread tow fabric

Oxeon is a young research-based company which offers a unique spread tow fabric that consists of carbon fiber. The company has good potential for international growth with its own products. This is confirmed by the increase in net sales in 2012 by 11 percent.

Oxeon in Borås, Sweden, manufactures and markets a spread tow fabric that consists of fiber tows instead of threads. The company, founded in 2003, has four patents in this field. Oxeon's reinforced fabric is marketed under the brand TeXtreme® and is offered to customers in the composite industry that really need to reduce the weight of their products. Customers that use TeXtreme® have been able to reduce weight by up to 25–30 percent and still maintain, or improve, mechanical performance.

TeXtreme® in everything from F1 cars to super light bicycles

Oxeon's spread tow fabric is used by customers such as Formula 1 stalls, Bauer that makes hockey sticks, Fanatic that makes windsurfing boards and snowboards and True Temper that develops advanced golf club handles.

In 2012 one of the new products made of TeXtreme® was the lightest touring skis in the world manufactured by Swedish Ridea Skis. Another product, a mountain bike in TeXtreme® that only weighs 900 grams was launched by the American bicycle-maker Felt.

Successful athletes choose TeXtreme®

Oxeon's products are frequently used by elite athletes in some of the world's most challenging competitions. TeXtreme® was used, for example, by the most successful teams and drivers in the F1 season, which resulted in wins in both the driver and team classes.

In the 2012 Dakar Rally the Pewano Rally Raid team drove a Volvo XC60 RR built in TeXtreme® and the bicyclists in the winning Tour de France team used the bicycle wheel model Pro TeXtreme® on their bicycles.

Better than the competition in six out of seven cases

It's no coincidence that Oxeon's products are in demand. Tests carried out by the independent test institute, Swerea SICOMP, in 2012 confirm the advantages with TeXtreme® that customers have pointed out. The tests show that TeXtreme® achieves better or equal results compared to their competitors in six out of seven cases.

In 2012 Oxeon launched a new variation of TeXtreme® which is the world's lightest carbon fiber tow weighing in at 43 grams per square meter (gsm). Previously the lightest variation of TeXtreme® weighed 76 grams.

Historically awarded efforts for strong growth

Oxeon has received awards for its success. In 2011 Oxeon was given two prizes in "Ernst & Young Entrepreneur Of The Year", one of them for best international growth. In 2010 Oxeon was named Supergasell of the year in the newspaper Dagens Industri's competition for the fastest growing Swedish company because it grew 3,000 percent in three years.

Latour's holding

Oxeon is an unlisted company. At year-end Latour's holding amounted to a net asset value of SEK 32 m and 31.1 percent of capital and votes. ■

Oxeon (SEK m)	2012	2011
Net sales	50.2	45.4
Operating margin (EBIT), %	1.2	16.0
Profit before tax	0.7	6.8

Latour's underlying result 2012

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

The development in operations

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

Industrial operations

(SEK m)	Operating profit 2012	Operating profit 2011
Hultafors Group	123	151
Latour Industries	155	248
Specma Group	-9	79
Swegon	326	312
	595	**790**

Investment portfolio

(SEK m)	Latour´s share of operating profit[3] Share %	2012	2011
Assa Abloy[2]	9.48	711	628
Fagerhult	49.21	124	156
HMS Networks	24.97	16	18
Loomis[2]	10.32	105	94
Nederman[2]	29.98	58	50
Nobia[2]	13.82	74	68
Securitas[2]	10.88	336	347
Sweco	31.78	209	168
Tomra[1]	18.90	144	136
		1,776	**1,666**

[1] Recalculated at the exchange rate 1 NOK = 1,167 SEK.
[2] Structural expenses and acquisition costs and depreciations on acquisition-related intangible assets excluded.
[3] In this and the table below comparative figures are given as if the grade of ownership was unchanged compared to the end of 2012.

Other holdings

(SEK m)	Latour´s share of operating profit[3] Share %	2012	2011
Academic Work	20.06	35	40
Oxeon	31.08	0	2
Diamorph	21.87	5	–
		40	**42**

	2,411	**2,497**

COMMENT: This total mirrors Latour's total share of underlying operating margin in remaining operations weighted by owner share, SEK m.

Latour's real income statement

	2012	2011
Business areas		
Operating profit for business areas	595	790
Capital gains in industrial operations	7	63
Other items	–21	–15
Investment portfolio etc.		
Dividends from investment portfolio and associated companies	560	498
Capital gains in the investment portfolio	0	432
Other portfolio management /short-term trading	20	–26
Administrative costs etc. (investment portfolio)	–14	–9
Net financial items for the Latour Group	–87	–61
Reported tax expenses	–146	–182
Total underlying operating profit, net financial items and tax	**914**	**1,490**

COMMENT: In the table revaluation shares, shares in associated companies and similar items have been excluded. The table is based on considerable simplification of accounting and does not claim to be exact. Its goal is instead to make it easier to understand Latour's profit.
The dividends presented in the table for 2012 are proposed to be distributed to Latour in the spring of 2013 as these dividends reflect the profit in the investment portfolio in 2012.

Effect for shareholders

Dividends policy:
Latour must distribute 100 percent of incoming dividends from the investment portfolio and other holdings as well as 40-60 percent of the net profit in the wholly owned industrial operations.

	SEK m spring 2013	SEK m spring 2012	SEK/share spring 2013	SEK/share spring 2012
Dividends from industrial operations	236	220	1.48	1.38
Percent of underlying profit, %	67	40		
Dividends from investment portfolio/associated companies	560	498	3.52	3.12
Percent of underlying profit, %	100	100		
Total ordinary dividends as stated in the policy	**796**	**718**	**5.00**	**4.50**
Additional dividends spring 2012	0	239	0	1.50
In addition to the dividend according to the dividend policy an extra dividend as distributed in the spring of 2012				
Total dividends	**796**	**957**	**5.00**	**6.00**
Percent of underlying profit, %	87	64		

Information by quarter

SEK m	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2012 Full year	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2011 Full year
INCOME STATEMENT										
Net sales	1,735	1,785	1,571	1,697	**6,788**	**1,713**	**1,898**	**1,714**	**1,846**	**7,171**
Cost of goods sold	–1,105	–1,134	–986	–1,074	**–4,299**	–1,120	–1,237	–1,103	–1,179	**–4,639**
Gross profit	630	651	585	623	**2,489**	593	661	611	667	**2,532**
Costs etc. for the operation	–483	–474	–417	–484	**–1,858**	–434	–452	–295	–468	**–1,649**
Operating profit	**147**	**177**	**168**	**139**	**631**	**159**	**209**	**316**	**199**	**883**
Total portfolio management	150	290	217	292	**949**	61	275	734	338	**1,408**
Profit before financial items	297	467	385	431	**1,580**	220	484	1,050	537	**2,291**
Net financial items	–31	–11	–35	–10	**–87**	–26	–7	–19	–9	**–61**
Profit after financial items	266	456	350	421	**1,493**	**194**	**477**	**1,031**	**528**	**2,230**
Taxes	–35	–37	–38	–36	**–146**	–33	–52	–61	–36	**–182**
Profit for the year	231	419	312	385	**1,347**	161	425	970	492	**2,048**
KEY RATIOS										
Earnings per share, SEK	1.45	2.63	1.96	2.42	**8.45**	1.23	3.24	6.15	3.08	**14.13**
Cash flow for the period	34	–338	44	11	**–249**	–47	–126	587	–490	**–76**
Adjusted equity/assets ratio (%)	86	85	86	86	**86**	86	84	83	84	**84**
Adjusted equity	19,195	17,984	18,604	20,223	**20,223**	13,813	13,347	14,809	16,709	**16,709**
NET SALES										
Hultafors Group	302	293	285	316	**1,197**	275	289	285	334	**1,182**
Latour Industries	413	418	376	403	**1,610**	360	401	380	432	**1,573**
Specma Group	348	331	251	268	**1,198**	336	355	324	366	**1,381**
Swegon	672	743	659	711	**2,785**	592	731	668	716	**2,707**
Other companies and eliminations	0	0	0	0	**–2**	150	122	57	–2	**328**
	1,735	1,785	1,571	1,697	**6,788**	1,713	1,898	1,714	1,846	**7,171**
OPERATING PROFIT										
Hultafors Group	30	27	31	35	**123**	33	41	48	30	**151**
Latour Industries	45	45	46	19	**155**	75	67	60	45	**248**
Specma Group	11	8	–1	–27	**–9**	21	19	20	19	**79**
Swegon	63	93	84	86	**326**	42	94	90	86	**312**
	149	173	160	113	**595**	171	221	218	180	**790**
Capital gains in divested companies	–	–	–	7	**7**	–2	–	65		**63**
Other items	–2	4	8	19	**29**	–10	–12	33	19	**30**
	147	177	168	139	**631**	159	209	316	199	**883**
OPERATING MARGIN, %										
Hultafors Group	9.9	9.1	10.9	11.1	**10.2**	11.8	14.1	17.0	8.9	**12.8**
Latour Industries	11.0	10.8	12.2	4.7	**9.7**	20.8	16.7	15.9	10.4	**15.7**
Specma Group	3.2	2.3	–0.4	–10.0	**–0.7**	6.2	5.4	6.1	5.2	**5.7**
Swegon	9.3	12.6	12.8	12.1	**11.7**	7.1	12.8	13.5	12.1	**11.5**
	8.6	9.7	10.2	6.7	**8.8**	10.4	11.6	12.7	9.8	**11.6**

Financial Statements 2012

The board of directors and chief executive officer of Investment AB Latour (publ) herewith present the financial statements and the consolidated annual accounts for 2012.

Contents

Board of directors' report

GROUP

Investment AB Latour is a mixed investment company. Latour's investments consist of wholly owned industrial operations and an investment portfolio containing nine portfolio holdings in which Latour is the major owner or one of the major owners. In addition there are a number of partnered unlisted companies. The investment portfolio was valued at SEK 17.7 billion on 31 December 2012. The largest holdings in terms of value are Assa Abloy, Securitas and Sweco, which together account for 72 percent of the investment portfolio value.

Group operations are run by Latour's subsidiary Nordiska Industri AB and Latour-Gruppen AB. Trading with shares and securities is handled by another subsidiary, Karpalunds Ångbryggeri AB and yet another subsidiary, Latour Förvaltning AB manages securities.

Changes in the industrial operations 2012

Latour's ambition for the industrial operations is to grow by 10 percent annually over a business cycle, through a combination of organic growth and acquisitions. Our ambition is to own stable industrial companies with their own products and good prerequisites for internationalization.

Seven acquisitions were made in the industrial operations in 2012 which in total contributed some SEK 300 m to net sales. In the fourth quarter Latour Industries acquired Kabona AB in Borås, a leading company in improving energy efficiency in buildings. Kabona has 80 employees and net sales of over SEK 100 m annually. The company delivers systems that optimize the energy consumption and indoor climate of buildings. The business is built on Kabona's ecopilot®. Kabona will be an independent business unit in Latour Industries.

Latour Industries' subsidiary LSAB made two acquisitions. In October it acquired the saw blade manufacturer Westlings Industri AB in Vansbro which has around SEK 45 m in net sales and some 30 employees. In December it acquired Vistträsk Slipservice AB with SEK 20 m in net sales and around 20 employees. Both acquisitions are in line with LSAB's expansion strategy and strengthen its product offer and position on the market.

In December Latour Industries' subsidiary REAC announced its intention to acquire MBL/ABU in Poland, a business that manufactures actuators and has net sales of more than SEK 50 m and over 50 employees. The takeover took place on 2 January 2013. In addition REAC made a smaller acquisition of SCS in Åmål during the first quarter.

In the fourth quarter Specma Group acquired Norlub Scandinavia AB in Karlstad, which delivers lubrication systems and conduction components mainly to contractor machines, trucks and tractors. The company had net sales of around SEK 20 m and nine employees.

In the first quarter Hultafors Group acquired Snickers Workwear's franchise in the Netherlands, a company with 17 employees and SEK 60 m in net sales.

Pressmaster AB was divested in the fourth quarter. It had annual net sales of about SEK 100 m.

Further information concerning acquisitions and divestitures of companies is found in notes 44 and 45.

Changes in the investment portfolio

In 2012 a total of 4,970,000 shares were acquired in Tomra Systems ASA and 353,800 shares were acquired in HMS Networks. The subsidiary Latour Förvaltning acquired 100,000 shares in Nobia.

Changes in other holdings

In 2012 Latour invested in a new holding among other holdings through the acquisition of 21.9 percent of Diamorph. The Diamorph Group, which delivers advanced material solutions for especially demanding industrial applications on an international market has net sales of some SEK 350 m and around 300 employees.

Events after the financial year-end

Latour Industries took over MBL/ABU in Poland. The acquisition was announced in December 2012.

Swegon acquired Coolmation Ltd in England on 1 February 2013. The company is one of the fastest growing companies in chilling and air conditioning in Great Britain. The business has net sales of GBP 8 m and 70 employees.

Result and financial position

Profit for the Group after financial items amounted to SEK 1,493 m (2,230). Profit after tax was SEK 1,347 m (2,048), corresponding to SEK 8.45 (14.13) per share. The Group's cash in hand and liquid investments amounted to SEK 241 m (498). Interest-bearing debt, excluding pension liabilities, totaled SEK 1,660 m (1,532). Group net debt, including pension liabilities, totaled SEK 1,538 (1,140) m. The equity ratio was 86 (84) percent calculated on booked equity in relation to total assets including surplus values in the associated companies.

Investments

Investments in tangible assets during the year totaled SEK 136 m (188), of which SEK 105 m (148) were machinery, SEK 20 m (30) vehicles and SEK 11 m (10) buildings. Of the investments made during the year SEK 21 m (21) referred to fixed assets in newly acquired companies.

PARENT COMPANY

The parent company's profit after financial items amounted to SEK 780 m (2,618). The parent company equity ratio was 91 (93) percent.

The Latour share

On 31 December 2012 the total number of outstanding shares amounted to 159,263,000, excluding bought back shares. In 2012 Latour bought back 237,000 B shares and thereafter Latour owns 697,000 B shares. Call options to senior officers have been issued on 633,000 of the bought back shares. Of these 186,000 call options were issued during the third quarter according to the mandate by the Annual General Meeting 2012.

In December 5,463 A shares were converted to B shares. After that the allocation of issued shares is 11,947,059 A shares and 148,012,941 B shares. Further information concerning the share can be found on pages 16 and 17 and in note 35.

Personnel

The average number of employees in the Group was 3,692 (3,642), of which 1,534 (1,448) were employed abroad. Information concerning wages and remuneration as well as the allocation of the number of employees is given in note 9.

Currency exposure

The subsidiaries' sales and purchases in foreign currencies are balanced through the Group's joint financial function. On the balance sheet date sales covered by forward exchange contracts totaled SEK 561 m. Currency hedging amounted to SEK 220 m, not including hedging through currency clauses in major import deals. There is a relatively good balance between purchases and sales in foreign currency, with the exception of net sales in NOK and EUR and net purchases in USD. For further information see note 34 Exchange risks.

Risks in industrial operations

As an owner of diversified industrial operations and an investment portfolio with nine holdings, Latour automatically has a relatively good diversification of risks. Our customers are found in a number of industries, with a certain preponderance by the construction industry. Sales are well distributed in the construction industry between new construction and repairs and maintenance. Moreover, there is a relative balance between commercial premises, public premises and housing. The board annually assesses and evaluates Latour's risk exposure via a structured risk analysis.

Financial risks

Information concerning Group financial instruments and risk exposure can be found on pages 82-84.

Transactions with related parties

With the exception of paid dividends no transactions with related parties that have had a material effect on the Group result have taken place.

Board work

The Latour board consists of nine members, including the chief executive officer. There are no deputies. All members are elected for a one-year term. Except for the chief executive officer no members have a position or assignment in the Group. The secretary of the board is the chief financial officer of the Group. Fredrik Palmstierna was elected chairman of the board by the Annual General Meeting 2012.

The members of the board represent 88 percent of the voting shares in the company and 80 percent of the share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly owned companies in the industrial operations. They are therefore not represented in the investment company's board.

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 four ordinary meetings during the year, not including the constitutional board meeting and one additional board meeting. Four of the board members were unable to attend one meeting. Other than that the board was complete.

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

Among the matters dealt with by the board are strategic changes in portfolio investments, acquisitions and divestitures of subsidiaries, the company's risk exposure, 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.

The Corporate Governance Report can be found on pages 90-93.

Guidelines for remuneration to senior officers

The following guidelines were adopted at the Annual General Meeting 2012:

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 0-100 percent of basic wages. In order to promote a long range perspective the board may, in addition to the annual variable remuneration, decide on compensation connected to the business area's long-term value development over a period of three years. 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 may further allow a supplemental remuneration to company management in the form of share-related incentive programs, for example a call option program, under the condition that they benefit long-term engagement in the business area and that they are based on market terms.

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 2013.

Environmental impact

The Latour Group's wholly owned companies run operations required to have permits according to the Environmental Act in two of the Group's subsidiaries. The companies obliged to seek permits and submit reports are active in 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 and have fulfilled all requirements for their operations.

Proposed dividends and profit distribution

The board of directors proposes that the Annual General Meeting resolves to pay a higher ordinary dividend of SEK 5.00 (4.50) per share. The total proposed dividends amount to SEK 796 m.

The board of directors proposed disposition of profits is presented in its entirety on page 58.

Prospects for 2013

At the end of 2012 demand continued to contract and the decline became particularly noticeable in December. The weak market situation has forced us to make relatively sweeping adjustments in Group resources as well as restructuring decisions.

Growth is expected to be slow in the beginning of 2013. At the same time the work to develop the industrial companies into larger, more international operations continues. Group plans take in the short-term assessment that the economy will not contribute to positive developments. We will follow through on the strategic initiatives that were started in 2011 and 2012. A number of products have been launched in 2012 and more will be launched in 2013. Establishments have taken place on new markets and significant investments been made for organic growth. In the long run it is these investments that will allow Latour to grow and win market shares.

No forecast is given for 2013. ■

Proposed disposition of profits

Of parent company equity on the balance date SEK 502 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 for the net sum of SEK 499 m.
The following profits in the parent company are at the disposal of the Annual General Meeting:

Retained profit	SEK 6,296.0 m
Result for the year	SEK 780.2 m
	SEK 7,076.2 m

The number of shares entitling the holder to receive dividends was 159,263,000 on 21 March 2013, after the exclusion of bought back shares. The board proposes that the profits be disposed of in the following manner:

To shareholders a dividend of SEK 5.00 per share	SEK 796.3 m
To be carried forward	SEK 6,279.9 m
	SEK 7,076.2 m

The board is of the opinion that the proposed dividend is justifiable with regard to the demands that operations impose on the amount 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.
The income statement and balance sheet will be presented to the Annual General Meeting on 14 May 2013 for adoption.

The board of directors and the chief executive officer hereby certify that the consolidated financial reports have been prepared according to 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 result. The Annual Report has been prepared according to generally accepted accounting principles and gives a true and fair view of the parent company's financial position and result. 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 result and describes significant risks and uncertainties that the parent company and the companies within the Group face.

Gothenburg 21 March 2013

Fredrik Palmstierna
Chairman

Mariana Burenstam Linder
Member

Anders G. Carlberg
Member

Anders Böös
Member

Carl Douglas
Member

Elisabeth Douglas
Member

Eric Douglas
Member

Jan Svensson
Member/CEO

Caroline af Ugglas
Member

Our independent Accountants' Report was given 21 March 2013

Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdström
Authorized Public Accountant
Principal auditor

Bo Karlsson
Authorized Public Accountant

Consolidated income statement

SEK m	Note	2012	2011
Net sales	3.4	6,788	7,171
Cost of goods sold		–4,299	–4,639
Gross profit		**2,489**	**2,532**
Sales costs		–1,366	–1,244
Administrative costs		–400	–408
Research and development costs		–159	–140
Other operating income	12	124	170
Other operating costs	12	–57	–27
Operating profit	5–11	**631**	**883**
Result from participation in associated companies	13	914	1,449
Result from portfolio management	14	49	–26
Administration costs		–14	–15
Profit before financial items		**1,580**	**2,291**
Financial income	15	19	54
Financial costs	16	–106	–115
Profit after financial items		**1,493**	**2,230**
Taxes	17	–146	–182
Result for the year		**1,347**	**2,048**
Attributable to:			
Parent company shareholders		1,347	2,048
Non-controlling interests		–	–
Earnings per share regarding profit attributable to parent company shareholders	35		
Before dilution		8.45 kr	14.13 kr
After dilution		8.42 kr	14.10 kr

STATEMENTS OF THE COMPREHENSIVE INCOME

SEK m	2012	2011
Result for the year	**1,347**	**2,048**
Other total comprehensive income, net after tax		
Change in translation reserve for the year	–38	–12
Change in the fair value reserve for the year	357	–1,110
Change in the hedging reserve for the year	8	–7
Change in associated companies' equity	–274	1,018
Other total comprehensive income, net after tax	**53**	**–111**
Comprehensive income for the year	**1,400**	**1,937**
Attributable to:		
Parent company shareholders	1,400	1,937
Non-controlling interests	–	–

Consolidated balance sheet

SEK m	Note	2012	2011
ASSETS			
Fixed assets			
Intangible assets	18	1,732	1,622
Tangible assets			
Buildings	19	297	323
Land and land improvements	20	19	20
Machinery	21	227	269
Equipment	22	140	138
Construction in progress and advance payments	23	11	15
Financial assets			
Participation in associated companies	25	6,672	6,315
Listed shares	26	2,252	1,624
Other securities held as fixed assets	27	0	0
Deferred prepaid tax	37	36	25
Other long-term receivables	28	78	54
		11,464	10,405
Current assets			
Inventories etc.	29		
Raw materials and consumables		305	315
Work in progress		59	93
Finished products and goods for resale		614	759
Advance payments to suppliers		1	5
Listed shares, trade	30	104	88
Current receivables			
Accounts receivables	31	1,054	1,213
Prepaid tax		76	62
Derivative instruments	32	6	19
Other current receivables		94	79
Prepaid expenses and accrued income		68	62
Cash	33	241	498
		2,622	3,193
Total assets		14,086	13,598

Consolidated balance sheet

SEK m	Note	2012	2011
EQUITY			
Capital and reserves attributable to parent company shareholders	35		
Share capital		133	133
Share buyback		–56	–29
Reserves		419	92
Profit brought forward		10,411	10,293
		10,907	10,489
Non-controlling interests		0	0
Total equity		10,907	10,489
LIABILITIES			
Long-term liabilities			
Pension obligations	36	146	158
Deferred tax liability	37	109	110
Other provisions	38	35	28
Interest-bearing liabilities	39	192	419
		482	715
Current liabilities			
Current liabilities	40	86	13
Liabilities to credit institutions	34	1,379	595
Advance payments from customers		12	48
Accounts payable		567	619
Tax liabilities		60	54
Other provisions	38	29	9
Other liabilities		126	638
Accrued expenses and deferred income	41	438	418
		2,697	2,394
Total liabilities		3,179	3,109
Total equity and liabilities		14,086	13,598
Pledged assets	42	7	11
Contingent liabilities	43	17	14

Consolidated cash flow statement

SEK m	Note	2012	2011
Operating profit		631	883
Depreciation		161	163
Capital gains		–54	–88
Other adjustments for items not included in cash flow		–16	–23
Paid tax		–166	–224
Cash flow from current operations before changes in operating capital		**556**	**711**
Change in operating capital			
Inventories		197	–253
Accounts receivable		175	–147
Current receivables		7	–10
Current liabilities		–61	109
		318	**–301**
Cash flow from current operations		**874**	**410**
Investments			
Acquisition of subsidiaries	44	–125	–313
Sales of subsidiaries	45	97	319
Received payment through fusion with Säkl		–	246
Acquisition of fixed assets		–214	–181
Sale of fixed assets		22	42
Cash flow from investments		**–220**	**113**
Portfolio management			
Dividends received		503	325
Administration costs etc.		–19	–8
Acquisition of listed shares etc.		–420	–1,306
Acquisition of shares in associated companies		–134	–96
Sale of listed shares		150	287
Sale of shares in associated companies		–	757
Cash flow from portfolio management		**80**	**–41**
Cash flow after investments and portfolio management		**734**	**482**
Financial payments			
Interest received		19	54
Interest paid		–110	–109
New loans		671	507
Repayment by installments		–582	–522
Dividends paid		–956	–491
Bought back shares		–27	–
Issued call options		2	3
Cash flow from financial payments		–983	–558
Change in cash		**–249**	**–76**
Cash at the beginning of the year		498	573
Translation difference in cash		–8	1
Cash at the end of the year	33	241	498

Change in consolidated equity

	Note	Attributable to parent company shareholders: Share capital	Shares bought back	Reserves	Profit brought forward	Non-controlling interest	Total
Closing equity 2010-12-31		110	–29	5,941	6,258	0	12,280
Opening balance 2011-01-01	35	110	–29	5,941	6,258	0	12,280
Total comprehensive income				–1,129	3,066		1,937
New issue costs					–10		–10
New issue		23			3,611		3,634
Effect of fusion through the pooling method	26			–4,720			–4,720
Issued call options					3		3
Fusion translation					–2,144		–2,144
Dividends					–491		–491
Closing equity 2011-12-31	35	133	–29	92	10,293	0	10,489
Opening balance 2012-01-01	35	133	–29	92	10,293	0	10,489
Total comprehensive income				327	1,073		1,400
Issued call options					2		2
Bought back shares			–27				–27
Dividends					–957		–957
Closing equity 2012-12-31	35	133	–56	419	10,411	0	10,907

Change in consolidated interest-bearing net debt

SEK m	2012-01-01	Change in cash	Change in borrowing	Other changes	2012-12-31
Receivables	53		–15	–11	27
Cash	498	–257			241
Pension obligations	–158			12	–146
Long-term liabilities	–419		227		–192
Bank overdraft facility used	–13			–73	–86
Current liabilities	–1,101		–281		–1,382
Interest-bearing net debt	–1,140	–257	–69	–72	–1,538

Parent company income statement

SEK m	Note	2012	2011
Result from participation in Group companies – dividends		331	–
Result from participation in associated companies	13	367	2,553
Result from portfolio management	14	29	6
Management costs		–8	–9
Profit before financial items		**719**	**2,550**
Interest income and similar profit items	15	92	86
Interest costs and similar loss items	16	–31	–18
Profit after financial items		**780**	**2,618**
Taxes	17	–	–
Result for the year		**780**	**2,618**

Statement of the comprehensive income – Parent company

SEK m	Note	2012	2011
Result for the year		780	2,618
Change in the fair value reserve for the year		356	–1,108
Total other comprehensive income		356	–1,108
Comprehensive result for the year		**1,136**	**1,510**

Parent company balance sheet

SEK m	Note	2012	2011
ASSETS			
Fixed assets			
Financial assets			
Participation in subsidiaries	24	1,246	1,246
Participation in associated companies	25	2,934	2,897
Listed shares	26	2,223	1,600
Receivables from Group companies		2,127	2,249
		8,530	7,992
Current assets			
Current receivables			
Receivables from Group companies		18	22
Other current receivables		0	4
Prepaid expenses and accrued income		2	2
Cash	33	7	248
		27	276
Total assets		8,557	8,268
EQUITY AND LIABILITIES			
Equity	35		
Restricted equity			
Share capital		133	133
Other funds		598	242
Non-restricted equity			
Profit brought forward		6,295	4,659
Result for the year		780	2,618
		7,806	7,652
Provisions			
Pension obligations		1	1
		1	1
Long-term liabilities			
Debts to credit institutions		100	100
Other non-interest-bearing liabilities		5	5
		105	105
Current liabilities			
Debts to Group companies		641	–
Other liabilities		4	510
		645	510
Total equity and liabilities		8,557	8,268
Pledged assets	42	–	1,061
Contingent liabilities	43	2,301	1,987

Parent company cash flow statement

SEK m	Note	2012	2011
Current receivables		4	–28
Current liabilities		–3	3
Cash flow from current operations		1	–25
Portfolio management			
Dividends received		728	322
Administrative costs etc.		–8	–1
Acquisition of listed shares etc.		–307	–1,125
Sale of listed shares		–	523
Cash flow from portfolio management		413	–281
Cash flow after investments and portfolio management		414	–306
Financial payments			
Interest received		92	86
Interest paid		–31	–18
Received payment through fusion		–	246
Net change in borrowings		266	692
Bought back shares		–27	–
Dividends paid		–957	–461
Issued call options		2	3
Cash flow from financial payments		–655	548
Change in cash		–241	242
Cash at the beginning of the year		248	6
Cash at year-end	33	7	248

Change in parent company equity

			Other funds			
SEK m	Note	Share capital	Reserve fund	Fund for fair value	Profit brought forward	Total
Opening balance 2011-01-01		110	96	5,974	3,689	9,869
Total comprehensive result				–1,108	2,618	1,510
New issue costs					–9	–9
New issue		23			3,611	3,634
Effect of fusion through the pooling method	26			–4,720		–4,720
Fusion translation					–2,144	–2,144
Dividends paid					–491	–491
Issued call options					3	3
Closing balance 2011-12-31		133	96	146	7,277	7,652
Total comprehensive result				356	780	1,136
Bought back shares					–27	–27
Dividends paid					–957	–957
Issued call options					2	2
Closing balance 2012-12-31		133	96	502	7,075	7,806

Notes to the financial statements

(All amounts are in SEK m unless stated otherwise)

Note 1 General information

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

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 Nasdaq OMX Stockholm Large Cap list.

The board of directors and the chief executive officer have approved these consolidated accounts for publication on 21 mars 2013. The Annual Report and consolidated annual accounts will be presented to the Annual General Meeting on 14 May 2013 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 EU. In addition, the Group has followed the Accounting Act and RFR 1 Supplemental accounting regulations for Groups have been applied.

The consolidated accounts have been prepared according to the acquisition method except for revaluations of 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 48.

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 and amended accounting principles

The following new and amended standards are obligatory for the first time for the financial year that began on 1 January 2012.

None of the IFRS or IFRIC interpretations that are obligatory for the first time for the financial year that began on 1 January 2012 have had any significant effect on the Group.

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

Amendments have been made in IAS 1 "Presentation of financial statements" regarding other comprehensive income. The most important change in the amended IAS 1 is the requirement that the items reported in "other comprehensive income statements" are presented divided into two groups. The division is based on whether or not the items may be reclassified to the income statement (reclassification adjustments) or not.

IAS 19 "Employee benefits" was amended in June 2011. The amendment means that the Group, as of 1 January 2013, will no longer use the "corridor method" but will instead report all actuary gains and losses in other comprehensive income statements as they occur. The cost for services in past years will be recognized immediately. Interest expenses and anticipated yields on plan assets will be replaced with net interest calculated with the help of the discount rate, based on the net surplus or net deficit in the defined benefit plan.

The consequent effect of the changes in IAS 19 regarding actuary gains and losses is expected to have a negative impact on equity by about SEK 29 m net after tax.

IFRS 9 "Financial instruments" handles classification, valuing and reporting financial liabilities and assets. IFRS 9 stipulates that financial assets must be classified in two different categories: valuing at fair value or valuing at accrued acquisition value. Classification is determined the first time an asset is reported based on the company's business model and the characteristics in the contracted cash flows. There are no major changes regarding financial liabilities compared to IAS 39. The Group intends apply the new standard at the latest the financial year that starts 1 January 2015 and we have not yet evaluated the effects.

IFRS 10 "Consolidated financial statements" is founded on already existing principles as it identifies control as the critical factor for determining whether a company should be included in Group accounting or not. The standard provides further guidance to aid in determining what is control when it is difficult to judge. The Group intends to apply IFRS 10 for the financial year that starts 1 January 2013 and we have not yet evaluated the full effect on financial reporting.

IFRS 12 "Disclosures of interests in other entities" covers information requirements regarding subsidiaries, joint arrangements, associated companies and structured entities that are not consolidated. The Group intends to apply IFRS 10 for the financial year that starts 1 January 2013 and we have not yet evaluated the full effect on financial reporting.

IFRS 13 "Fair value measurement" is intended to make valuations at fair value more consistent and less complex by providing an exact definition and common source in IFRS for fair value evaluations and related information. The requirements do not expand the area for when fair value must be applied but instead provides guidance on how it is to be applied when other IFRSs already demand or allow fair value. The Group has not yet evaluated the full effect of IFRS 13 on financial reporting and intends to apply IFRS 13 for the financial year that starts 1 January 2013.

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

Consolidated accounts

Subsidiaries

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

Acquisitions of companies are reported according to the acquisition method. This method means that equity, including the capital portion of untaxed reserves in the subsidiary at the time of acquisition are entirely eliminated. Consequently only profit generated after acquisition is included in Group equity.

The purchase price of a subsidiary are the fair value of transferred assets, liabilities and the shares issued by the Group. The purchase price includes the fair value of all the assets or liabilities resulting from an agreement on conditional consideration. 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 recognized directly in the income statement. Acquisition costs are expensed as they occur. Identifiable acquired assets and transferred liabilities in a business combination are initially valued at fair value on acquisition-date. The Group decides, for each acquisition, if all the non-controlling interests in the acquired entity will be valued at fair value or for the proportional share of the acquired entity's net assets.

Companies acquired during the year are included in the consolidated accounts with amounts that relate 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 exchange rate for the year. Translation differences are recognized in Group equity.

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

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 a significant influence but not control over operational and financial management, are reported according to the equity method.

The equity method entails that the book value of shares in associated companies in the Group's accounts corresponds to the Group's participation in associated companies' equity and any residual value in group-wise surplus and undervalues. The Group's "Share of profits or losses in associated companies" is recorded in the Group's income statement as the Group's share of associated companies' result after tax, adjusted for any depreciation on, or liquidation of, acquired surplus or undervalues respectively.

When the Group no longer has control or significant influence, each remaining holding is revalued at fair value and the change in booked value is recognized in the income statement. The fair value is used as the first booked value and forms the basis for further reporting of the remaining holding as an associated company, joint venture or financial asset. All amounts referring to the divested unit previously reported in total comprehensive income are reported as if the Group had directly sold the attributable assets or liabilities. This made lead to the recognition via profit and loss of amounts previously reported in other comprehensive income.

If ownership in an associated company is reduced without losing control only a proportional share of the amounts previously reported in other comprehensive income are, where relevant, remeasured in income.

In the parent company associated companies are reported according to 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. Where appropriate the Group applies percentage of completion (see below). 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 (percentage of completion). 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 and operating costs

Other operating income and operating costs includes income and costs from activities outside ordinary operations. See note 12.

Financial income and expenses

Financial income and costs consists of interest income and costs, income from dividends and realized and unrealized exchange losses and gains.

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

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 net sales value is the estimated sales price in the ongoing operations, with a deduction for applicable variable sales costs. The value of finished goods and work-in-progress includes raw materials, direct work, other direct costs and production related expenditures. Obsolescence is depreciated separately. 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 results in its entirety.

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 recognized 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.

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. Booked write-downs of goodwill are not recovered. Profit or loss when a unit is sold include 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 amortized on a straight-line basis in order to spread the cost over their estimated useful life (5–20 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. An impairment test is performed on every balance sheet day on all assets other than financial assets and goodwill, which has previously been written down, to determine whether or not they should be recovered.

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

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 categorized as Financial assets recognized 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 derecognized from the balance sheet when the rights in the contract are realized, have matured or the company looses control over them. A financial liability or a part thereof is derecognized 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 34.

Financial assets are controlled at every external reporting instance to determine whether or not there are objective indications that one or a group of financial assets should be written-down. 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 recognized other comprehensive income is recognized in the income statement instead. 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 via profit and loss
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 recognized continuously at fair value and changes in value are recognized in the income statement.

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 amortized cost. Amortized cost is determined based on the compound interest calculated at the time of acquisition.

Available-for-sale financial assets
The category financial assets available-for-sale 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 and other investments held as fixed assets). Assets in this category are valued at their current fair value and changes in value are recognized in other comprehensive income . When the investment is derecognized from the balance sheet the cumulative gain or loss that was recognized in equity is recognized as profit or loss.

Other financial liabilities
Financial liabilities not held for trading are initially valued at fair value, net after transaction costs, and thereafter at amortized cost. Amortized cost is determined based on the compound interest calculated at the time the liability was recognized. This means that surplus or undervalues as well as direct issue costs are distributed over the lifespan of the liability.

Derivatives used in hedge accounting
Derivative instruments are recognized in the balance sheet on the contract date and are valued at fair value, both initially and in following revaluations. The method of recognizing 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 recognized in equity.

Any ineffective portion of the changes in value is recognized directly in the income statement.

The cumulative profit or loss in equity is recovered in the income statement in the period the hedged item affects result (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 recognized in equity, these result 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 recognized 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. Result attributable to the hedging instrument that relate to the effective portion of the hedge are recognized 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 recognized 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 recognized directly in the income statement under other income alternately other costs.

Cash
Cash 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.

Long-term receivables and other current receivables
Long-term receivables and other current receivables are receivables that

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

Taxes on income

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

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

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

From a fiscal perspective, Investment AB Latour is an investment company. Profits on sales of shares are not liable to tax and losses are not deductible. The company must however declare 1.5 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 prepared according to the indirect method. Reported cash flow only includes transactions that involve payments and expenditures. Cash includes, 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 warranties are based on the previous years' actual costs.

Pensions

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

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

In defined benefit plans, remuneration to employees and ex-employees is paid on the basis of salary at the point of retirement and the number of years of service. The Group bears the risk for payment of the pledged remuneration.

The 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 36.

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 result.

Contingent liabilities

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

Segment reporting

The Group's operations are steered and organized in the Industrial operations and Investment portfolio. Industrial operations are in turn divided into four business areas. These business lines and the in vestment portfolio make up the Group's operating segments. Income, operating result, 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 RFR 2 Accounting for legal entities. RFR 2 requires the parent company to follow IFRS/IAS as far as possible. Differences between parent company and Group accounting principles are primarily due to the Annual Accounts Act and the Security Law and in certain cases special tax laws. In the following case 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.

Note 3 Segment reporting

DEVELOPMENT PER BUSINESS AREA 2012-01-01 – 2012-12-31

	Industrial operations						
SEK m	Hultafors Group	Latour Industries	Specma Group	Swegon	Other	Portfolio management	Total
INCOME							
External sales	1,196	1,609	1,198	2,785	–		6,788
Internal sales	1	1	–	–	–		2
RESULT							
Operating profit	123	156	–9	326	35		631
Result from portfolio management						949	949
Financial income							19
Financial costs							–106
Taxes							–146
Profit for the year							**1,347**
OTHER INFORMATION							
Assets	964	1,483	741	1,632	223	8,883	13,926
Unallocated assets							160
Total assets							14,086
Liabilities	183	247	189	654	61	2	1,336
Unallocated liabilitites							1,843
Total liabilities							3,179
Investments in:							
tangible assets	17	47	18	34	20		136
intangible assets	22	169	5	1	–		197
Depreciation	20	43	18	64	16		161

DEVELOPMENT PER BUSINESS AREA 2011-01-01 – 2011-12-31

	Industrial operations						
SEK m	Hultafors Group	Latour Industries	Specma Group	Swegon	Other[1]	Portfolio management	Total
INCOME							
External sales	1,181	1,566	1,378	2,706	340		7,171
Internal sales	1	7	3	1	–		12
RESULT							
Operating profit	151	248	79	312	93		883
Result from portfolio management						1,408	1,408
Financial income							54
Financial costs							–115
Taxes							–182
Profit for the year							**2,048**
OTHER INFORMATION							
Assets	1,069	1,379	863	1,726	142	8,248	13,427
Unallocated assets							171
Total assets							13,598
Liabilities	202	277	207	670	65	4	1,425
Unallocated liabilitites							1,684
Total liabilities							3,109
Investments in:							
tangible assets	11	52	24	70	31		188
intangible assets	–	276	–	1	–		277
Depreciation	20	40	19	65	19		163

[1] Autotube and Stenberg Group that were divested in 2011 are included in this item.

Group management has determined operating segments based on the information dealt with in Latour's board and which is used to make strategic decisions. The board primarily judges business areas from an operational perspective but to a certain extent geographic aspects as well.

Operations is divided into two main areas; the wholly owned industrial operations and the investment portfolio. The industrial operations are organized in four business areas, Hultafors Group, Latour Industries, Specma Group and Swegon.

The investment portfolio primarily consists of portfolio management of long-term holdings where Latour owns at least 10 percent of the votes.

In the segment result assets and liabilities have been included in directly related items as well as in items that can be reasonably and reliably allocated to a segment. Tax credits and liabilities (deferred and current) are not recognized 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 is allocated to the geographic markets according to the following:

	2012	2011
Sweden	2,530	2,965
Nordic countries excluding Sweden	1,472	1,436
Europe excluding Nordic countries	2,100	2,249
Other markets	686	521
Total	6,788	7,171

Assets are divided into geographic markets as follows:

	2012	2011
Sweden	11,613	11,014
Nordic countries excluding Sweden	547	580
Europe excluding Nordic countries	1,551	1,584
Other markets	375	420
Total	14,086	13,598

Investments are divided into geographic markets as follows:

	2012	2011
Sweden	272	168
Nordic countries excluding Sweden	8	11
Europe excluding Nordic countries	49	125
Other markets	4	161
Total	333	465

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

Note 5 Transactions with related parties

Ihe Douglas family has significant control over Investment AB Latour. Privately and through companies, the Douglas family controls 79.7 percent of voting rights in Latour. The family has received board representation fees of SEK 1,050,000. Förvaltnings AB Wasatornet, a company wholly owned by the Douglas family, has issued 80,000 sell options to senior officers in the Latour Group. Investment AB Latour already held 460,000 bought back shares and in 2012 another 237,000 were purchased in 2012. Call options have been issued on 633,000 of the repurchased shares to senior officers in the Latour Group. The Annual General Meeting 10 May 2012 gave the board authorisation to decide on buying back shares or transferring own shares. The options are based on market terms. For information concerning wages and other remuneration to the board and other senior officers, see note 9.
Purchasing and sales for the year between Group companies was SEK 2,559 (2,526) m. There were no purchases or sales with the parent company. There were no essential payables or receivables with other closely related persons or associated companies on the balance sheet date.

Note 6 Expenses allocated per type of cost

GROUP	2012	2011
Change in the stock	3,331	3,686
Remuneration to personnel	1,901	1,806
Depreciation	161	163
Other costs	888	785
Total	6,281	6,440

Note 7 Exchange rate differences

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

GROUP	2012	2011
Net result	–6	–1
Costs of goods sold	3	5
Sales costs	0	0
Other operating income	0	4
Other operating expenses	-5	–
Total	-8	8

Note 8 Remuneration to accountants

GROUP	2012	2011
PwC		
Audit assignment	6	5
Audit-related activities	0	0
Tax advisory services	0	0
Other services	2	2
Other accountants		
Audit assignment	2	2
Other services	1	1
Total	11	10

Remuneration to accountants for auditing in the parent company amounted to SEK 76,000 (114,000) and for other consultation SEK 75,000 (32,000).

Not 9 Personnel

Wages, other remuneration and social costs

	2012 Wages and other remuneration	2012 Social security contributions (of which pension costs)	2011 Wages and other remuneration	2011 Social security contributions (of which pension costs)
Parent company	4	1 (0)	3	1 (0)
Subsidiaries	1,402	458 (135)	1,349	445 (142)
Group	**1,406**	**459 (135)**	**1,352**	**446 (142)**

Of the Group's pension expenses, SEK 14 (13) m relates to boards and CEOs.

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

	2012 Board and CEO (of which bonus)	2012 Other employees	2011 Board and CEO (of which bonus)	2011 Other employees
Parent company				
Sweden	4 (0)	–	3 (0)	–
Subsidiaries				
Sweden	36 (4)	774	41 (8)	787
Denmark	4 (0)	31	8 (0)	52
Finland	5 (0)	81	7 (0)	84
Norway	3 (1)	58	3 (1)	51
Germany	4 (0)	30	4 (0)	29
Great Britain	6 (0)	46	4 (1)	43
USA	5 (0)	56	–	–
Italy	2 (0)	82	–	–
France	1 (0)	23	–	–
Switzerland	6 (1)	45	–	–
Other countries	16 (2)	88	27 (4)	212
Group total	**92 (8)**	**1,314**	**97(14)**	**1,258**

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

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 was maximized in 2012 to 80 percent of the basic wage.

Variable remuneration for other senior officers is based on profits and return on working capital. This remuneration is a maximum of 15 and 75 percent of the basic salary. In order to promote a long range perspective the board may, in addition to the annual variable remuneration, decide on compensation connected to the business areas' long-term value development over a period of three years.

The board may further allow a supplemental remuneration to company management in the form of share-related incentive programs (e.g. a call option program) under the condition that they benefit long-term engagement in the business area and that they are based on market terms.

Remuneration and other benefits during the year

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

[1] Other board members have received SEK 350,000 per member.
[2] Other benefits concern accommodation and car benefits.
[3] Variable remuneration to the CEO was equal to 48 percent of his basic salary and to other senior officers it ranged from 0-47 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.

Call options

Call options have been issued on 633,000 of a total of 697,000 repurchased shares to senior officers. The option premium for the issued call shares in 2012 amounted to SEK 11.40 per call option and the redemption price per share is SEK 117.60 There are no social security fees since the program is based on market terms.

Cont.

Note 9 cont.

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 remuneration to senior officers are decided by the Annual General Meeting. The Chief Executive Officer's salary and employment terms are determined by the board. The board has given the chairman, after contact with the remuneration committee, the assignment of reaching an agreement with the CEO. The board is 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

	2012		2011	
PARENT COMPANY	Men	Women	Men	Women
Board members	63%	37%	63%	37%
Chief Executive Officer	100%	0%	100%	0%

Group senior officers are 100 percent (100) men.

Average number of employees

	2012		2011	
PARENT COMPANY	Number of employees	Of which men	Number of employees	Of which men
Sweden	–	–	–	–
SUBSIDIARIES				
Sweden	2,158	81%	2,194	85%
Finland	216	82%	235	83%
Romania	109	36%	106	36%
Denmark	62	76%	69	71%
Norway	101	72%	94	88%
Great Britain	159	61%	136	57%
Germany	67	61%	57	61%
Italy	237	85%	–	–
USA	115	94%	–	–
Poland	93	72%	–	–
Other countries	375	68%	751	77%
Total in subsidiaries	3,692	77%	3,642	80%
Total	**3,692**	**77%**	**3,642**	**80%**

OPERATING AREAS	2012	2011
Industrial operations	3,691	3,641
Investment portfolio	1	1
Total	**3,692**	**3,642**

Note 10 Depreciation

Depreciation of intangible assets in the Group amounted to 15 (13) Mkr and of tangible assets to 146 (150). Depreciation is distributed per function in the income statement as follows:

GROUP	2012	2011
Brands, licences		
Costs of goods sold	5	8
Sales costs	4	0
Administrative costs	3	5
Research and development costs	3	–
Total	**15**	**13**
Buildings		
Costs of goods sold	14	13
Sales costs	2	2
Administrative costs	2	2
Research and development costs	–	2
Other operating costs	–	1
Total	**18**	**20**
Land and land improvements		
Costs of goods sold	1	0
Total	**1**	**0**
Machinery		
Costs of goods sold	67	69
Sales costs	1	4
Administrative costs	4	1
Research and development costs	1	–
Total	**73**	**74**
Equipment		
Costs of goods sold	19	19
Sales costs	11	13
Administrative costs	6	9
Research and development costs	2	1
Other operating costs	16	14
Total	**54**	**56**
Total depreciation	**161**	**163**

Not 11 Leasing

Leasing costs for premises, machinery, computers and office equipment for the Group were SEK 53 (64) m.

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

Year	Future minimum leasing fees
2013	39
2014–2017	101
2018–	7
Total	**147**

The financial leasing in the Group consists of a building. It is reported as a fixed asset at the booked value of SEK 90 (97) m. Future leasing fees for this building are reported as interest-bearing liabilities of SEK 73 (76) m and mature in 2027 (see note 19 also).

Note 12 Operating income and expenses

Other operating income

GROUP	2012	2011
Capital gains on sales	54[1)]	81
Income from rent	–	2
Exchange rate differences	–	4
Share of result in associated companies	29[2)]	32[2)]
Other income	41	51
Total	**124**	**170**

Other operating expenses

GROUP	2012	2011
Depreciation	–16	–15
Capital gains on sales	–22	–2
Valuation forward exchange contracts	–13	–8
Write-downs of goodwill	–	–12
Exchange rate translations	–6	0
Other costs	–	10
Summa	**–57**	**–27**

1) The result from the reclassification of holdings in associated companies of SEK 25 m is included.
2) Refers to shares in the result from Oxeon by SEK 0 (3) m, Diamorph by SEK 3 (0) m and Academic Work by SEK 26 (29) m.

Note 13 Result from participation in associated companies

GROUP	2012	2011
Share of result for the year after tax	899	944
Write-downs	–	23
Net change in capital	15	–6
Result from sales of participation	–	488
Total	**914**	**1,449**

Individual holdings have affected results as follows:

	2012	2011
Assa Abloy	365	478
Fagerhult	86	103
HMS Networks	17	14
Loomis	68	46
Nederman	36	40
Niscayah Group	–	486
Securitas	174	182
Sweco	168	100
Total	**914**	**1,449**

Since Latour normally cannot wait for the result reports from each associated company Latour has chosen to apply the principle of basing each company's quarterly financial report on the outcome of the previous quarter and then extrapolate an estimated outcome. The companies' results vary which means the reported profit share can deviate from the booked outcome but this is corrected in the next quarterly financial report. The reported value of shares in associated companies is checked against market prices and written down if necessary.

PARENT COMPANY
The entire result from associated companies, SEK 367 m, stems from dividend income.

Note 14 Result from investment portfolio

GROUP	2012	2011
Result from fixed assets		
Dividends	29	–
Other income	–	6
	29	**6**
Result from current assets		
Dividends	4	7
Capital gains	14	–27
Revaluation, booked in the income statement	2	–10
Other	–	–2
	20	**–32**
Total portfolio	**49**	**–26**

PARENT COMPANY	2012	2011
Result from fixed assets		
Dividends	29	–
Other income	–	6
Total portfolio	**29**	**6**

Note 15 Financial income

GROUP	2012	2011
Interest income	7	12
Exchange gains	11	40
Other financial income	1	2
Total	**19**	**54**

PARENT COMPANY	2012	2011
Interest income from Group companies	87	81
Other interest income	5	5
Total interest income	**92**	**86**

Note 16 Financial costs

GROUP	2012	2011
PRI interest	–7	–7
Other cost interest	–64	–72
Exchange losses	–34	–27
Other financial costs	–1	–9
Total	**–106**	**–115**

PARENT COMPANY	2012	2011
Interest expenses to Group companies	–13	–
Other interest expenses	–14	–18
Other financial costs	– 4	–
Total	**–31**	**–18**

Note 17 Tax on result for the year

GROUP	2012	2011
Current tax costs for the period	–157	–164
Deferred tax attributable to changes in temporary differences		
Deferred tax income	27	21
Deferred tax costs	–16	–39
Total	**–146**	**–182**

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

GROUP	2012	2011
Result before tax	1,493	2,230
Tax according to applicable tax rate, 26.3 %	–393	–586
Tax effect of special taxation rules for investment companies	205	189
Effect of associated company accounts	37	154
Tax effect of non-deductible costs	–27	–6
Tax effect of changed tax rate	14	–
Tax effect of non-taxable income	30	40
Other tax effects	–12	33
Tax on result for the year according to the income statement	**–146**	**–182**

PARENT COMPANY	2012	2011
Result before tax	780	2,618
Tax according to applicable rate, 26.3 %	–205	–688
Tax effect of special taxation rules for investment companies	205	189
Tax effect of non-taxable income	–	499
Tax on result for the year according to the income statement	0	0

The applicable tax rate for the Group, as for the parent company, is 26.3 percent.
As of 2013 the tax rate will be 22 percent. This has affected reported tax for 2012 positively by SEK 14 m.

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. Please refer to note 37.

Note 18 Intangible assets

GROUP	Goodwill	Trademarks, licenses	Total
Accumulated acquisition values			
Opening balance 2011-01-01	1,389	135	1,524
Acquisitions for the year	230	47	277
Sales for the year	–79	–1	–80
Reclassification	5	–5	0
Translation difference	10	1	11
Closing balance 2011-12-31	**1,555**	**177**	**1,732**
Opening balance 2012-01-01	1,555	177	1,732
Acquisitions for the year	186	11	197
Sales for the year	–33	–13	–46
Reclassification	–2	–1	–3
Translation difference	–33	–3	–36
Closing balance 2012-12-31	**1,673**	**171**	**1,844**
Accumulated depreciation			
Opening balance 2011-01-01	0	–84	–84
Depreciation for the year	–	–13	–13
Closing balance 2011-12-31	**0**	**–97**	**–97**
Opening balance 2012-01-01	0	–97	–97
Depreciation for the year	–	–15	–15
Sales for the year	–	12	12
Translation difference	–	1	1
Closing balance 2012-12-31	**0**	**–99**	**–99**
Accumulated depreciation			
Opening balance 2011-01-01	–1	0	–1
Depreciation for the year	–12	–	–12
Closing balance 2011-12-31	**–13**	**0**	**–13**
Opening balance 2012-01-01	–13	0	–13
Depreciation for the year	–	–	–
Closing balance 2012-12-31	**–13**	**0**	**–13**
Book value	**1,660**	**72**	**1,732**
Recorded values			
Per 2011-01-01	1,388	51	1,439
Per 2011-12-31	1,542	80	1,622
Per 2012-01-01	1,542	80	1,622
Per 2012-12-31	1,660	72	1,732

The effect of depreciation on results is detailed in note 10.
All goodwill refers to the segment Industrial operations. After impairment tests of goodwill, no write-downs have been made in 2012.

Impairment tests of goodwill

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

Group goodwill value per business area

GROUP	Booked value, SEK m
Hultafors Group	391
Latour Industries	700
Specma Group	157
Swegon	412
	1,660

Assumptions for certain significant goodwill items are given below

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

	Growth assumption (terminal)	Marginal assumption (terminal)
Blue Box Group	3 %	11 %
Snickers Workwear	2 %	12.0 %
Nord-Lock Group	3 %	15.0 %
Swegon Ilto	3 %	11.0 %
Kabona	3 %	12.0 %

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

Key assumptions

Impairment tests have been made with projections of between 5 to 10 years depending on the assessment in the individual case. Occurrence of the sustainable level in impairment tests has therefore been assessed at 5 to 10 years from one case to another. Estimations of future cash flows have been made based on the assets' existing structure and do not include future acquisitions. The required return before tax varies from between 10.2 percent to 12.4 percent. In most of the tests the higher part of the interval has been used.

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

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

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

Exchange rate EUR	8.50
Exchange rate DKK	1.14
Exchange rate NOK	1.15
Exchange rate GBP	10.70
Exchange rate CHF	7.1
Exchange rate USD	6.6

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	2012	2011
Opening acquisition value	543	660
Opening acquisition value from acquisitions	6	–
Purchase	8	10
Sales and disposals	–13	–125
Translation differences	–8	–2
Closing acquisition values	*535*	*543*
Opening depreciation	–210	–259
Opening depreciation value from acquisitions	–4	0
Sales and disposals	3	68
Depreciation for the year	–18	–20
Translation differences	2	1
Closing depreciation	*–227*	*–210*
Opening write-downs	–10	–14
Write-downs for the year	–1	–
Sales and reversals	–	4
Closing write-downs	*–11*	*–10*
Book value	297	323

Depreciation for the year is found in note 10.

Building items include a property owned by the company through a financial leasing contract with the following amounts:

	2012	2011
Acquisition value - activated financial leasing	98	102
Accumulated depreciation	–8	–5
Booked value	90	97

Note 20 Land and land improvements

GROUP	2012	2011
Opening acquisition value	26	35
Inköp	1	–
Sales and disposals	–1	–9
Translation differences	0	0
Closing acquisition values	*26*	*26*
Opening depreciation	–6	–6
Depreciation for the year	–1	0
Translation differences	0	0
Closing depreciation	*–7*	*–6*
Book value	19	20

Depreciation for the year is found in note 10.

Note 21 Machinery

GROUP	2012	2011
Opening acquisition value	1,046	1,065
Opening acquisition value from acquisitions	38	76
Purchases	49	86
Sales and disposals	–91	–185
Translation differences	–9	4
Closing acquisition values	*1,033*	*1,046*
Opening depreciation	–777	–788
Opening depreciation from acquisitions	–29	–59
Sales and disposals	66	147
Depreciation for the year	–73	–74
Translation differences	7	–3
Closing depreciation	*–806*	*–777*
Book value	227	269

Depreciation for the year is found in note 10.

Note 22 Equipment

GROUP	2012	2011
Opening acquisition value	573	595
Opening acquisition value from acquisitions	2	10
Purchases	66	71
Sales and disposals	–71	–98
Reclassification	–	–5
Translation differences	–4	–
Closing acquisition values	*566*	*573*
Opening depreciation	–435	–450
Opening depreciation from acquisitions	–1	–6
Sales and disposals	61	74
Depreciation for the year	–54	–56
Reclassification	–	3
Translation differences	3	–
Closing depreciation	*–426*	*–435*
Book value	140	138

Depreciation for the year is found in note 10.

Note 23 Construction in progress and advance payments for fixed assets

GROUP	2012	2011
Opening acquisition value	15	9
Costs expended during the year	8	16
Reclassification	–12	–10
Book value	11	15

Note 24 Participation in subsidiaries

	2012	2011
Opening acquisition value	1,246	1,246
Change for the year	–	–
Closing acquisition value	**1,246**	**1,246**

Company name	Corporate registration number	Domicile	Number of shares	Share of equity in %	Book value (SEK m)
Karpalunds Ångbryggeri AB	556000-1439	Stockholm	3,600	100	1
Latour Förvaltning AB	556832-2209	Stockholm	500	100	1,005
Latour-Gruppen AB	556649-8647	Gothenburg	400,000	100	49
Hultafors Group AB	556365-0752	Bollebygd	349,873	100	
Hultafors AB	556023-7793	Bollebygd	30,000	100	
Hultafors Group Finland Oy	0664406-9	Finland	100	100	
Hultafors Group Norge AS	983513328	Norway	1,000	100	
Hultafors Group Danmark AS	14252533	Denmark	500,000	100	
Hultafors UMI S.R.L.	J32/572/22.11.1996	Romania	78,661	100	
Fisco Tools Ltd	755735	Great Britain	200,000	100	
Hultafors Group NL BV	8054149	The Netherlands	25	100	
Hultafors Group Sverige AB	556113-7760	Bollebygd	1,000	100	
Snickers Workwear Logistics BV	8117646	The Netherlands	200	100	
Snickers Production SIA Latvia	40003077239	Latvia	100	100	
Hultafors Group Belgium NV	0444.346.706	Belgium	50	100	
Snickers Workwear France SARL	529 004 046	France	7,499	100	
Hultafors Group Poland Sp. z o.o.	146309299	Poland	100	100	
Hultafors Group UK Ltd	01952599	Great Britain	100,000	100	
Snickers Workwear Switzerland AG	CH 036.3.044.124-4	Switzerland	1,000	100	
Hultafors Group Ireland Ltd	65695194	Ireland	15,700	100	
Hultafors Group Germany GmbH	147860778	Germany	50,000	100	
Snickers Workwear Austria GmbH	ATU 65856344	Austria	35,000	100	
Specma Group AB	556089-9550	Gothenburg	10,000	100	
Specma OY	0292607-7	Finland	400	100	
Specma Hydraulic Russia	5087746446046	Russia	100	100	
Specma Hydraulic Shanghai	79274263-4	China	1	100	
Specma Hydraulic Polska Sp.z.o.o.	320724049	Poland	500	100	
Specma HS 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	
Specma Lubrication AB	556231-3022	Karlstad	3,846	100	
Specma Wiro AB	556362-4641	Motala	5,000	100	
Specma Hydraulic U.S. Inc.	30-05199401	USA	100	100	
Specma Do Brasil Ltda	10.343.468/0001-32	Brazil	127,500	51	
Samwon Tech (Europe) Ltd	4 746 517	Great Britain	100	100	
Komponenthuset A/S	29 92 02 49	Denmark	348	77.7	
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	Austria	1	100	
KB Söderby 1:752	916634-4441	Vara	1	100	
Swegon Ltd	1529960	Great Britain	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 Inc.	26-1934480	USA	1,000	100	
Swegon Eesti OU	11726958	Estonia	1	100	
Swegon Indoor Climate Systems Co. Ltd	310000400676739	China	1	100	
Swegon AS	933-765-806	Norway	1,500	100	
Oy Swegon AB	240.505	Finland	20,000	100	
Lewaco Trading AB	556343-3423	Vara	1,000	100	
Swegon Sp.z o.o.	632031333	Poland	1,454	100	
Swegon BV	24408522	The Netherlands	100	100	
Swegon s.r.l	1853574	Italy	1	100	
Swegon Belgium S.A.	893.224.696	Belgium	620	100	
Swegon S.A.	A-84244763	Spain	6,011	100	
Swegon ILTO OY	1615732-8	Finland	1,000	100	
Swegon BB s.r.l	03991770276	Italy	1	100	
Blue Box France SA	48535226400017	France	0,9	100	
Applicaciones Climaticas BBG SI	B 97613780	Spain	0,65	100	
Blue Box Air	U74210MH2008FTC189149	India	2,397,500	100	
Latour Industries AB	556018-9754	Gothenburg	100,000	100	
Carstens AB	556059-6776	Bankeryd	18,500	100	
KB Backen Västergård 1:141	916634-4490	Bankeryd	1	100	
Granaths Hårdmetal AS	182650	Denmark	2,550	100	
Bergmans Chuck AB	556059-1736	Hässleholm	1,200	100	
Fortiva AB	556563-6742	Hässleholm	4,000	100	
LSAB Norge AS	95882479	Norway	300	100	
LSAB Group AB	556655-6683	Hedemora	1,000	100	
LSAB Sverige AB	556222-1746	Hedemora	2,500	100	

Cont.

Note 24 cont.

Company name	Corporate registration number	Domicile	Number of shares	Share of equity in %	Book value (SEK m)
LSAB Suomi OY	0140601-0	Finland	1,050	100	
LSAB Vändra AS	10120018	Estonia	6,000	100	
LSAB Latvia SIA	40003381260	Latvia	23,150	100	
LSAB Instrument Service	1089847103950	Russia	1	100	
MachToolRent	1107847394687	Russia	1	100	
LSAB Westlings AB	556442-0767	Vansbro	100	100	
LSAB Danmark A/S	34737886	Denmark	500	100	
Vistträsk Slipservice AB	556248-1936	Älvsbyn	100	100	
LSAB Produktion AB	556456-8060	Hässleholm	400	100	
Kabona AB	556609-1525	Borås	100	100	
Kabona i Stockholm AB	556743-6919	Stockholm	100	100	
Kabona i Skåne AB	556796-6568	Lund	100	100	
Specma Tools AB	556737-4664	Gothenburg	1,000	100	
Specma Seals AB	556198-5077	Gothenburg	10,000	100	
AVT Group AB	556863-5964	Gothenburg	500	100	
AVT Industriteknik AB	556596-5786	Alingsås	4,000	100	
Denstech AB	556337-4767	Gothenburg	1,950	100	
Brickpack AB	556194-2615	Laholm	200	100	
Nord-Lock AB	556137-1054	Åre	8,000	100	
Nord-Lock International AB	556610-5739	Gothenburg	1,000	100	
Nord-Lock Ltd	4117670	Great Britain	100	100	
Nord-Lock SARL	439-251-901	France	1,000	100	
Nord-Lock 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	
Nord-Lock Benelux BV	2050318	The Netherlands	180	100	
Nord-Lock Holding GmbH	HRB 175392	Germany	1	100	
Nord-Lock GmbH	HRB 510204	Germany	1	100	
Nord-Lock Japan Co, Ltd	1299-01-047553	Japan	200	100	
Nord-Lock Switzerland GmbH	CH 020.4.041.709-1	Switzerland	200	100	
Nord-Lock AS	895 421 812	Norway	100	100	
Nord-Lock ApS	33 878 605	Denmark	100	100	
Nord-Lock Co. Ltd	310000400676819	Kina	1	100	
Nord-Lock PTE. LTD.	201110682R	Singapore	50,000	100	
Nord-Lock Italy Srl	2 464 160 015	Italy	1	100	
KLT Fastighets KB	969674-4250	Alingsås	1	100	
REAC AB	556520-2875	Åmål	20,000	100	
REAC A/S	19 353 508	Denmark	500,000	100	
Superbolt Inc.	25-1478791	USA	12,000,000	100	
Nord-Lock AG	CH-320.3.028.873-7	Switzerland	1,000	100	
P&S Vorspannsysteme GmbH	HRB 191560	Germany	1	100	
FOV Fodervävnader i Borås AB	556057-3460	Gothenburg	60,000	100	
Nordiska Industri AB	556002-7335	Gothenburg	840,000	100	191
PM-LUFT AB	556048-2118	Tomelilla	1,000	100	
Farex AB	556196-7802	Borlänge	1,000	100	
Total book value					1,246

Smaller inactive subsidiaries are not included in the specification above.

Note 25 Participation in associated companies

GROUP	2012	2011
Opening book value	6,315	1,179
Merger with Säkl	–	2,513
Reclassification	–	2,166
Acquisitions during the year	159	139
Sold during the year	–	–278
Profit share for the year after tax	927	976
Dilution effect	15	–6
Dividends received	–470	–431
Net change in capital	–274	57
Closing value	6,672	6,315

PARENT COMPANY	2012	2011
Opening book value	2,897	719
Merger with Säkl	–	109
Reclassification	–	2,163
Acquisitions during the year	37	93
Sold during the year	–	–187
Closing value	2,934	2,897
Assa Abloy	1,199	1,199
AB Fagerhult	289	289
HMS Networks AB	229	192
Loomis AB	65	65
Nederman Holding AB	306	306
Securitas AB	585	585
Sweco AB	152	152
Academic Work	109	109
Closing value	2,934	2,897

Cont.

Note 25 cont.

GROUP	Number of shares	Share of capital	Market value1)	Acquisition value
Assa Abloy AB (Reg.no 556059-3575. Stockholm)[2]	35,165,243	3,141	8,563	1,697
AB Fagerhult (Reg.no 556110-6203. Domicile Habo)[4]	6,206,800	753	1,030	571
HMS Networks AB (Reg.no 556661-8954. Halmstad)	2,827,322	251	317	229
Loomis AB (Reg.no 556620-8095. Stockholm)[2]	7,538,328	317	782	107
Nederman Holding AB (Reg.no 556576-4205. Domicile Helsingborg)	3,512,829	347	485	306
Securitas AB (Reg.no 556302-7241. Stockholm)[2]	39,732,600	953	2,245	1,081
Sweco AB (Reg.no 556542-9841. Domicile Stockholm)[5]	28,997,760	621	2,036	186[3]
Academic Work (Reg.no 556559-5450. Domicile Stockholm)	26,001,200	125	336	109
Diamorph AB (Reg.no 556647-5371. Domicile Stockholm)	10,846,037	125	122	122
Oxeon AB (Reg.no 556614-1197. Domicile Borås)	215,200	31	32	25
Other smaller holdings	–	8	–	8
		6,672	15,948	4,441

Group participation in associated companies:

2011	Assets	Liabilities	Income	Profit/loss	Share of capital %	Share of votes %
Assa Abloy AB	5,288	3,021	3,991	478	10	30
AB Fagerhult	1,366	927	1,488	92	49	49
HMS Networks AB	87	21	85	14	22	22
Loomis AB	936	585	1,132	46	10	29
Nederman Holding AB	496	329	600	17	30	30
Securitas AB	3,989	2,988	6,969	182	11	30
Sweco AB	1,032	556	1,897	105	32	23
Academic Work	118	102	334	29	20	20
Oxeon AB	16	4	14	2	32	32
2012						
Assa Abloy AB	5,674	3,141	4,419	473	9	29
AB Fagerhult	1,291	834	1,518	76	49	49
HMS Networks AB	104	19	95	14	25	25
Loomis AB	927	556	1,172	61	10	29
Nederman Holding AB	642	456	681	27	30	30
Securitas AB	4,184	3,248	7,231	167	11	30
Sweco AB	1,490	945	2,385	141	32	23
Academic Work	107	90	351	25	20	20
Diamoph AB	200	149	36	3	22	22
Oxeon AB	15	3	16	0	31	31

[1] Buying rate.
[2] A shares in Assa Abloy, Loomis and Securitas are unlisted. In this table they have been given the same listing price as corresponding B shares.
[3] The acquisition value of Sweco B is SEK 34 m higher in the Group due to the utilisation of a call option..
[4] At the end of December 2012 30,000 shares of Latour's holding in Fagerhult were loaned out.
[5] The A share in Sweco is listed, but due to limited trade it has been given the same listed price as the B share..

Note 26 Listed shares

GROUP	2012	2011
Opening acquisition value	1,498	2,166
Purchases	273	1,060
Merger with Säkl AB	–	438
Reclassification after merger with Säkl	–	–2,166
Closing acquisition value	*1,771*	*1,498*
Opening fair value reserve	126	5,972
Divestitures, booked in the income statement	–	–
Effect of fusion through the pooling method	–	–4,720
Revaluation recognized in equity	355	–1,126
Closing fair value reserve	*481*	*126*
Book value	2,252	1,624

PARENT COMPANY	2012	2011
Opening acquisition value	1,470	2,163
Purchases	270	1,032
Merger with Säkl AB	–	438
Reclassification after merger with Säkl	–	-2,163
Closing acquisition value	*1,740*	*1,470*
Opening fair value reserve	130	5,975
Divestitures, booked in the income statement	–	–
Effect of fusion through the pooling method	–	-4,720
Revaluation recognized in equity	353	–1,125
Closing fair value reserve	*483*	*130*
Book value	2,223	1,600

INVESTMENT PORTFOLIO Share	Number	Market value SEK m	Listed price[1] SEK	Acquisition value, SEK m	Share of votes %	Share of equity %
Nobia	23,100,000	612	27	469	14	14
Tomra	27,970,000	1,640	59	1,302	19	19
Total		2,252		1,771		

[1] Buying rate.

Note 27 Other securities held as fixed assets

GROUP	2012	2011
Opening acquisition value	1	1
Purchases	–	–
Closing acquisition value	*1*	*1*
Opening depreciation	–1	0
Depreciation for the year	–	–1
Closing depreciation	*–1*	*–1*
Book value	0	0

Note 28 Long-term receivables

GROUP	2012	2011
Opening acquisition value	54	66
Increase for the year	50	24
Decrease for the year	–26	–36
Book value	78	54

The Group's interest-bearing receivables have an average interest rate of 3,71 percent and run for an average period of 41 months.

Note 29 Inventory

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

Inventory value:	2012	2011
At net sales value		
Raw materials and consumables	16	6
Work-in-progress	1	7
Finished work and goods for resale	18	3
At net sales value		
Raw materials and consumables	289	309
Work-in-progress	58	86
Finished work and goods for resale	596	756
	978	1,167

Note 30 Listed shares – trading

GROUP	2012	2011
Book value at the beginning of the year	88	43
Acquisitions for the year	147	247
Sales at the actual acquisition value	–142	–194
Revaluation, booked in the income statement	11	–8
Book value at the end of the year	104	88

GROUP	Number	Acquisition value	Book value	Market value
Autoliv	33,100	14	14	14
Axis	42,000	7	7	7
Beijer Electronics	500,000	25	31	31
Fagerhult	28,000	4	5	5
H&M B	50,000	11	12	12
Lindab International	280,000	14	12	12
Securitas B	200,000	14	11	11
SKF B	58,000	10	9	9
Other shares and participation		3	3	3
		102	104	104

Note 31 Accounts receivable

GROUP	2012	2011
Nominal value	1,083	1,241
Provisions for bad debts	–29	–28
Net accounts receivable	1,054	1,213
Provision for bad debts		
Opening provisions	–28	–19
Opening provisions for acquired companies	–	–3
Provisions for bad debts for the year	–4	–2
Realized losses during the year	–	–9
Reversed unutilized amount	3	5
Exchange rate difference	0	0
	–29	–28

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 cash.
The Group does not believe there is any credit risk in the outstanding accounts payable apart from those that have been written down.

Age analysis of accounts receivable	2012	2011
Not mature	785	958
Mature receivables that per 31 December 2012 were not written down		
Mature less than 3 months	221	207
Mature 3 to 6 months	25	23
Mature more than 6 months	23	25
	1,054	1,213

Note 32 Derivative instruments

GROUP	2012	2011
Forward exchange contracts – cash flow hedging	6	19
Total	6	19

Forward exchange contracts
The nominal amount of outstanding forward exchange contracts on 31 December 2012 was SEK 350 m (342) (see note 34).
None of the cash flow hedges meet the terms for effective hedge accounting which is why the entire change is reported in the income statement. Hedge accounting has affected the result by SEK –13 m (–8).

Hedges on net investments in foreign operations
Borrowing that has been identified as net investment hedging in Group subsidiaries is SEK 86 m in Italy and SEK 143 m in Finland.

The exchange rate gain from the translation of borrowing to Swedish crowns amounts to SEK 8 m (SEK –7 m) at the end of the report period and is presented in the other comprehensive income statement.

Note 33 Cash

Cash consist of SEK 241 (256) m in bank balances and SEK 0 (242) 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.

Note 34 Financial instruments and financial risk management

Hedge accounting

Latour uses hedge accounting on forward exchange contracts. Changes in market values of cash flow hedges are recognized in other comprehensive income when they are considered effective, otherwise directly in the income statement. Accumulated amounts in other comprehensive income are returned to the income statement during the periods the hedged item affects results. Unrealized profits or losses that stem from a market valuation of derivative instruments attributable to hedges of net investments, and which stem from exchange differences, are recognized in other comprehensive income.

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. Financial instruments are largely market related investments at Latour. Listed securities are valued at the latest buying rate on the balance sheet date. Forward exchange 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.

GROUP 2012 *Financial assets*	Financial assets available for sale	Financial assets valued at fair value via profit or loss	Loan and accounts receivable	Financial liabilities valued at fair value via profit or loss	Other liabilities	Total recorded value	Fair value
Listed shares, management	2,252[1)]					2,252	2,252
Other investments held as fixed assets	0[2)]					0	0
Other long-term receivables			78[3)]			78	78
Listed shares – trading		104[1)]				104	104
Unrealized gains, currency derivatives		6[2)]				6	6
Other current receivables			1,148[3)]			1,148	1,148
Total	2,252	110	1,226	0	0	3,588	3,588
Financial liabilities							
Long-term loans					192[3)]	192	192
Bank overdraft facilities					86[3)]	86	86
Current loans					1,379[3)]	1,379	1,379
Accounts payable					567[3)]	567	567
Other liabilities					126[3)]	126	126
Total				0	2,350	2,350	2,350

1) Level 1 – valued at fair value based on listed prices on an active market for identical assets.
2) Level 2 – valued at fair value based on other observable inputs for assets and liabilities than listed prices included in level 1.
3) Level 3 – valued at fair value based on inputs for assets and liabilities unobservable to the market.

GROUP 2011 *Financial assets*	Financial assets available for sale	Financial assets valued at fair value via profit or loss	Loan and accounts receivable	Financial liabilities valued at fair value via profit or loss	Other liabilities	Total recorded value	Fair value
Listed shares, management	1,624[1)]					1,624	1,624
Other investments held as fixed assets	0[2)]					0	0
Other long-term receivables			54[3)]			54	54
Listed shares – trading		88[1)]				88	88
Unrealized gains, currency derivatives		19[2)]				19	19
Other current receivables			1,292[3)]			1,292	1,292
Total	1,624	107	1,346	0	0	3,077	3,077
Financial liabilities							
Long-term loans					419[3)]	419	419
Bank overdraft facilities					13[3)]	13	13
Current loans					595[3)]	595	595
Accounts payable					619[3)]	619	619
Other liabilities					638[3)]	638	63
Total				0	2,284	2,284	2,284

1) Level 1 – valued at fair value based on listed prices on an active market for identical assets.
2) Level 2 – valued at fair value based on other observable inputs for assets and liabilities than listed prices included in level 1.
3) Level 3 – valued at fair value based on inputs for assets and liabilities unobservable to the market.

Cont.

Note 34 cont.

Financial risk management

The Group's financing operations and management of financial risks is primarily centralised to Group staff. Operations are run in according to the finance policy adopted by the board and are characterized by a low level of risk. The purpose is to ensure the Group's long-term financing, minimise the Group's capital expense and effectively manage and control the Group's financial risks.

Currency exposure

The Group's operations face currency exposure in the form of exchange rate fluctuations. The Group's currency exposure consists partly of transaction exposure relating to purchases and sales in foreign currency, and partly to translation exposure relating to net investments in foreign subsidiaries and exchange rate fluctuations when the results from foreign subsidiaries are converted to Swedish crowns.

Transaction exposure

The Group's goal concerning transaction exposure is to hedge 50 percent of the coming 12 months' budgeted cash flows. The effect of hedging on results was SEK –13 (–8) m, and booked in operating result.

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

Currencies (amounts in SEK m)	2012	2011
NOK	78	282
DKK	37	60
GBP	119	128
USD	–113	–448
EUR	273	–81
CHF	62	–10
Total	456	69

+ = net inflow, – = net outflow

Given a net transaction exposure equivalent to the one in 2012, and that hedging measures had not been taken, results would be affected positively by SEK 5 m if the Swedish crown had become one percentage point stronger than all transaction currencies.

On 31 December 2012 the Group had outstanding hedging contracts distributed in the following currencies and on these maturity dates.

Amount in SEK m	2013	2014	Total
Sell EUR	248	39	287
Sell NOK	145	–	145
Sell DKK	22	–	22
Sell GBP	34	–	34
Sell USD	35	–	35
Sell CHF	14	–	14
Sell PLN	24	–	24
Sell total	*522*	*39*	*561*
Buy EUR	–25	–	–25
Buy USD	–132	–63	–195
Buy total	*–157*	*–63*	*–220*
Net	365	–24	341

The valuation of the forward exchange contracts to fair value is a derivative instrument and totalled SEK 6 (19) m.

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 through loans in foreign currency. Profit from hedges in foreign operations was SEK 8 (–7) m. The amount is reported in other comprehensive income statement and in Provisions in equity (please refer to note 35).

Net assets of the foreign subsidiaries are allocated as follows:

	2012		2011	
Currencies	Amount SEK m	%	Amount SEk m	%
EUR	137	37	159	43
DKK	9	2	14	4
NOK	123	33	110	30
USD	43	12	29	8
GBP	17	5	11	3
RON	14	4	13	4
CHF	2	1	2	1
LVL	10	3	9	2
PLN	19	5	13	4
JPY	7	2	9	2
Other	–12	–3	1	0
Total	369	100	370	100

Exchange rate difference for the year from translation of foreign net assets amounted to SEK –38 (–12) m and is reported in other comprehensive income. (see note 35).

Financing risks and liquidity risk

The Group handles the more short-term liquidity risk within the framework of the financing risk. In a business like Latour's, where long-term financial resources are procured centrally, the short-term liquidity risk is automatically handled within long-term financing. Nonetheless, high demands are made on cash flow reports in the individual businesses. In order to reduce the risk of difficulties in procuring capital in the future and refinancing of matured loans, the Group has the following contracted credit promises:

Current operating credits	200
Credits granted until 2013	801
Credits granted until 2014	2
Credits granted until 2015	501
Credits granted until 2016	1,067
Credits granted until 2017	1,036
	3,607

The Group's net financial liabilities, excluding shareholdings and other securities, amounted on 31 December 2012 to SEK 1,538 m. Most of the Group's loans are in SEK with a maturity period of less than one year, but within the framework for the credit promises presented above.
Granted credits contracts longer than one year contain financial covenants which state that net borrowing may not exceed a certain level in relation to the listed market price of the Group's listed securities. Even if Group credit were utilized to the limit per 2012-12-31 there would still be a substantial margin.

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 2012 the average fixed loan period was about 6 months.

If the interest rate level of Latour's loan portfolio had been one percentage point higher, the result for the year would have been affected by SEK –15 m.

The average cost for outstanding long and short term borrowing on the balance sheet date (for long-term borrowing please refer also to note 39):

	2012 Debt		2011 Debt	
	%	SEK m	%	SEK m
Long-term borrowing SEK	3.9	86	4.2	312
Long-term borrowing EUR	2.1	76	2.1	85
Long-term borrowing GBP	–	–	–	19
Long-term borrowing DKK	2.5	2	4.9	3
	3.1	164	3.6	419
Short-term borrowing SEK	2.8	1,037	3.0	265
Short-term borrowing NOK	–	–	4.3	500
Short-term borrowing EUR	2.1	227	2.1	237
Short-term borrowing USD	1.4	98	1.5	104
Short-term borrowing CNY	2.3	21	4.5	8
	2.6	1,383	3.4	1,114

Cont.

Note 34 cont.

Credit risk
The Group has limited exposure to credit risks. These risks are primarily related to outstanding accounts receivable. Losses on accounts receivable arise when customers become insolvent or for other reasons fail to meet their payment obligations. The risks are limited through credit insurance policies. Certain businesses even require payment in advance. 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 price risk on shares consists of share price risks, liquidity risks and counterparty risks. Share price risk is the risk of value loss due to changes in prices on the stock market. This is the greatest risk in Latour's business and occurs primarily in the valuation of the investment portfolio companies. If the market price of holdings in the investment portfolio changed by 5 percent it would affect comprehensive income and equity by SEK 113 (81) m. Share prices are regularly analyzed and monitored by Latour's group management. Latour affects companies' strategies and decisions through its active ownership, which is in part manifested through board participation. Liquidity risk can occur if a share, for example, is hard to sell. 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.

The Group is not exposed to any price risk concerning raw materials or commodities.

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 prioritized at Latour and are regulated by internal guidelines. Latour also continuously controls and develops its systems and procedures concerning IT security.

Note 35 Equity

Reserves

GROUP	Hedging reserve	Translation reserve	Fair value reserve	Total
Opening balance 2011-01-01	5	–36	5,972	5,941
Translation differences for the year		–12		–12
Available-for-sales financial assets:				
Revaluation recognized directly in other comprehensive income			–1,110	–1,110
Effects of the merger through the pooling method			–4,720	–4,720
Net asset hedge, currency effects	–7			–7
Closing other reserves 2011-12-31	–2	–48	142[2)]	92
Opening balance 2012-01-01	–2	–48	142	92
Translation differences for the year		–38		–38
Available-for-sales financial assets:				
Revaluation recognized directly in other comprehensive income			357	357
Net asset hedge, currency effects	8			8
Closing other reserves 2012-12-31	6	–86	499[2)]	419

[1)] Tax on amounts recognized directly in equity is SEK 1 (1) m.
[2)] Fair value in the Investment portfolio is SEK 481 m and in outstanding call options SEK 18 m.

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. Contributed capital is included here as a form of issue in kind and a new issue at a rate exceeding the par value.

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

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

Hedging provision
The hedging provision consists of exchange rate differences that occur when translating debts and derivatives classified as hedging instruments of net investments in a foreign unit.

Fair value reserve
The fair value reserve includes the accumulated net change of the fair value of available-for-sale financial assets until the asset is derecognized in the balance sheet.

Profit brought forward including part of results for the year
Contained in profit brought forward including part of comprehensive income for the year are profits earned in the parent company, its subsidiaries and associated companies. Previous provisions to the statutory reserve, not including transferred share premium reserves, are incorporated in this equity item.

Non-controlling interests
Non-controlling interests comprise the share of equity not owned by the parent company.

Dividends
Dividends are proposed by the board in accordance with the Companies Act and approved by the Annual General Meeting. The proposed but as yet not approved dividends for 2012 are SEK 796.3 m (SEK 5.00 per share). The amount has not been reported as a liability.

Cont.

Note 35 cont.

Earnings per share

GROUP	2012	2011
Result for the year	1,347	2,048
Average number of outstanding shares before dilution	159,421,000	144,898,630
Average number of outstanding shares after dilution	159,922,885	145,224,005
Earnings per share related to profit attributable to parent company shareholders		
Before dilution	SEK 8.45	SEK 14.13
After dilution	SEK 8.42	SEK 14.10

Outstanding shares	Class A	Class B	Total
Number of shares per 1 January 2012	11,952,522	147,547,478	159,500,000
Bought back	–	–237,000	–237,000
Conversion	–5,463	5,463	0
Total outstanding shares per 31 December 2012	**11,947,059**	**147,315,941**	**159,263,000**

Own shares	Class A	Class B	Total
Shares held on 1 January 2012	–	460,000	460,000
Bought back during the year	–	237,000	237,000
Total own shares held per 31 December 2012	**0**	**697,000**	**697,000**
Total number of shares per 31 December 2012	**11,947,059**	**148,012,941**	**159,960,000**

	2012		2011	
Own shares	Number	Cost	Number	Cost
Accumulated at the beginning of the year	460,000	29	460,000	29
Bought back during the year	237,000	27	–	–
Accumulated at year-end	**697,000**	**56**	**460,000**	**29**

The par value of own shares bought back amounted on 31 December 2012 to SEK 0.2 m and corresponds to 0.1 percent of share capital. The transaction costs in connection with the shares bought back are reported as a deduction from equity. These costs have not affected booked tax costs. Group own shares have been bought back in order to created added value for the remaining shareholders in Latour. Call options have been issued to senior officers on 633,000 of the bought back shares.

Not 36 Pension obligations

Nearly all employees in the Latour Group are covered either by defined benefit or defined contribution pension plans. Defined benefit pension plans mean that the employee is guaranteed a pension corresponding to a certain percentage of his or her salary. The pension plans comprise retirement pension, sickness pension and family pension. The pension obligations are secured through provisions in the balance sheet and through premiums to insurance companies which thereby assume the obligations towards the employees. Group employees outside Sweden and Italy 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 35 m. Alecta's surplus can be divided amongst the insurance policy holder and/or the insured. At the end of 2012, Alecta's surplus in the form of the collective consolidation level was 129 percent. Pension plans for blue-collar workers in Sweden are defined contribution plans.

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

If the accumulated actuarial result on a pension obligation and plan assets exceed 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

Defined benefit obligations	2012	2011
Current value at the beginning of the period	158	159
Benefits earned during the period	0	0
Interest	7	7
Pension payments	–10	–7
Acquisition/sales	–	5
Divestment (company)	–4	–4
Actuarial result	3	0
Redemption	–7	–2
Translation difference	–1	–
Closing balance	**146**	**158**
Plan assets		
Opening balance	0	0
Closing balance	**0**	**0**

Amount reported in the income statement	2012	2011
Actuarial result	3	0
Interest on pension provisions	7	7
Cost of defined benefit plans	**10**	**7**
Costs of defined contribution plans	121	120
Special employer's tax and taxes on return	14	16
Total pension costs	**145**	**143**

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

%	2012	2011
Discount rate	3.5	4.0
Pension indexation	1.8	2.0

Note 37 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:

GROUP	2012	2011
Deferred tax credits		
Intangible assets	1	1
Buildings and land	1	1
Machinery and equipment	15	10
Inventories	3	2
Current receivables	10	4
Provisions	5	6
Other items	1	1
	36	25
Deferred tax liabilities		
Intangible assets	–4	–5
Buildings and land	–7	–3
Machinery and equipment	–3	–4
Inventories	–1	2
Current receivables	2	3
Untaxed reserves	–87	–91
Reserves	–8	–5
Derivatives	–1	–7
Other items	–	–2
	–109	–110

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. Deferred tax recognized in other comprehensive income amounts to SEK 1 m (1).

There is a fiscal loss carry-forward in the parent company of SEK 1,115 (1,100) m which has not taken into account deferred tax.

Note 38 Other provisions

GROUP	Guarantee provisions	Other provisions	Total
Opening value 2011-01-01	27	13	40
Acquisition (company)	–	–	1
Divestiture (company)	–	–7	–7
Amounts claimed during the year	–2	–	–2
Provisions for the year	4	1	5
Closing value 2011-12-31	30	7	37
Acquisition (company)	0	–	0
Divestiture (company)	26	–	26
Reclassification	1	–	1
Closing value 2012-12-31	57	7	64

The provisions consist of:	2012	2011
Long-term part	35	28
Current part	29	9
	64	37

Other provisions primarily consist of provisions for restructuring costs.

Note 39 Long-term liabilities

GROUP	2012	2011
Liabilities to credit institutions falling due in 1-5 years	89	311
Liabilities to credit institutions falling due in >5 years	5	3
Liabilities referring to financial leasing	70	76
Other long-term liabilities	28	40
Total	192	419

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

Note 40 Bank overdraft facility

The bank overdraft facility available to the Group is SEK 200 (213) m, of which SEK 86 (13) m has been used.

Note 41 Accrued expenses and deferred income

GROUP	2012	2011
Accrued interest expenses	3	7
Accrued social security fees	63	58
Accrued other wage-related costs	155	146
Other items	217	207
Total	**438**	**418**

Note 42 Pledged assets

GROUP	2012	2011
For own debts and provisions		
Concerning Pension provision		
– Floating costs	5	5
– Other securities	1	5
Concerning current liabilities		
– Shares in Tomra AS	–	1,061
Other		
– Property mortgages	1	1
Total	7	1,072

PARENT COMPANY	2012	2011
For own liabilities and reserves		
Shares in Tomra AS	–	1,061
Total	0	1,061

Note 43 Contingent liabilities

GROUP	2012	2011
Pension guarantees	–	–
Other liabilities	17	18
Total	17	18

PARENT COMPANY	2012	2011
Guarantees for subsidiaries	2,301	1,987
Total	2,301	1,987

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

Note 44 Acquisitions

Assets and liabilities in acquired operations

	2012	2011
Intangible assets	–	39
Tangible assets	10	21
Financial assets	–	4
Inventories	18	49
Accounts receivable	30	32
Other current receivables	8	22
Cash	15	16
Deferred tax liability	–	–2
Long-term net borrowing	–1	–44
Current liabilities	–45	–40
Net identifiable assets and liabilities	*35*	*97*
Group goodwill	186	230
Total purchase price	221	327
Additional purchase price	–81	–
Cash regulated purchase price	*140*	*327*
Acquisition of items not included in cash flow	–	2
Cash in acquisitions	–15	–16
Effect on Group cash	125	313

Transaction costs in connection with acquisitions for the year amount to SEK 1 m.

Cont.

Note 44 cont.

Snickers Original BV
On 29 March 2012 the Group acquired 100 percent of shares in **Snickers Original BV.** The acquired operations contributed income of SEK 58 m and net profit of SEK 4 m for the period between 29 March and 31 December 2012. If the acquisition had been made on 1 January 2012 the company's income would have been SEK 58 m and the profit for the year SEK 4 m.

Transaction costs for the acquisitions, that were charged to the profit of the period, amounted to SEK 1 m for this acquisition.

Goodwill is attributable to the coordination profits that will be obtained when the service and sales organizations have been coordinated with existing operations in Group.

Tangible assets	1
Inventories	1
Customer receivables	10
Other receivables	2
Cash	7
Current liabilities	–8
Net identifiable assets and liabilities	13
Group goodwill	23
Cash regulated purchase price	36
Acquired cash	–7
Change in Group cash at acquisition	29

Norlub Scandinavia AB
On 1 October 2012 the Group acquired 100 percent of shares in **Norlub Scandinavia AB.** The acquired operations contributed income of SEK 6 m and net profit of SEK -1 m for the period between 1 October and 31 December 2012. If the acquisition had been made on 1 January 2012 the company's income would have been SEK 25 m and the profit for the year SEK 1 m.

Goodwill is attributable to the earning capacity of the company and the coordination gains that will be obtained with existing operations in the Specma Group.

Inventories	7
Customer receivables	2
Cash	2
Current liabilities	–4
Net identifiable assets and liabilities	7
Group goodwill	5
Cash regulated purchase price	12
Acquired cash	–2
Change in Group cash at acquisition	10

Westlings Industri AB
On 2 October 2012 the Group acquired 100 percent of shares in Westlings Industri AB. The acquired operations contributed income of SEK 11 m and net profit of SEK 1 m for the period between 2 October and 31 December 2012. If the acquisition had been made on 1 January 2012 the company's income would have been SEK 40 m and the profit for the year SEK –1 m.

Goodwill is attributable to the coordination profits that will be obtained when the service and sales organizations have been coordinated with existing operations in LSAB Group.

Tangible assets	7
Inventories	7
Customer receivables	6
Current liabilities	–16
Net identifiable assets and liabilities	4
Group goodwill	–1
Change in Group cash at acquisition	3

Kabona AB
On 25 October 2012 the Group acquired 100 percent of shares in Kabona AB. In addition to the parent company, the wholly owned subsidiaries Kabona i Stockholm AB and Kabona i Skåne AB are included in the Kabona Group. The acquired operations contributed income of SEK 21 m and net profit of SEK 0 m in 2012. If the acquisition had been made on 1 January 2012 the company's income would have been SEK 106 m and the profit for the year SEK 2 m.

Goodwill is attributable to the earning capacity the company is expected to deliver.

Inventories	1
Customer receivables	9
Other receivables	6
Cash	3
Long-term liabilities	–1
Current liabilities	–14
Net identifiable assets and liabilities	4
Group goodwill	140
Total purchase price	144
Extra purchase price	–81
Cash regulated purchase price	63
Acquired cash	–3
Change in Group cash at acquisition	60

Vistträsk Slipservice AB
On 4 December 2012 the Group acquired 100 percent of shares in **Vistträsk Slipservice AB**. The acquired operations contributed with income of SEK 2 m and net profit of SEK 0 m for the period between 4 December and 31 December 2012. Had the acquisition been made on 1 January 2012 the company's income would have been SEK 20 m and the profit for the year SEK 2 m.

Goodwill is attributable to the cooperation gains that will be obtained when the service and sales organizations have been coordinated with existing operations in LSAB Group.

Tangible assets	2
Inventories	2
Customer receivables	3
Cash	3
Current liabilities	–3
Net identifiable assets and liabilities	7
Group goodwill	14
Cash regulated purchase price	21
Acquired cash	–3
Change in Group cash at acquisition	18

Other acquisitions
In addition to recorded acquisitions the Group made a further smaller acquisition of the operations in SCS in Åmål. No assets nor liabilities were assumed but the acquisition generated SEK 5 m in Group goodwill. The effect on profit in 2012 of this acquisition was marginal.

Note 45 Subsidiary divestitures

	2012	2011
Intangible assets	35	73
Tangible assets	22	112
Long-term liabilities	16	70
Inventories	15	118
Customer receivables	14	173
Other receivables	4	20
Cash	1	37
Long-term net borrowing	–5	–81
Current liabilities	–36	–233
Net result as of sales date	4	10
Result on sale of subsidiaries	28	68
Received purchase price	98	367
Provisions not included in cash flow	–	–11
Cash in divested companies	–1	–37
Change in Group cash at acquisition	**97**	**319**

Pressmaster AB was divested in the fourth quarter 2012. Pressmaster had net sales of around SEK 100 m and contributed an operating profit of SEK 6 m in 2012.

Note 46 Government grants

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

GROUP	2012	2011
Grants that affected result for the year	2	2
Grants that affected assets	4	4
Grants that affected liabilities	0	0

Grants consist primarily of development and investment aid.

Note 47 Events after the balance sheet date

Business area Latour Industries signed an agreement in December to acquire MBL/ABU in Poland. The business was taken over on 2 January 2013. On 1 February 2013 Swegon acquired Coolmation Ltd in England. After the end of the year another 400,000 shares were acquired in Tomra.

Note 48 Important estimations and assessments

In order to prepare the accounts according to generally accepted accounting principles, 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 uncertain receivables, valuing intangible and fixed assets, restructuring measures, pension obligations, taxes, disputes and contingent liabilities can assessments have a significant effect on Latour's result 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).

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. Discount interest is included in the assumptions used to determine the net cost (income) of pensions.

The Group establishes appropriate discount interest rates at the end of every year. This is the interest used to determine the 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 government 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 36.

Warranties

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

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

Note 49 Definitions

Adjusted equity	Equity and the difference between book value and fair value in associated companies.
Adjusted equity/assets ratio	Equity and the difference between book value and fair value in associated companies in relation to adjusted total assets.
Direct return	Dividends as a percentage of the share purchase price.
EBIT (Operating result)	Result before net financial items and tax.
EBIT-multiple	Operating result in relationship to market value adjusted for net debt/equity ratio.
EBITA	Result before net financial items, tax and depreciation on intangible assets related to acquisitions.
Equity/assets ratio	Equity in relation to the total assets.
EV value (Enterprise Value)	The company's market value plus net debt.
Net debt/equity ratio	Interest-bearing liabilities plus interest-bearing reserves less cash in relation to adjusted equity.
Net loan debt level	Interest-bearing liabilities plus interest-bearing reserves less cash and interest-bearing receivables
Net worth	The difference between the company's assets and liabilities, when the investment portfolio (incl. associated companies) is recognized at market value and operative subsidiaries that are owned at the end of the period are recognized in an interval based on EBIT-multiples for comparable listed companies in each business area.
Operating capital	Total assets less cash and other interest-bearing assets and less non-interest-bearing liabilities.
Operating margin	Operating result as a percentage of net sales.
P/e ratio	The share purchase price in relation to profit after paid tax.
Profit margin	Operating profit as a percent of net sales.
Return on equity	Net profit according to the income statement as a percentage of average equity.
Return on operating capital	Operating result as a percentage of average operating capital.
Return on total capital	Profit after net financial items plus financial costs in relation to average total assets.

Auditor's report

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

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Investment AB Latour for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 54–88.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards , as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Investment AB Latour for the year 2012.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Gothenburg 21 March 2013

Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdström	Bo Karlsson
Authorized Public Accountant	*Authorized Public Accountant*
Lead partner	

Corporate Governance

Investment AB Latour (publ) is a Swedish public limited company whose shares are listed on Nasdaq OMX Stockholm Large Cap list. Latour's corporate governance is based on laws, listing agreements, guidelines and good praxis. This report regarding corporate governance has been prepared in accordance with the Swedish Code of Corporate Governance ("the Code") as well as chapter 6, paragraph 6–9 of the Annual Accounts Act and chapter 9, paragraph 31 of the Company Act and refers to the financial year 2012. The auditor has stated that the corporate governance report has been prepared, and that disclosures according to chapter 6, paragraph 6 second paragraph 2–6 in the Annual Accounts Act (for example the most important elements in the company's system for internal control and risk management in connection to financial reporting) agree with the other parts of the Annual Report.

Latour's Articles of Association and further information about corporate governance in Latour can be found on our website www.latour.se/en 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.

The Annual General Meeting 2012 authorized the board to decide on the acquisition of Latour shares on one or more occasions until the next Annual General Meeting. Both A and B shares may be acquired and the total number of shares may be such that, after acquisition, the company does not hold more than ten (10) percent of all shares issued in the company.

Nominating process

The Annual General Meeting selects board members for a one-year term. At the Annual General Meeting 2012 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 Annual General Meeting decided that the nominating committee until the Annual General Meeting 2013 will consist of Gustaf Douglas and at least two representatives for other major shareholders. Since then the following members have been appointed to the nominating committee: Gustaf Douglas (chairman, principle owner), Björn Karlsson (Bertil Svensson's family and foundation) and Per Erik Mohlin (SEB Funds). None of them has received any remuneration for their participation in the nominating committee.

Board of directors

The Latour board consists of nine members, including the chief executive officer (see page 94). There are no deputies. All members are elected for a one-year term. The secretary of the board is the chief financial officer of the Group. Fredrik Palmstierna was elected chairman of the board by the Annual General Meeting 2012. The members of the board represent 88 percent of the voting shares in the company and 80 percent of the share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly owned companies in the industrial operations. They are therefore not represented in the investment company's board.

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 composition, number of meetings and attendance in the financial year 2012/2013

Name	Board meetings*	Remuneration, SEK'000
Mariana Burenstam Linder	6 of 6	350
Anders Böös	6 of 6	350
Anders G. Carlberg	5 of 6	350
Carl Douglas	5 of 6	350
Elisabeth Douglas	5 of 6	350
Eric Douglas	5 of 6	350
Fredrik Palmstierna	6 of 6	1,000
Jan Svensson	6 of 6	0
Caroline af Ugglas	6 of 6	350

**Of which one was the constitutional meeting.*

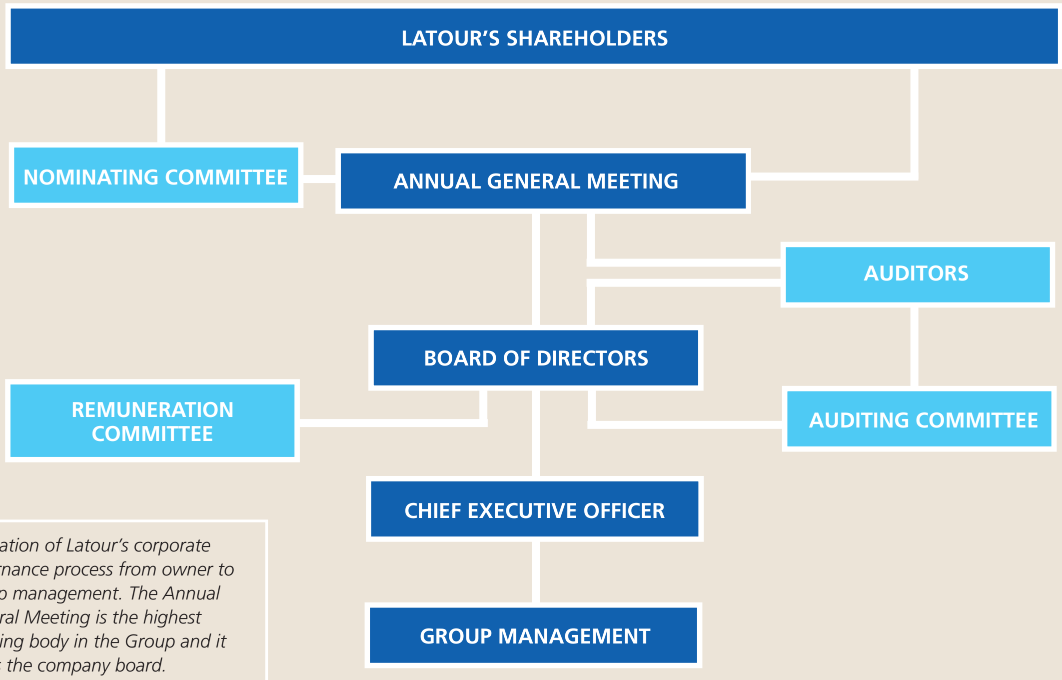


Illustration of Latour's corporate governance process from owner to Group management. The Annual General Meeting is the highest deciding body in the Group and it elects the company board.

The board has had four meetings during the year, not including the constitutional board meeting as well as one extra board meeting. Four of the board members were prevented to participate at one meeting, otherwise the board has been complete. The company's auditors attended two board meetings and provided reports and observations from the audits performed. Among the matters dealt with by the board are strategic changes in portfolio investments, acquisitions and divestitures of subsidiaries, the company's risk exposure, 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 and an auditing committee. The remuneration committee consists of Fredrik Palmstierna (chairman), together with Anders G. Carlberg, Caroline af Ugglas and Eric Douglas. CEO Jan Svensson participates as an additional member. The auditing committee consists of the entire board except the chief executive officer.

The remuneration committee has held one meeting and all members were present. The committee presents proposals to the board concerning remuneration to the chief executive officer and supports him in determining remuneration to the other senior officers. The board then decides on these matters.

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 maximized to a certain number of monthly wages.

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 also presented observations made during the audit.

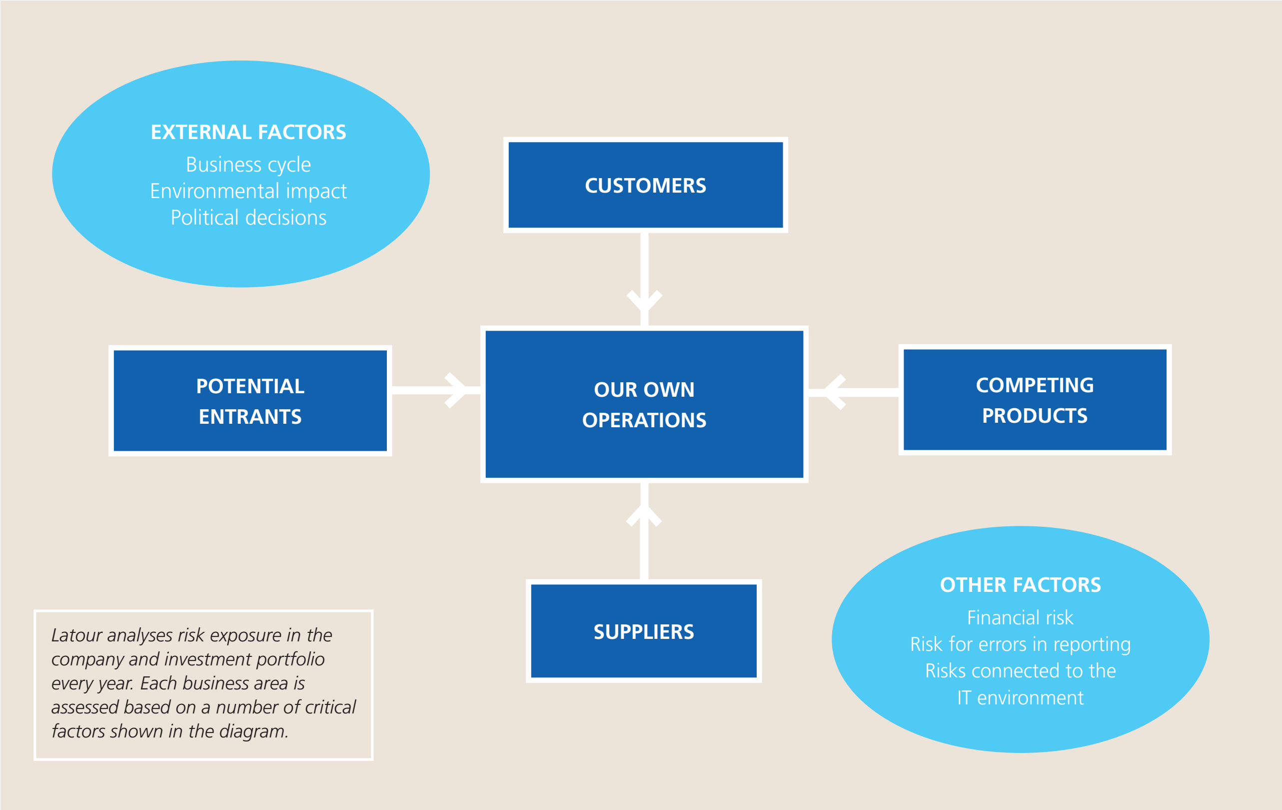
Auditors

PwC was selected at the Annual General Meeting of 2012 as auditors with Helén Olsson Svärdström as principal auditor. Helén Olsson Svärdström has been active in the auditing firm since 1985 and been involved in Latour auditing since 2004, responsible for Group coordination. She has no other assignments in companies that are closely related to Latour's largest owner or the chief executive officer.

The auditors have reported orally and in writing to the board concerning auditing and internal control of the Group at the board meetings in December 2012 and March 2013.

Group management

Latour's industrial operations are divided into four business areas. The investment portfolio is managed by the parent com-



pany, Investment AB Latour. Subsidiary Latour-Gruppen AB is the parent company for all the business areas that are a part of the wholly owned industrial and operations.

Group management consists of the chief executive officer and the chief financial officer. The business area managers lead operations in the operative parent companies that own shares in the underlying companies and are responsible for business areas results and management. The Group's business organization is built on decentralized responsibility and authority. The business areas are responsible for developing their own operations and for meeting financial targets that include the return on operating capital, tied up capital, operating margins and growth.

Internal control relating to financial reporting

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

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

Steering documents have been distributed to the appropriate staff to aid in complete and correct financial reporting. Follow-up of effectiveness and implementation takes place through programmed controls and manual procedures. 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 of Latour receives monthly financial reports and the Group's financial situation is discussed at every board meeting.

A review of the Group's internal control of essential processes was carried out. The 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.

Structured process for risk management

Latour makes an annual structured analysis of the risk exposure in the company and the collected investment portfolio. In this analysis each business area is evaluated based on a number of external and internal factors. External factors are business cycles, environmental impact and political decisions. The internal factors are financial risk and risks connected to IT structure and management as well as the development in customers, competition and suppliers.

Latour's investment portfolio companies are analyzed from a financial, industrial and geographic perspective. When both the investment portfolio and wholly owned industrial operations have been analyzed a balanced risk assessment is made for Latour's entire investment portfolio.

An important risk exposure that was identified from an investment portfolio perspective is the fact that many holdings have customers in construction-related sectors. However, construction-related sectors have a number of dimensions as described in the board of directors' report.

Another relevant risk from a financial perspective can be the need for new share issues in the listed holdings. The risk for defensive new share issues or crisis issues is, however, considered low at present. Offensive new share issues for expansion are not considered a risk. They are considered the same as any other investment opportunity.

A description of Latour's handling of financial risks can be found in note 34 on pages 82-84.

Latour's policy concerning wholly owned industrial operations is that Latour will own companies with high quality and long-term healthy profitability, and minimize risks by investing in product development, focusing on quality in internal processes, maintaining cost awareness and ensuring access to competent employees and managers.

All in all it is the board's view that the Group from a business perspective has a well-balanced diversion of risks in accordance with the comprehensive and communicated company policy.

Applying the Swedish Code of Corporate Governance

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

According to definitions in the Code the majority of Latour's board is not independent and several of the board members have been on the board a long time. The company's view is that there are great advantages of long experience of operations and continuity in a company like Latour.

The special auditing function in the form of internal auditing does not exist in the Latour Group. Discussions with the company's external auditors concerning the focus of auditing as well as the auditing firm's extensive organization, together with the controls made by Group management and the existing control functions in the business areas, are considered to be an acceptable level.

Gothenburg 21 March 2013
Board of directors
Investment AB Latour (publ)

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

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

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2012 on pages 90-93 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Gothenburg 21 March 2013
Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdström
Authorized Public Accountant
Lead partner

Bo Karlsson
Authorized Public Accountant

Board of directors


Fredrik Palmstierna


Mariana Burenstam Linder


Anders Böös


Anders G. Carlberg


Carl Douglas


Elisabeth Douglas


Eric Douglas


Jan Svensson


Caroline af Ugglas

Fredrik Palmstierna b 1946. Chairman of the board since 2008 and member of Latour's board from 1985-87 and since 1990. Bachelor of Science (Econ.) M.B.A. Member of the boards of Securitas AB, AB Fagerhult, Hultafors AB, Nobia AB, Acadmic Work AB and Stiftelsen Viktor Rydbergs Skolor AB. Shares in Latour: 1,802,160 A, 2,815,035 B (Fredrik Palmstierna with companies and family).

Mariana Burenstam Linder b 1957. Board member since 2011. Bachelor of Science (Econ.), CEO Burenstam & Partners AB. Chairman of the board in Kontanten AB and the Sweden-America Foundation. Member of the boards of BTS AB and Stiftelsen Svenska Dagbladet. Shares in Latour: 17,461 B.

Anders Böös b 1964. Board member since 2005. Previously CEO of H&Q AB and Drott AB. Chairman of the boards of IFS AB and Cision AB. Member of the boards of Newsec AB, East Capital Baltic Property Fund AB, Stronghold Invest AB and Tundra Fonder AB. Shares in Latour: 30,000 B.

Anders G. Carlberg b 1943. Board member since 2011. Bachelor of Science (Econ.). Chairman of Höganäs AB. Member of the boards of Axel Johnsson Inc, Sapa, SSAB, Beijer-Alma, Mekonomen and Sweco AB. Shares in Latour: 29,100 B (with family).

Carl Douglas b 1965. Board member since 2008. Bachelor of Arts. Entrepreneur. Vice chairman of Assa Abloy AB and Securitas AB. Member of the board of Swegon. Shares in Latour: 384,000 B.

Elisabeth Douglas b 1941. Board member since 1987, Chairman 1991-1993. University studies at Sorbonne, Paris, France, and the University of Stockholm. Shares in Latour: 1,040,000 B and through companies 9,935,000 A and 111,114,500 B.

Eric Douglas b 1968. Board member since 2002. Economic college graduate and three years studies at the University of Lund in "Economy for Entrepreneurs". Entrepreneur since 1992. Partner in Pod Investment AB. Chairman of the board of Sparbössan Fastigheter AB. Vice chairman of AB Fagerhult and LinkTech AB. Member of the board of, among others, Latour Industries AB. Shares in Latour: 454,000 B.

Jan Svensson b 1956. Board member since 2003. Mechanical engineer and Bachelor of Science (Econ.). President and CEO Investment AB Latour. Chairman of the board of AB Fagerhult, Nederman Holding AB and Oxeon AB. Member of the boards of Assa Abloy AB, Loomis AB and Tomra Systems ASA. Shares in Latour: 122,000 B, 80,000 sell options and 162,000 call options B (with family).

Caroline af Ugglas b 1958. Board member since 2003. Bachelor of Science (Econ.) from the University of Stockholm. Head of equities and corporate governance at Livförsäkringsaktiebolaget Skandia. Member of the boards of Connecta AB and The Swedish Corporate Governance Board. Shares in Latour: 4,300 B.

Everyone except Jan Svensson are independent in relationship to the company and the company management.

Caroline af Ugglas, Mariana Burenstam Linder, Anders Böös, Anders G. Carlberg and Jan Svensson are independent in relationship to the major shareholders in the company.

*Ownership at the end of 2012

Group staff

Back from left: Bo Jägnefält, business development, Katarina Rautenberg, accounting clerk, Simon Knutsson, project employee.
Middle from left: Torbjörn Carlén, cash manager, Jan Svensson, President and CEO, Dennis Baecklund, project employee, Anders Mörck, Chief financial officer.
Front from left: Kristin Larsson, Group accountant, Kristina Vannerberg, CEO assistant, Jonas Davidsson, Group controller, Ellen Forsberg, project employee.

Latour's company culture is characterized by the fact that we are a small, flexible organization with a short decision-making process. The parent company consists of eleven employees and we want it to be an attractive work place that offers stimulating and developing duties.

The main functions in the parent company are management, treasury and finance and business development. Group management has the overriding responsibility for management, business development, financial governance, follow-up of results and communication.

Clear and delegated responsibility

The wholly owned companies are managed with clear and delegated responsibility. Close cooperation with executive management in the wholly owned industrial operations is very important to Latour. Corporate governance of the listed holdings is performed by experienced board members. This is an area where Latour benefits from our broad business network.

Good relations with stakeholders

Latour emphasizes the importance of good relations with representatives from the company's network and other stakeholders with long-term, substantial influence on the company. One of our goals is that external stakeholders feel the company's communication with the world around us is open and high quality and that it is easy to get in touch with Latour.

Group management

Jan Svensson b 1956
President and chief executive officer since 2003.

Mechanical engineer and Bachelor of Science (Econ.).
Shares in Latour: 122,000 B, 80,000 sell options B and 162,000 call options B (with family).

Anders Mörck b 1963
Chief financial officer since 2008.

Bachelor of Science (Econ.).
Shares in Latour: 8,000 B and 55,000 call options B.

Accountants

Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdström b 1962.
Authorised public accountant,
Principal auditor

Bo Karlsson b 1966.
Authorised public accountant

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Shareholder information

Annual General Meeting

Time and location
The Annual General Meeting will be held Thursday 14 May 2013, 5 p.m. at the Radisson Blu Scandinavia Hotel, Södra Hamngatan 59, Gothenburg, Sweden.

Participation
Shareholders who wish to participate in the Annual General Meeting must be recorded in the registered list of shareholders managed by Euroclear Sweden AB by Friday 7 May 2013, and submit a notice of intention to participate to the company at the latest Friday 7 May 2013by 3 p.m.

Notice of participation
The notice of participation may be submitted by telephone +46 31 89 17 90, or in writing to Investment AB Latour, Box 336, SE-401 25 Gothenburg, Sweden, or on Latour's website www.latour.se/en.

Registration
Shareholders who have their shares held in the name of a nominee must arrange in sufficient time before Friday 7 May 2013 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 of SEK 5.00 per share to the Annual General Meeting. The dividend record date suggested is Tuesday 17 May 2012. If the Annual General Meeting decides according to this recommendation, the dividend is expected to be sent from Euroclear Sweden AB on Wednesday 22 May 2013 to all those who are registered in the share register on the record date.

Information dates

2013-05-02	Quarterly report per 2013-03-31
2013-05-14	Annual General Meeting
2013-08-20	Quarterly report per 2013-06-30
2013-11-06	Quarterly report per 2013-09-30
2014-02-20	Year-end report 2013
Week 15	Annual report 2013

All new shareholders are sent a printed Annual Report the year they become shareholders, without any need to register. After the first year the Annual Report is distributed to those who have registered their desire to receive a printed copy. Subscription for electronically distributed interim reports, annual accounts and press releases can be made by registering at www.latour.se. Printed Annual Reports can be ordered by registering at www.latour.se, by telephone +46 31 89 17 90, via info@latour.se or via letter to Investment AB Latour (publ), Box 336, SE-401 25 Gothenburg, Sweden.

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.