

COMPANY REGISTRATION NUMBER: 01529960

Swegon Limited
Financial Statements
For the year ended
31st December 2017



JORDAN & COMPANY
Chartered Accountants & statutory auditor
Knighton House
62 Hagley Road
Stourbridge
West Midlands
DY8 1QD

Swegon Limited
Financial Statements
Year ended 31st December 2017

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Swegon Limited

Officers and Professional Advisers

The board of directors

Mr A O Wellstam
Mr H Saastamoinen
Mrs B G Young
Mr A McKay
Mr R Vollert

Registered office

Forest House
12 Queensway Industrial Estate
Stem Lane
New Milton
Hants
BH25 5NN

Auditor

Jordan & Company
Chartered Accountants & statutory auditor
Knighton House
62 Hagley Road
Stourbridge
West Midlands
DY8 1QD

Bankers

Svenska Handelsbanken AB
3 Thomas More Square
London
E1W 1WY

Swegon Limited

Directors' Report

Year ended 31st December 2017

The directors present their report and the financial statements of the company for the year ended 31st December 2017.

Directors

The directors who served the company during the year were as follows:

Mr A O Wellstam	
Mr H Saastamoinen	
Mrs B G Young	
Mr K J Munson	(Appointed 22nd June 2017)
Mr A McKay	(Appointed 28th November 2017)
Mr A G Compton	(Resigned 30th June 2017)
Mr G J Beaton	(Served from 3rd April 2017 to 28th November 2017)

Mr K Munson resigned on 31st March 2018 and Mr R Vollert was appointed on 31st March 2018 both after the year end date.

Auditor

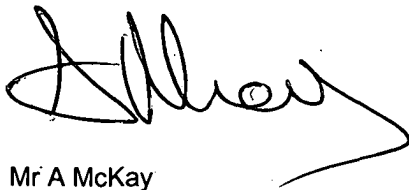
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 8th May 2018 and signed on behalf of the board by:



Mr A McKay
Director

Registered office:
Forest House
12 Queensway Industrial Estate
Stem Lane
New Milton
Hants
BH25 5NN

Swegon Limited

Directors' Responsibilities Statement

Year ended 31st December 2017

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Swegon Limited

Independent Auditor's Report to the Members of Swegon Limited

Year ended 31st December 2017

Opinion

We have audited the financial statements of Swegon Limited (the 'company') for the year ended 31st December 2017 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Swegon Limited

Independent Auditor's Report to the Members of Swegon Limited *(continued)*

Year ended 31st December 2017

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Swegon Limited

Independent Auditor's Report to the Members of Swegon Limited *(continued)*

Year ended 31st December 2017

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Swegon Limited

Independent Auditor's Report to the Members of Swegon Limited *(continued)*

Year ended 31st December 2017

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Mr Mark Jordan (Senior Statutory Auditor)

For and on behalf of
Jordan & Company
Chartered Accountants & statutory auditor
Knighton House
62 Hagley Road
Stourbridge
West Midlands
DY8 1QD

8th May 2018

Swegon Limited
Statement of Income and Retained Earnings
Year ended 31st December 2017

	Note	2017 £	2016 £
Turnover		5,953,513	5,204,867
Cost of sales		<u>5,083,028</u>	<u>4,241,301</u>
Gross profit		870,485	963,566
Administrative expenses		<u>1,751,327</u>	<u>1,520,184</u>
Operating loss		(880,842)	(556,618)
Income from shares in group undertakings		<u>750,000</u>	<u>1,000,000</u>
Interest payable		<u>551,212</u>	<u>169,636</u>
(Loss)/profit before taxation	6	(682,054)	273,746
Taxation on ordinary activities		<u>-</u>	<u>-</u>
(Loss)/profit for the financial year and total comprehensive income		<u>(682,054)</u>	<u>273,746</u>
Retained earnings at the start of the year		<u>569,889</u>	<u>296,143</u>
Retained (losses)/earnings at the end of the year		<u>(112,165)</u>	<u>569,889</u>

All the activities of the company are from continuing operations.

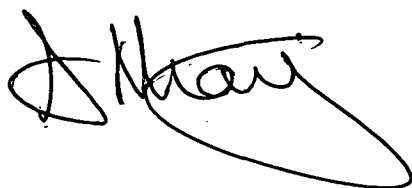
The notes on pages 10 to 14 form part of these financial statements.

Swegon Limited
Statement of Financial Position
31st December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	7	16,378	20,472
Investments	8	<u>42,586,745</u>	<u>42,586,745</u>
		42,603,123	42,607,217
Current assets			
Stocks		177,612	—
Debtors	9	<u>3,542,129</u>	<u>1,360,918</u>
Cash at bank and in hand		<u>1,332,950</u>	<u>760,682</u>
		5,052,691	2,121,600
Creditors: amounts falling due within one year	10	<u>7,727,979</u>	<u>4,118,928</u>
Net current liabilities		2,675,288	1,997,328
Total assets less current liabilities		39,927,835	40,609,889
Creditors: amounts falling due after more than one year	11	<u>39,840,000</u>	<u>39,840,000</u>
Net assets		<u>87,835</u>	<u>769,889</u>
Capital and reserves			
Called up share capital		200,000	200,000
Profit and loss account		<u>(112,165)</u>	<u>569,889</u>
Shareholders funds		<u>87,835</u>	<u>769,889</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 8th May 2018, and are signed on behalf of the board by:



Mr A McKay

Company registration number: 01529960

Swegon Limited

Notes to the Financial Statements

Year ended 31st December 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Forest House, 12 Queensway Industrial Estate, Stem Lane, New Milton, Hants, BH25 5NN.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Investmentaktiebolaget Latour which can be obtained from J A Wettergrans gata 7, Box 336SE-401 25, Gothenburg, Sweden. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of share-based payments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Swegon Limited

Notes to the Financial Statements *(continued)*

Year ended 31st December 2017

3. Accounting policies *(continued)*

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	20% reducing balance
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Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Swegon Limited

Notes to the Financial Statements *(continued)*

Year ended 31st December 2017

3. Accounting policies *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>7,000</u>	<u>7,000</u>

5. Particulars of employees

The average number of persons employed by the company during the year amounted to 22 (2016: 22).

6. Profit before taxation

(Loss)/profit before taxation is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	<u>4,094</u>	<u>5,118</u>

7. Tangible assets

	Fixtures and fittings £	Total £
Cost		
At 1st January 2017 and 31st December 2017	<u>100,246</u>	<u>100,246</u>
Depreciation		
At 1st January 2017	79,774	79,774
Charge for the year	4,094	4,094
At 31st December 2017	<u>83,868</u>	<u>83,868</u>
Carrying amount		
At 31st December 2017	<u>16,378</u>	<u>16,378</u>
At 31st December 2016	<u>20,472</u>	<u>20,472</u>

Swegon Limited

Notes to the Financial Statements *(continued)*

Year ended 31st December 2017

8. Investments

	Shares in group undertakings £
Cost	
At 1st January 2017 and 31st December 2017	<u>42,586,745</u>
Impairment	
At 1st January 2017 and 31st December 2017	<u>-</u>
Carrying amount	
At 31st December 2017	<u>42,586,745</u>
At 31st December 2016	<u>42,586,745</u>

9. Debtors

	2017 £	2016 £
Trade debtors	1,378,720	1,188,955
Amounts owed by group undertakings and undertakings in which the company has a participating interest	2,146,726	156,694
Other debtors	<u>16,683</u>	<u>15,269</u>
	<u>3,542,129</u>	<u>1,360,918</u>

10. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	161,255	194,999
Amounts owed to group undertakings and undertakings in which the company has a participating interest	7,006,613	3,590,589
Social security and other taxes	257,879	96,670
Other creditors	<u>302,232</u>	<u>236,670</u>
	<u>7,727,979</u>	<u>4,118,928</u>

11. Creditors: amounts falling due after more than one year

	2017 £	2016 £
Bank loans and overdrafts	17,000,000	17,000,000
Amounts owed to group undertakings and undertakings in which the company has a participating interest	<u>22,840,000</u>	<u>22,840,000</u>
	<u>39,840,000</u>	<u>39,840,000</u>

The £17million loan drawn on the 8th December 2016 is a 3 month interest only LIBOR loan. This is secured by Investment AB Latour.

Swegon Limited

Notes to the Financial Statements *(continued)*

Year ended 31st December 2017

12. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	115,812	61,018
Later than 1 year and not later than 5 years	307,909	314,744
Later than 5 years	240,000	280,000
	<u>663,721</u>	<u>655,762</u>

13. Related party transactions

The company was under the control of Investment AB Latour throughout the current and previous year.

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Group.

14. Controlling party

The ultimate parent company is Investmentaktiebolaget Latour, a company incorporated in Sweden, registered number 5560263237.

The consolidated financial statements of the group are available from J A Wettergrans gata 7, Box 336SE-401 25, Gothenburg, Sweden.

ANNUAL REPORT 2017

The Board of Directors and the Chief Executive Officer of Investment AB Latour (publ) herewith present the Annual Report and consolidated financial statements for 2017.

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Directors' report

THE GROUP

Investment AB Latour is a mixed investment company. Latour's investments mainly consist of a wholly-owned industrial operation grouped into four business areas and an investment portfolio containing ten holdings in which Latour is the principal owner or one of the principal owners. At 31 December 2017, the market value of the investment portfolio was SEK 47.4 billion. In addition to the above two business lines, Latour owns a smaller portfolio of part-owned holdings.

Group operations are run by Latour's subsidiary Nordiska Industri AB and Latour-Gruppen AB. The subsidiary Karpalunds Ångbryggeri AB trades in shares and other securities and the subsidiary Latour Förvaltning AB specialises in the management of securities.

Changes to industrial operations

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

In 2017, seven acquisitions were made in the business areas. The acquisitions in aggregate contributed almost SEK 750 m to sales, of which approximately SEK 484 m is included in the net sales for 2017.

Latour Industries completed five acquisitions during the year.

In April, the German company ATT was acquired through the subsidiary REAC. AAT is a leading supplier of powered stair climbing solutions and add-on drive products to the European mobility rehab market. The acquisition enhances REAC's product range, which provides a good base for further growth within interesting market segments. AAT generates annual sales of approximately EUR 18 m and has 72 employees. VIMEC in Italy, a leading manufacturer of platform lifts and stair lifts, was acquired in May. The acquisition of VIMEC was a natural next step for Latour Industries after the acquisition of the Swedish lift manufacturer Aritco in the spring of 2016. VIMEC generates annual sales of approximately EUR 45 m and has 166 employees. Two smaller business operations were acquired in October. Its subsidiary LSAB acquired the saw blade manufacturer Micor, based in Laholm. Micor has 19 employees and annual sales of approximately SEK 27 m. The subsidiary BEMSIQ acquired remaining shares in NODA, a company that specialises in energy optimisation for district heating grids. Its business model is based on recurring license fees. The company has 15 employees and annual sales of approximately SEK 5 m. Finally, Latour Industries acquired the Finnish company Hakaser Oy in December via the subsidiary DENSIQ. Hakaser specialises in the repair and maintenance of industrial valves for process-related industries in the Finnish market. The acquisition was part of DENSIQ's strategy to bolster its position as an end-to-end service provider of sealing technology solutions and to enhance its geographic coverage in the Nordic region. Hakaser generates sales of EUR 1.4 m and has 8 employees.

Swegon made one acquisition during the year. The Irish company Safegard Systems Ltd. was acquired in February. Safegard is the leading provider in the UK and Ireland of intelligent control and monitoring systems for smoke and fire dampers. Safegard's systems are used to contain and extract smoke within the ducted ventilation systems of commercial buildings such as hospitals, airports and multi-storey office blocks. The acquisition has a natural link to Swegon's previous acquisition of the smoke and fire damper manufacturer Swegon Air Management in the UK (former Ruskin Air Management). Safegard has an annual turnover of EUR 8 m and 24 employees.

Finally, in March, Hultafor's Group acquired Puvab AB, a Swedish company specialising in protective wear for the energy and utility sector. It also manufactures flame-resistant protective clothing for other industries. It produces high-quality, certified garments with an innovative design for work in demanding conditions. Puvab AB has an annual turnover of SEK 42 m and 49 employees.

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

Changes to the investment portfolio

During the year, the acquisition of 689,000 shares increased the share of equity in Tomra Systems ASA to 26.3 per cent. In the third quarter, Latour became the largest shareholder in Alimak Group with the acquisition of 14,461,809 shares, representing 26.7 per cent of voting rights and capital.

Changes to other holdings

A smaller additional investment was made in part-owned companies during the year when Latour-Gruppen increased its shareholding in Diamorph in the first quarter from 26.4 per cent at the start of the year to 28.2 per cent at the close of the year.

Events after the reporting period

In February, Latour established a Medium Term Note (MTN) programme for the issue of bonds with a budget of SEK 4 billion. In a subsequent issue in early March, three bonds were issued with a total value of SEK 2.5 billion, which was used to amortise borrowing from existing lines of credit.

Otherwise, there were no material events subsequent to the end of the reporting period.

Results and financial position

The Group's profit after financial items was SEK 3,069 m (3,754 m). Of this figure, SEK 6 m (890 m) is capital gains. Profit after tax was SEK 2,788 m (3,670 m), which is equivalent to SEK 4.37 (5.75) per share. Of this figure, SEK 0.01 (1.68) per share is capital gains. The Group's cash in hand and liquid investments reached SEK 626 m (1,307 m). Interest-bearing debt, excluding pension liabilities, totalled SEK 4,667 m (2,738 m). The Group's net debt, including pension liabilities, was SEK 4,084 m (1,446 m). The equity ratio was 88 per cent (90) calculated on reported equity in relation to total assets,

including undisclosed surpluses in associated companies. For further information, see the ten-year overview on page 115.

Investments

During the period, SEK 268 m (263 m) was invested in property, plant and equipment, of which SEK 145 m (193 m) was machinery and equipment, SEK 29 m (22 m) vehicles, and SEK 94 m (48 m) buildings. Out of total investments for the year, SEK 103 m (79 m) refers to fixed assets in new acquisitions.

PARENT COMPANY

The parent company's profit after financial items was SEK 1,078 m (1,986 m). The parent company's equity ratio was 100 per cent (100).

The Latour share

A 4-for-1 share split was implemented on 21 June. Not including repurchased shares, the number of outstanding shares at 31 December 2017 amounted to 638,848,000. The share option scheme from 2013 expired in 2017 and 302,000 repurchased shares, adjusted for the split, were sold through redemption of call options, after which Latour has a total holding of 992,000 class B shares. Remaining options from the share option scheme from 2013 were redeemed at market value. At 31 December 2017, the number of call options issued to senior executives was 1,062,000, which give the right to purchase 2,439,000 shares. 617,500 of the call options were issued during the year according to the resolution of the 2017 Annual General Meeting. 26,584 class A shares were converted to class B shares in December. After this, the allocation of issued shares is 47,642,448 class A shares and 592,197,552 class B shares. Further share information can be found on pages 22 and 23 and in Note 35.

Personnel

The average number of employees in the Group was 4,902 (4,244). Of these, 3,108 (2,479) were employed abroad. Information about salaries and remuneration and a breakdown of the number of employees are presented in Note 9.

Currency exposure

The subsidiaries' sales and purchases in foreign currencies are balanced through the Group's joint finance function. At the balance sheet date, sales covered by forward exchange contracts totalled SEK 355 m. Currency hedging amounted to SEK 105 m, not including hedging through currency clauses in major import deals. There is a relatively good balance between purchases and sales in foreign currencies, with the exception of net sales in NOK, GBP and EUR and net purchases in USD. For further information, see Note 34.

Risks in industrial operations

As an owner of diversified industrial operations and an investment portfolio with ten holdings, Latour automatically has a relatively good diversification of risks. The Group has customers in a range of industries with a preponderance in

the construction industry. Sales in the construction industry are well distributed between new construction and repairs and maintenance. Moreover, there is a relative balance between commercial premises, public premises and housing. The Board conducts an annual risk analysis to assess and evaluate Latour's risk exposure.

Financial risks

Information concerning financial instruments and risk exposure is presented in Note 34.

Related party transactions

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

Board of Directors

Latour's Board of Directors consists of eight members, including the Chief Executive Officer. There are no deputies. All members are elected for a one-year term. Except for the Chief Executive Officer, no members have an operational role in the Group. The secretary of the Board is the Chief Financial Officer of the Group. Olle Nordström was elected Chairman of the Board by the 2017 Annual General Meeting.

Members of the Board represent 80 per cent of the company's voting power and 77 per cent of its share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly-owned companies in the industrial operations. They are therefore not represented in the investment company's board.

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

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

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

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

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

The Corporate Governance Statement can be found on pages 108–110.

Guidelines for remuneration to senior executives

The following guidelines were approved at the 2017 Annual General Meeting: Remuneration to the Chief Executive Officer and other senior executives consists of basic salary, variable remuneration and pension.

Other senior executives are the members of Executive management and business area managers. Variable remuneration is based on the achievement of targets and can amount to 0 to 100 per cent of the basic salary. To promote a long-term perspective, the Board may decide on compensation, in addition to the annual variable remuneration, related to the long-term development of the business area's value over a period of three years, capped at one-third of the basic salary per year over a three-year period.

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

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

The Board's proposed guidelines for the period up to the next Annual General Meeting will be presented in the summons to the 2018 Annual General Meeting. The proposed guidelines entail a clarification and a minor change to the guidelines approved at the 2017 Annual General Meeting. The CEO is entitled to 60 per cent of his basic salary on retirement from the age of 62, with related pension premiums which will continue to be paid out if employment continues with full salary. It is proposed that the Board of Directors may waive the guidelines approved at the Annual General Meeting should there be particular reason for doing so in any individual case.

Sustainability report

Sustainability issues have always played a central role for Latour, whether it has been stated or not. In 2017, sustainability commitments have continued and are reported in Latour's sustainability report on pages 12–19. The auditor's opinion on the statutory sustainability report is presented on page 107.

Environmental impact

The Latour Group's wholly-owned companies run operations requiring licensing and registration under the Swedish Environmental Code. In Sweden, two of the Group's subsidiaries are required to have licences and eight of the subsidiaries are required to register under the Code. The companies that are required to be licensed and registered have production operations in the engineering industry. The environmental impact is emissions to air and discharge into municipal treatment plants.

All of these companies have the necessary permits and have complied with the current requirements for their operations.

Proposed dividends and allocation of profits

The Board of Directors proposes that the Annual General Meeting approve an increase in the ordinary dividend to SEK 2.25 (2.00) per share, which in absolute terms equates to a payout of SEK 1,437 m.

The Board's proposal for the allocation of profits is presented in full on page 103.

Prospects for 2018

Demand was stable and organic growth was good throughout 2017. Market growth in Europe has been good and especially strong in the Nordic region. While market growth has been good, we should remind ourselves that this strong growth has been supported by expansionary monetary policies from major banks and ECB for a number of years.

Latour's performance has been good and the measures and acquisitions undertaken provide favourable conditions for a continuation of the positive earnings trend.

No forecast is given for 2018.

Consolidated income statement

SEK m	Note	2017	2016
Net sales	3, 4	8,930	8,344
Cost of goods sold		-5,885	-4,859
Gross profit		4,045	3,485
Sales costs		-1,856	-1,615
Administrative costs		-837	-663
Research and development costs		-286	-229
Other operating income	12	114	106
Other operating expenses	12	-82	-63
Operating profit	5-11	1,125	1,021
Income from interests in associates	13	2,006	2,676
Income from equity investment	14	10	101
Management costs		-18	-16
Profit before financial items		3,123	3,782
Finance income	15	137	83
Finance expense	16	-19	-11
Profit after financial items		3,069	3,754
Taxes	17	-281	-267
Profit for the year from continuing operations		2,788	3,487
Earnings from disposal groups held for sale and discontinued operations		0	183
Profit for the year		2,788	3,670
Attributable to:			
Parent company shareholders		2,793	3,673
Non-controlling interests		-5	-3
Earnings per share, based on earnings from continuing operations attributable to shareholders of the parent company	35		
Basic share		SEK 4.37	SEK 5.46
Diluted share		SEK 4.36	SEK 5.44
Earnings per share, based on earnings attributable to shareholders of the parent company	35		
Basic share		SEK 4.37	SEK 23.01
Diluted share		SEK 4.36	SEK 22.93

Statement of comprehensive income

SEK m		2017	2016
Profit for the year		2,788	3,670
Other comprehensive income:			
Items that will not be recycled to the income statement			
Restatement of net pension obligations		-7	2
Items that may subsequently be recycled to the income statement			
Translation differences		-72	134
Change in fair value reserve for the year		-72	-98
Change in hedging reserve for the year		-14	-59
Reversal of provision for fund and dividend shares		0	5
Share of other comprehensive income from associates		436	565
Other comprehensive income, net after tax	38	470	547
Comprehensive income for the year		2,311	4,219
Attributable to:			
Parent company shareholders		2,316	4,222
Non-controlling interests		-5	-3

Consolidated balance sheet

SEK m	Note	2017	2016
ASSETS			
<i>Fixed assets</i>			
Intangible assets	18	6,006	5,243
<i>Property, plant and equipment</i>			
Buildings	19	378	313
Land and land improvements	20	18	18
Machinery	21	279	268
Equipment	22	190	183
Construction work in progress and advances	23	20	29
<i>Financial assets</i>			
Interests in associates	25	16,043	13,277
Listed shares	26	323	394
Other long-term securities holdings	27	19	0
Other long-term receivables	28	32	24
Deferred tax asset	38	101	88
		23,899	19,837
<i>Current assets</i>			
<i>Inventories etc.</i>	29		
Raw materials and consumables		549	375
Work-in-progress		96	104
Finished work and goods for resale		64	640
Advance payments to suppliers		6	5
Listed shares - trading	30	40	40
<i>Current receivables</i>			
Accounts receivable	31	1,637	1,412
Current tax asset		125	103
Derivative instruments	32	25	25
Other current receivables		113	84
Prepaid expenses and accrued income		102	116
<i>Cash and cash equivalents</i>	33	1,626	1,307
		4,058	4,211
Total assets		27,957	24,048

Consolidated balance sheet

SEK m	Note	2017	2016
EQUITY			
<i>Capital and reserves attributable to parent company shareholders</i>	35		
Share capital		133	133
Repurchased shares		-72	-72
Reserves		357	394
Profit brought forward		19,827	18,757
		20,245	19,212
<i>Non-controlling interests</i>		102	107
Total equity		20,347	19,319
LIABILITIES			
<i>Long-term liabilities</i>			
Retirement benefit obligations	37	74	39
Deferred tax liability	38	270	246
Other provisions	39	121	101
Interest-bearing liabilities	40	521	696
		986	1,082
<i>Current liabilities</i>			
Bank overdraft facilities	41	151	52
Debts to credit institutions	34	3,995	1,990
Advances from customers		94	56
Accounts payable		807	616
Current tax liability		160	133
Other provisions	39	12	14
Derivative instruments	32	20	20
Other liabilities		224	186
Accrued expenses and deferred income	42	661	580
		6,124	3,647
Total liabilities		7,110	4,729
Total equity and liabilities		27,457	24,048

Consolidated cash flow statement

SEK m	Note	2017	2016
Operating profit		1,125	1,021
Depreciation/amortisation		194	167
Capital gains		2	14
Other adjustments to non-cash items		37	-9
Paid tax		253	-250
Operating cash flows before movements in working capital		1,031	943
<i>Movements in working capital</i>			
Inventories		185	-52
Accounts receivable		105	-151
Current receivables		19	-33
Current operating liabilities		177	108
Operating cash flows		927	815
<i>Investments</i>			
Acquisition of subsidiaries	45	662	-1,098
Sale of subsidiaries		7	0
Acquisition of fixed assets		218	-207
Sale of fixed assets		27	6
Investing cash flows		845	-1,299
<i>Equity investment</i>			
Dividends received		862	741
Management costs etc.		18	-24
Purchase of listed shares etc.		68	-250
Purchase of shares in associates		2,018	-261
Sale of listed shares		68	343
Sales of shares in associates		90	1,240
Cash flows from equity investment		1,745	1,789
Cash flows after investments and equity investment		1,093	1,305
<i>Financial payments</i>			
Interest received		133	18
Interest paid		190	-50
Net change in borrowings	36	1,733	-420
Dividends paid		1,277	-1,077
Exercise of call options		9	-19
Issued call options		6	5
Cash flows from financial payments		396	-1,543
Cash flows from disposal groups held for sale		0	658
Change in cash and cash equivalents		697	420
Cash and cash equivalents at beginning of the year		1,307	859
Exchange rate difference in cash and cash equivalents		16	28
Cash and cash equivalents at end of the year	33	1,626	1,307

Change in consolidated equity

	Note	Attributable to parent company shareholders				Non-controlling interests	Total
		Share capital	Repurchased shares	Reserves	Profit brought forward		
Opening equity 1 Jan 2016	35	133	-58	417	15,588	0	16,080
Total comprehensive income				-23	4,245	-3	4,219
Change in non-controlling interests						110	110
Exercise of call options			29		-4		25
Issued call options					5		5
Repurchased shares			-43				-43
Dividends					-1,077		-1,077
Closing balance 31 Dec 2016		133	-72	394	18,757	107	19,319
Opening balance 1 Jan 2017	35	133	-72	394	18,757	107	19,319
Total comprehensive income				-27	2,350	-2	2,311
Change in non-controlling interests					-11	3	-8
Exercise of call options			27		-9		18
Issued call options					7		7
Repurchased shares			-27				-27
Dividends					-1,277		-1,277
Closing equity 31 Dec 2017		133	-72	357	19,827	102	20,347

Change in consolidated interest-bearing net debt

SEK m	31 Dec 2016	Change in cash and cash equivalents	Change in loans	Other changes	31 Dec 2017
Receivables	24			8	32
Cash and cash equivalents	1,307	-681			626
Retirement benefit obligations	-39			-36	-75
Long-term liabilities	-696		175		-521
Utilised bank overdraft facilities	-52		-99		-151
Current liabilities	-1,990		-2,005		-3,995
Interest-bearing net debt	-1,446	-681	-1,929	-28	-4,084

Parent company's income statement

SEK m	Note	2017	2016
Income from interests in Group companies – dividends		425	–
Income from interests in associates	13	666	1,996
Income from equity investment		–	1
Management costs		19	-10
Profit before financial items		1,078	1,987
Interest income and similar items		–	–
Interest expense and similar items	16	–	-1
Profit after financial items		1,078	1,986
Taxes	17	–	–
Profit for the year		1,078	1,986

Parent company statement of comprehensive income

SEK m	Note	2017	2016
Profit for the year		1,078	1,986
Other comprehensive income:			
Items that may subsequently be recycled to the income statement			
Change in fair value reserve for the year		–	–
Other comprehensive income, net after tax		–	0
Comprehensive income for the year		1,078	1,986

Parent company's balance sheet

SEK m	Note	2017	2016
ASSETS			
Fixed assets			
Financial assets			
Interests in subsidiaries	24	2,246	2,246
Interests in associates	25	2,744	5,405
Receivables from Group companies		448	2,653
		10,108	10,304
Current assets			
Current receivables			
Receivables from Group companies			
Prepaid expenses and accrued income		2	2
Cash and cash equivalents		0	5
		2	7
Total assets		10,110	10,311
EQUITY AND LIABILITIES			
Equity	35		
Restricted equity			
Share capital		133	133
Other funds		96	96
Non-restricted equity			
Profit brought forward		8,800	8,093
Profit for the year		1,078	1,986
		10,107	10,308
Provisions			
Retirement benefit obligations			-
		0	0
Long-term liabilities			
Debts to credit institutions			-
Other non-interest-bearing liabilities			-
		0	0
Current liabilities			
Debts to Group companies			-
Other liabilities			3
		3	3
Total equity and liabilities		10,110	10,311

Parent company cash flow statement

SEK m	Note	2017	2016
Current receivables		0	0
Current operating liabilities		-1	-1
Operating cash flows		-1	-1
<i>Equity investment</i>			
Dividends received		565	565
Management costs etc.		-9	-9
Purchase of listed shares etc.		-138	-138
Sale of listed shares		1,497	1,497
Cash flows from equity investment		1,355	1,915
Cash flows after investments and equity investment		1,355	1,914
<i>Financial payments</i>			
Interest received		0	0
Interest paid		-1	-1
New borrowings		178	178
Dividends received from subsidiaries		-	-
Shareholder contribution made		-1,000	-1,000
Repurchase of own shares		-19	-19
Dividends paid		-1,077	-1,077
Issued call options		5	5
Cash flows from financial payments		-1,350	-1,914
Change in cash and cash equivalents		5	0
Cash and cash equivalents at beginning of the year		5	5
Cash and cash equivalents at end of the year		10	5

Parent company's statement of changes in equity

SEK m	Note	Other funds			Profit brought forward	Total
		Share capital	Reserve fund	Fair value fund		
Closing balance 31 Dec 2015	35	133	96	0	9,178	9,407
Total comprehensive income					1,986	1,986
Dividends paid					-1,077	-1,077
Redemption of provision for fund and dividend shares					5	5
Repurchase of own shares					-43	-43
Exercise of call options					25	25
Issued call options					5	5
Closing balance 31 Dec 2016	35	133	96	0	10,079	10,308
Total comprehensive income					1,078	1,078
Dividends paid					-1,277	-1,277
Repurchase of own shares					-37	-37
Exercise of call options					28	28
Issued call options					7	7
Closing balance 31 Dec 2017		133	96	0	9,878	10,107

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 ten substantial holdings.

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

The Board of Directors and the Chief Executive Officer have approved these consolidated financial statements for publication on 16 March 2018. The Annual Report and consolidated financial statements will be presented to the Annual General Meeting on 9 May 2018 for approval.

NOTE 2 Accounting policies

Basis of preparation of the consolidated financial statements

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

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

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

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

New and amended accounting policies

New and amended standards are mandatory for the first time for the financial year beginning 1 January 2017.

None of the new accounting policies that became effective on 1 January 2017 have had a material impact on the financial performance or position of Investment AB Latour.

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

A number of new standards and interpretations are effective for annual reporting periods starting after 1 January 2017 and have not been adopted for the preparation of these financial statements. None of these standards and interpretations are expected to have a material impact on the Group's financial statements with the exception of the following:

IFRS 9 Financial Instruments includes requirements for classification, measurement and presentation of financial assets and liabilities. This replaces the sections of IAS 39 relating to classification and measurement of financial instruments. IFRS 9 retains a mixed measurement model but simplifies it in some respects. There will be three measurement

categories for financial assets, amortised cost, fair value through other comprehensive income and fair value through profit or loss. IFRS 9 also introduces a new model for the calculation of amounts arising from expected credit losses. The standard does not change the classification and measurement of financial liabilities except when a liability is recognised at fair value through profit or loss under the fair value option. IFRS 9 relaxes the requirements for hedge accounting. The mandatory effective date for the standard will be for periods beginning on or after 1 January 2018. Latour's reporting of financial instruments is only marginally affected by this new accounting standard. No impact has been identified relating to the classification and measurement requirements. With regard to impairment, the impact of the impairment model for expected credit losses is likely to be immaterial. No impact has been identified relating to the hedge accounting requirements. Since the impacts are immaterial, the transition to the 2018 opening balance is not affected.

IFRS 15 Revenue from Contracts with Customers specifies how revenue shall be recognised. The objective of IFRS 15 is to establish the principles that an entity is required to apply to report useful information to users about the entity's revenue. Under the new disclosure requirements, an entity must report information about the nature, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under IFRS 15, an entity should recognise revenue when the control of the sold good or service is transferred to the customer and the customer can use or benefit from the good or service. Early adoption is permitted. Latour has opted to use the prospective approach, which means that prior-year comparatives will not have to be restated. Our analysis of the effects of the transition to IFRS 15 shows that there will be no material changes regarding the identification of the performance obligations or allocation of the transaction price to the performance obligations, or regarding the timing of revenue recognition when the performance obligations have been met. This means that the IFRS 15 standard will not have a significant impact on revenue recognition compared with current revenue recognition standards.

IFRS 16 Leases requires that assets and liabilities arising under all leases, with a few exceptions, are recognised in the balance sheet. This reporting is based on the consideration that the lessee has the right to use an asset for a specific period of time and also an obligation to pay for that right. The reporting requirement for the lessor will largely remain unchanged. The standard applies to financial periods beginning on or after 1 January 2019. Early adoption is permitted. The Group will be assessing the impact of the standard during the spring of 2018.

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

Consolidated financial statements

Subsidiaries

Subsidiaries are all entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Business combinations are accounted for using the acquisition method. This method means that equity, including the capital portion of untaxed reserves in the subsidiary at the acquisition date, is entirely eliminated. Consequently, only profit generated after the acquisition date is included in Group equity.

The purchase price for the acquisition of a subsidiary is the fair value of transferred assets, liabilities and the shares issued by the Group. The purchase price includes the fair value of all assets or liabilities resulting from an agreement on conditional consideration. If the group-wise cost of the shares exceeds the book value of the company's net assets in the acquisition analysis, the difference is recognised as goodwill in the consolidated statement. If the acquisition cost is lower than the fair value of the acquired subsidiary's net assets and any contingent liabilities,

Cont.

Note 2 cont.

the difference is recognised directly in the income statement. Acquisition-related costs are expensed as they occur. Identifiable acquired assets and transferred liabilities in a business combination are initially valued at fair value at the acquisition date. The Group determines, for each acquisition, whether all the non-controlling interests in the acquired entity will be valued at fair value or the proportional share of the acquired entity's net assets.

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

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

Internal Group transactions, balance sheet items, income and expenses on transactions between Group companies are eliminated. Gains and losses arising from internal Group transactions reported under assets are also eliminated.

Associated companies

Associates are entities over which the Group exercises significant influence, but not control. As a rule, significant influence exists when the Group holds between 20 per cent and 50 per cent of the voting rights.

Latour holds shares in AB Fagerhult representing 49 per cent of the voting rights. Management has concluded that Latour does not have a controlling influence over Fagerhult and the holding is therefore regarded as an associated company. This is based on the following factors:

Even though Latour has a significant ownership interest, there are several other large shareholders, the three largest of which (apart from Latour) have approximately 21 per cent. Moreover, 2 of these shareholders are represented in the Nomination Committee. Fagerhult's Board operates as a professional board with a majority of members with no relationship to Latour. Fagerhult is operated as a wholly independent company and not as an integrated company. The companies' management functions are completely separate from one another and there is no exchange or other practical circumstances whatsoever to suggest that Fagerhult's management reports to Latour.

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

When the Group no longer has a controlling or significant influence, each remaining holding is revalued at fair value and the change in carrying amount is recognised in the income statement. The fair value is used as the first carrying amount and forms the basis for further reporting of the remaining holding as an associated company, joint venture or financial asset. All amounts relating to the divested entity previously reported in other comprehensive income are reported as if the Group had directly sold the associated assets or liabilities. This may result in amounts that were previously reported in other comprehensive income being reclassified to the income statement.

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

Net sales

Net sales are made up of invoiced sales, excluding value-added taxes and after deduction of discounts on goods and similar income reductions but before deductions for delivery expenses. Sales are recognised when the Group has transferred the significant risks and rewards connected with ownership of the sold goods to the buyer and no longer retains either continuing managerial involvement or effective control over the goods. Revenue arising from the rendering of services is recognised when the service has been performed. Where appropriate, the Group uses the percentage-of-completion method (see below). Group sales are primarily product sales.

Work in progress

For income and expenses arising from the rendering of services and contracting activities respectively, revenue and costs should be recognised by reference to the stage of completion of the transaction at the balance sheet date (the percentage-of-completion method). The stage of completion of a transaction is determined by comparing the costs incurred at the balance sheet date with estimated total costs. If the outcome of a transaction involving the rendering of services or a contract activity cannot be measured reliably, revenue is recognised only to the extent that it is probable that the costs incurred are recoverable from the client. An expected loss from a transaction is recognised as an expense immediately.

Other operating income and operating expenses

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

Finance income and expenses

Finance income and finance expenses comprise interest income and interest costs, income from dividends and realised and unrealised foreign exchange losses and gains.

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

Borrowing costs

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

Inventories

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

*Translation of foreign currencies**Functional and presentation currencies*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swedish crowns (SEK), which is the parent company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Exchange gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at balance date exchange rates are recognised in the income statement. The exception to this is when the transactions relate to qualifying cash flow hedges and qualifying net investment hedges, in which case gains/losses are recognised in equity.

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

*Note 2 cont.***Group companies**

The results and financial position of all Group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the Group's presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each income statement are translated at average exchange rates (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. On disposal of a foreign operation, the exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that operation and are translated at the balance sheet rate.

Property, plant and equipment

Land and buildings largely comprise factories, warehouses and offices. Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation of assets is calculated using the straight line method over the following estimated useful economic lives:

Buildings	25–50 years
Land improvements	10–20 years
Machinery	5–10 years
Vehicles and computers	3–5 years
Other inventories	5–10 years

The residual values and useful lives of the assets are reviewed, and adjusted if necessary, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the income statement.

Intangible assets**Goodwill**

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

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity include the remaining carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Trademarks and licenses

Trademarks and licenses are reported at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation of trademarks and licenses is calculated using the straight line method to spread the cost over their estimated useful lives (5–20 years).

Impairment

Assets that have an indefinite useful life are not subject to amortisation and are reviewed for impairment annually. Assets that are subject to amortisation are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses recognised in prior years for assets, with the exception of financial assets and goodwill, are reviewed at each balance sheet date to determine whether they should be recovered.

Research and development

Research expenditure is expensed as incurred. Development expenditure is capitalised if it is expected to yield economic benefits in the future. The carrying amount includes expenditure for materials, direct costs for wages and salaries and indirect expenditure attributable to the asset in a reasonable and consistent manner. Other development expenditure is expensed to the income statement as incurred.

Financial instruments

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

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

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. Liabilities are recognised 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 recognised when an invoice has been received.

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

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

Fair value of listed financial assets is the equivalent of the asset's listed purchase price at the balance sheet date. The basis of fair value for unlisted financial assets is determined using valuation techniques, such as recent transactions, the price of comparable instruments or discounted cash flows. See Note 34 for further information.

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

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

The categories are as follows:

Financial assets valued at fair value via profit and loss

This category has two subgroups; financial assets held for trading and those that the company chose initially to designate to this category. A financial asset is classified in this category if the intention is to sell in

Cont.

Note 2 cont.

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 continuously revalued to fair value, with changes in fair value being recognised in the income statement.

Loans and receivables

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

Available-for-sales financial assets

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

Other financial liabilities

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

Derivatives used in hedge accounting

Derivative instruments are recognised in the balance sheet on the contract date and are valued at fair value, both initially and in subsequent remeasurements. The method of recognising the resulting gains or losses depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item hedged. The Group identifies certain derivatives as either: a hedge of a very probable forecast transaction (cash flow hedge); or a hedge of a net investment in a foreign operation.

When a transaction is entered into, the Group documents the relationship between the hedge instrument and the hedged item as well as the purpose of the risk management and strategy in order to take various 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 as an offset to changes in the fair value or cash flows of hedged items.

Cash flow hedges

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

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

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

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

Hedge of net investment

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

Cumulative gains and losses in equity are recognised in the income statement when the foreign operations are sold.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in fair values of derivative instruments that do not qualify for hedge accounting are recognised directly in the income statement as Other income or Other expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, and immediately available balances in banks and similar institutions, and short-term liquid investments with an original maturity of three months or less which are subject to insignificant risk of changes 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.

Income taxes

Recognised income taxes comprise tax that is payable or receivable for the current year, adjustment of tax attributable to previous years and changes in deferred taxes.

All tax liabilities and assets are measured at nominal amounts using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax is calculated using the balance sheet method, based on all temporary differences arising between the carrying amounts and tax bases of assets and liabilities.

Deferred tax assets relating to future tax deductions are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

In legal entities, untaxed reserves are reported including deferred tax liabilities.

Deferred tax is not recognised if arising from temporary differences associated with interests in subsidiaries and associates if the Group is able to control the timing of the reversal of the temporary differences and it is probable that the reversal will not occur in the foreseeable future.

Cash flow statement

The cash flow statement is prepared using the indirect method. The reported cash flow includes only transactions involving inflows and outflows of cash. Cash and cash equivalents comprise, besides bank and cash balances, short-term financial investments with maturities of three months or less.

Leases

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

Government grants

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

Note 2 cont.

Provisions

A provision is recognised when the Group/company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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, Norway, Germany, Switzerland 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. Costs are expensed to the consolidated income statement as the benefits are earned.

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

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

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

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

The principal actuarial assumptions are set out in Note 35.

The net interest amount is calculated by applying the discount rate to the defined benefit plans and to the fair values of plan assets. This cost is recognised as personnel costs in the income statement.

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

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

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 managed and grouped into Industrial operations and Equity investment. Industrial operations are in turn divided into four business areas. Together with equity investment, these business lines make up the Group's operating segments. Income, operating profit, assets and liabilities pertaining to the segments include directly attributable items together with items that can be allocated to the respective segment in a reliable way. Non-allocated items generally comprise interest-bearing assets and liabilities, interest income, interest expenses, costs common to the Group and taxes.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. This measurement requirement does not apply to deferred tax assets, assets arising from employee benefits, financial assets, management properties and contractual rights under insurance contracts.

Assets within a disposal group classified as held for sale are recognised separately from other assets in the balance sheet. Liabilities associated with a disposal group classified as held for sale are recognised separately from other liabilities in the balance sheet.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business. The profit or loss of discontinued operations is recognised separately in the income statement.

Parent company accounting policies

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

Associated companies

The parent company recognises associated companies using the cost method.

Payments to employees/defined benefit pensions

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

Income taxes

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

NOTE 3 Segment reporting**DEVELOPMENT BY BUSINESS AREA 1 JAN 2017–31 DEC 2017**

SEK m	Industrial operations					Equity investment	Total
	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
REVENUE							
External sales	1,901	2,355	1,114	4,378	182		9,930
Internal sales		2					2
INCOME							
Operating profit	287	173	340	381	-56		1,125
Income from equity investment						1,998	1,998
Finance income							137
Finance expense							-191
Taxes							-281
Profit for the year							2,788
OTHER DISCLOSURES							
Assets	1,621	3,629	1,195	3,916	443	16,090	26,894
Unallocated assets							563
Total assets							27,457
Liabilities	297	631	159	879	68	6	2,040
Unallocated liabilities							5,070
Total liabilities							7,110
Investments in:							
property, plant and equipment	9	136	27	65	31		268
intangible assets	20	646	6	175			847
Depreciation/amortisation	14	51	29	81	19		194

DEVELOPMENT BY BUSINESS AREA 1 JAN 2016 – 31 DEC 2016

SEK m	Industrial operations					Equity investment	Total
	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
REVENUE							
External sales	1,698	1,662	927	3,912	145		8,344
Internal sales		9		1			10
INCOME							
Operating profit	264	167	270	351	-31		1,021
Income from equity investment						2,761	2,761
Finance income							83
Finance expense							-111
Taxes							-267
Earnings from disposal groups held for sale							183
Profit for the year							3,670
OTHER DISCLOSURES							
Assets	1,535	2,713	1,265	3,728	1,019	13,424	23,684
Unallocated assets							364
Total assets							24,048
Liabilities	258	382	140	813	44	4	1,641
Unallocated liabilities							3,088
Total liabilities							4,729
Investments in:							
property, plant and equipment	20	72	59	88	24		263
intangible assets		762	66	252	285		1,365
Depreciation/amortisation	15	33	25	76	18		167

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

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

Equity investment primarily consists of portfolio management of long-term holdings where Latour owns at least 10 per cent of the votes.

Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable and reliable basis. Segment assets and liabilities do not include tax assets and tax liabilities (deferred and current), nor do they include interest-bearing assets and liabilities. Segment investments in property, plant and equipment and intangible assets include all investments, except for those in expendable equipment and low-value equipment.

NOTE 4 Geographic markets

Breakdown of sales by geographic markets:

	2017	2016
Sweden	2,539	2,329
Nordic countries, excluding Sweden	1,690	1,546
Europe, excluding Nordic countries	4,303	3,373
Other markets	1,398	1,096
Total	9,930	8,344

Breakdown of assets by geographic markets:

	2017	2016
Sweden	24,052	21,079
Nordic countries, excluding Sweden	976	938
Europe, excluding Nordic countries	2,122	1,759
Other markets	307	272
Total	27,457	24,048

Breakdown of investments by geographic markets:

	2017	2016
Sweden	254	943
Nordic countries, excluding Sweden	27	61
Europe, excluding Nordic countries	600	600
Other markets	34	24
Total	1,115	1,628

Historically, the Group's domestic market has been the Nordic countries, with the majority of production located in Sweden. Today, the Group's main area of expansion is Europe although it is expanding in other parts of the world too. Based on the size criteria, no specific countries are deemed large enough to be reported separately.

NOTE 5 Related party transactions

The Douglas family has a controlling influence over Investment AB Latour. Privately and through companies, the Douglas family controls 80.0 per cent of the voting rights in Latour. During the year, the Douglas family increased its shareholding by 800,000 class B shares. Two members of the family each received Board fees of SEK 500,000, i.e. a total of SEK 1,000,000.

A 4-for-1 share split was implemented in June 2017. Investment AB Latour already holds 323,500 repurchased shares following the share split, equivalent to 1,294,000. Adjusted for the share split, 672,000 of these shares were sold in 2017 and a further 370,000 shares were repurchased. Investment AB Latour thus has a holding of 992,000 shares at the close of the period. The total number of call options issued to senior executives in the Latour Group is 1,062,000, which give the right to purchase 2,439,000 shares. The Board was authorised by the Annual General Meeting on 2 May 2017 to resolve on the repurchase and transfer of the company's own shares. The options are based on market-competitive terms. For information concerning salaries and other remuneration to the Board, the Chief Executive Officer and other senior executives, see Note 9.

Purchasing and sales for the year between Group companies in the Latour Group total SEK 4,376 m (3,367 m). There were no purchases or sales with the parent company.

There have been no transactions with other related parties or other companies during the year.

NOTE 6 Breakdown of expenses by type of cost

THE GROUP	2017	2016
Change in the stock	4,895	3,865
Remuneration to personnel	2,740	2,326
Depreciation/amortisation	194	167
Other expenses	1,176	965
Total	8,805	7,323

NOTE 7 Exchange rate differences

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

THE GROUP	2017	2016
Net sales	5	11
Cost of goods sold	7	2
Sales costs	2	—
Other operating expenses	—	3
Total	10	6

NOTE 8 Remuneration to auditors

THE GROUP	2017	2016
PwC		
Audit assignment	7	6
of which to PriceWaterhouseCoopers AB	3	2
Audit-related activities	0	0
Tax advisory services	1	1
of which to PriceWaterhouseCoopers AB	1	1
Other services	1	4
of which to PriceWaterhouseCoopers AB	0	3
Total	9	11
Audit fees to others	4	3
Total	13	14

Remuneration to auditors for auditing services in the parent company amounted to SEK 90,000 (88,000) and for other services SEK 0,000 (116,000).

NOTE 9 Personnel**Salaries, other remuneration and social costs**

	2017	2016
	Salaries and other remuneration (of which pension costs)	Salaries and other remuneration (of which pension costs)
Parent company	4	1
Subsidiaries	1,787	543
The Group	1,791	544

Of the Group's pension costs, SEK 26 m (16 m) relate to boards and managing directors.

Breakdown of salaries and other remuneration by country and between board members and others, and employees:

	2017	2016
	Board and CEO (of which bonus)	Board and CEO (of which bonus)
Parent company	4 (0)	4 (0)
Sweden	57 (11)	41 (11)
Italy	7 (0)	7 (0)
Finland	5 (1)	4 (0)
Germany	9 (1)	7 (0)
UK	10 (2)	7 (2)
Norway	2 (0)	3 (0)
USA	4 (0)	2 (0)
Switzerland	5 (1)	4 (1)
Denmark	3 (0)	3 (1)
Poland	2 (2)	2 (2)
France	1 (0)	0 (0)
The Netherlands	1 (0)	1 (0)
Belgium	7 (0)	7 (0)
Ireland	1 (0)	1 (0)
Other countries	5 (0)	5 (2)
Group total	123 (20)	98 (19)

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

Remuneration to senior executives**Policies**

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

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

The variable remuneration to the Chief Executive Officer is based on goals achieved during the year and was capped at 84 per cent of basic

salary in 2017. Variable remuneration for other senior executives is based on profits and return on operating capital. Under current agreements for the annual variable remuneration, the remuneration is capped at between 20 and 50 per cent of basic salary. To promote a long-term perspective, the Board may decide on compensation, in addition to the annual variable remuneration, that is connected to the business areas' long-term value development over a three-year period.

The Board also has the right to approve additional remuneration to the company management in the form of share-related incentive schemes (e.g. a call option programme) provided that they promote long-term commitment to the organisation and they are provided on market-related terms.

2017 Remuneration and other benefits during the year

(SEK 000)	Basic salary/Board fees	Variable remuneration ¹⁾	Other benefits ²⁾	Pension costs	Total
Chairman of the Board	1,400	—	—	—	1,400
Other Board members (6 people) ³⁾	3,000	—	—	—	3,000
Chief Executive Officer ⁴⁾	5,094	3,895	45	2,100	11,134
- retirement pension as per agreement ⁴⁾	—	—	—	7,389 ⁴⁾	7,389
Other senior executives (5 people)	14,076	5,160	717	4,513	24,466

¹⁾ Other Board members have received SEK 500,000 each. ²⁾ Other benefits relate mainly to car benefits. ³⁾ Variable remuneration to the Chief Executive Officer was equal to 76 per cent of his basic salary and to other senior executives it ranged from 0–50 per cent of their basic salary.

⁴⁾ According to the original contract of employment, everyone in the company and the chief executive officer are entitled to retirement benefits from the age of 62, with the right to 60% of their final salary with related pension premiums up to the age of 65. On 26 October 2017, it was announced that Jan Svensson will serve as CEO through 31 August 2019. A provision for pension costs has been recognised (calculated for the period from September 2019 to Jan Svensson's 65th birthday).

Note 9 cont.

2016 Remuneration and other benefits during the year

(SEK 000)	Basic salary/Board fees	Variable remuneration ¹⁾	Other benefits ²⁾	Pension costs	Total
Chairman of the Board	1,200	—	—	—	1,200
Other Board members (6 people) ³⁾	2,400	—	—	—	2,400
Chief Executive Officer	5,001	3,672	131	1,689	10,439
Other senior executives (5 people)	12,049	5,106	402	3,835	21,392

¹⁾ Other Board members have received SEK 400,000 each. ²⁾ Other benefits relate mainly to car benefits. ³⁾ Variable remuneration to the Chief Executive Officer was equal to 73 per cent of his basic salary and to other senior executives it ranged from 0–50 per cent of their basic salary.

Pensions

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

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

Call options

Share option schemes from 2013 matured during 2017 and 168,000 options were redeemed for shares at a redemption price of SEK 170. The table below shows the option schemes outstanding at year-end.

THE GROUP	No. issued options	Equivalent to the number of shares	Option price	Redemption price
2014/2018 ¹⁾	144,000	576,000	18.90	194.20
2015/2019 ¹⁾	149,500	598,000	25.00	258.90
2016/2020 ¹⁾	151,000	604,000	35.40	375.20
2016/2020 ¹⁾	3,000	12,000	34.80	358.30
2016/2020 ¹⁾	11,500	46,000	33.00	341.30
2017/2021	603,000	603,000	10.00	106.30

¹⁾ As a consequence of the 4-to-1 share split in June 2017, each option entitles the holder to purchase 4 shares.

Severance payment

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

The period of notice between the company and other senior executives varies from 6 to 12 months. In the case of dismissal by the company, the senior executives receive their salary during their notice period. Senior executives must give 6 months' notice and do not receive severance pay.

Preparation and decision process

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

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

Gender split in the Board and senior management

	2017		2016	
	Men %	Women %	Men %	Women %
Board members	75	25	75	25
Group management	100	0	100	0

Average number of employees

	2017		2016	
PARENT COMPANY	Number of employees	Of which men %	Number of employees	Of which men %
Sweden	—	—	—	—
SUBSIDIARIES				
Sweden	1,794	83	1,765	83
Italy	425	84	242	84
UK	521	70	321	70
Germany	414	73	277	74
Poland	223	77	377	78
USA	194	93	109	83
Finland	213	81	196	81
Norway	123	76	125	78
Romania	104	38	109	41
Switzerland	69	73	43	77
Other countries	832	77	649	82
Total in subsidiaries	4,902	79	4,244	78
Total	4,902	79	4,244	78

	2017	2016
OPERATING AREAS		
Industrial operations	4,901	4,243
Equity investment	1	1
Total	4,902	4,244

NOTE 10 Depreciation/amortisation

Amortisation of intangible fixed assets in the Group amounts to SEK 35 m (23 m) and depreciation of property, plant and equipment amounts to SEK 159 m (144 m). A breakdown of depreciation/amortisation by function in the income statement is shown below:

THE GROUP	2017	2016
Trademarks, licenses	2	3
Cost of goods sold	15	9
Sales costs	12	5
Administrative costs	16	6
Research and development costs	35	23
Total	70	46
Buildings	16	14
Cost of goods sold	1	2
Sales costs	3	3
Administrative costs	2	—
Research and development costs	22	19
Total	44	38
Land and land improvements	—	—
Cost of goods sold	—	—
Total	0	0
Machinery	63	57
Cost of goods sold	18	5
Sales costs	10	1
Administrative costs	29	2
Research and development costs	10	0
Other operating expenses	69	65
Total	194	167
Equipment	24	16
Cost of goods sold	13	13
Sales costs	29	29
Administrative costs	2	2
Research and development costs	68	60
Total	116	100
Total depreciation	194	167

NOTE 11 Leases

Lease costs for premises, machinery, computers and office equipment for the Group were SEK 105 m (89 m).

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

Year	Future minimum lease payments
2018	98
2019-2022	204
2023-	21
Total	323

The Group leases a building under a finance lease. This is recognised as a fixed asset at a book value of SEK 80 m (82 m). Future lease payments on this building are recognised as interest-bearing debt amounting to SEK 64 m (65 m). The term is until 2027. See Note 19. Finance lease payments of SEK 4 m (4 m) have been recognised in the income statement. Minimum lease payments are grouped into < 1 year, SEK 4 m, 1-5 years, SEK 16 m and >5 years, SEK 44 m.

NOTE 12 Operating income and operating expenses**Other operating income**

THE GROUP	2017	2016
Capital gains on sales	18	2
Share of earnings in associated companies ^a	22	21
Exchange rate differences	30	0
Adjustment of additional purchase price	38	23
Other income	39	60
Total	147	106

Other operating expenses

THE GROUP	2017	2016
Acquisition costs	20	-21
Impairment of goodwill	31	-24
Exchange rate differences	40	-3
Other expenses	30	-15
Total	121	-63

^a Relates to share of earnings from Oxeon at SEK -4 m (-18 m), Diamorph at SEK 25 m (33 m), Terratech at SEK 5 m (13 m), Brickpack at SEK 0 m (-4 m) and other companies at SEK -4 m (-3 m).

NOTE 13 Income from interests in associates

THE GROUP	2017	2016
Income from interests after tax	1,980	1,756
Dilutive effect	26	30
Profit on sale of interests	5	890
Total	2,006	2,676

Individual holdings have affected results as follows:

	2017	2016
Alimak Group	219	661
ASSA ABLOY	776	661
Fagerhult	239	199
HMS Networks	97	47
Loomis	45	932
Nederman	155	55
Securitas	310	290
Sweco	285	220
TOMRA	180	222
Troax	60	50
Total	2,006	2,676

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

PARENT COMPANY

In the parent company, the dividend income from associates comprises SEK 666 m (565 m) and capital gains SEK 0 m (1,431 m).

NOTE 14 Income from equity investment

THE GROUP	2017	2016
Income from fixed assets	14	12
Dividends	—	—
Capital gains	—	—
Income from current assets	14	12
Dividends	—	4
Capital gains	—	85
Revaluation, booked in the income statement	—	—
Total	28	89
Total equity investment	103	101

NOTE 15 Finance income

THE GROUP	2017	2016
Interest income	6	14
Exchange gains	120	65
Other finance income	11	4
Total	137	83

NOTE 16 Finance expense

THE GROUP	2017	2016
Other cost interest	-54	-49
Exchange losses	-133	-58
Other finance expense	-4	-4
Total	-191	-111

PARENT COMPANY	2017	2016
Interest expenses to Group companies	-	-1
Total	0	-1

NOTE 17 Tax on profit for the year

THE GROUP	2017	2016
Current tax expense for the period	-258	-236
Deferred tax attributable to changes in temporary differences	16	17
Deferred tax expense	-39	-48
Total	-281	-267

SEK +9 m (+16 m) of deferred tax is included in consolidated comprehensive income in Change in hedging reserve for the year SEK -34 m (-59 m)

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

THE GROUP	2017	2016
Profit before tax	3,069	3,754
Tax according to effective tax rate, 22%	-675	-826
Tax effect of special taxation rules for investment companies	143	437
Effect of associated company accounts	298	151
Tax effect of non-deductible costs	-55	-42
Tax effect of previous year adjustments	2	-12
Tax effect of non-taxable income	10	20
Other tax effects	6	5
Tax on profit for the year according to the income statement	-281	-267

PARENT COMPANY	2017	2016
Profit before tax	1,078	1,986
Tax according to effective tax rate, 22%	-237	-437
Tax effect of special taxation rules for investment companies	237	437
Tax on profit for the year according to the income statement	0	0

The effective tax rate for the Group and the parent company is 22 per cent. Investment companies are allowed a tax deduction for the dividend approved at the subsequent Annual General Meeting. Capital gains are not taxable while capital losses are not deductible. Investment companies are taxed on a standardised basis. See Note 38.

NOTE 18 Intangible assets

THE GROUP	Goodwill	Trade-marks, licenses	Total
Accumulated cost			
Opening balance 1 Jan 2016	3,749	249	3,998
Opening cost from acquisitions	-	55	55
Acquisitions for the year	1,291	22	1,313
Translation difference	131	8	139
Closing balance 31 Dec 2016	5,171	334	5,505

Opening balance 1 Jan 2017	5,171	334	5,505
Opening cost from acquisitions	0	17	17
Acquisitions for the year	778	52	830
Sales for the year	-6	0	-6
Reclassification	-	4	4
Translation difference	53	0	53
Closing balance 31 Dec 2017	5,996	407	6,403

Accumulated depreciation			
Opening balance 1 Jan 2016	0	-135	-135
Depreciation for the year	-	-23	-23
Sales for the year	-	0	0
Translation difference	-	-4	-4
Closing balance 31 Dec 2016	0	-162	-162

Opening balance 1 Jan 2017	0	-162	-162
Depreciation for the year	-	-34	-34
Sales for the year	-	0	0
Translation difference	-	-1	-1
Closing balance 31 Dec 2017	0	-197	-197

Accumulated impairment losses			
Opening balance 1 Jan 2016	-47	0	-47
Impairment for the year	-53	-	-53
Closing balance 31 Dec 2016	-100	0	-100

Opening balance 1 Jan 2017	-100	0	-100
Impairment for the year	-100	-	-100
Closing balance 31 Dec 2017	-200	0	-200

Book value	5,796	210	6,006
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Carrying amounts			
At 1 Jan 2016	3,702	114	3,816
At 31 Dec 2016	5,071	172	5,243
At 1 Jan 2017	5,071	172	5,243
At 31 Dec 2017	5,796	210	6,006

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

All goodwill refers to the segment Industrial operations. An impairment test on goodwill for 2017 resulted in a SEK 100 m write-down.

Testing goodwill for impairment

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

A breakdown of the Group's value of goodwill by business area is shown below.

THE GROUP	Book value, SEK m
Hultafors Group	635
Latour Industries	2,354
Nord-Lock Group	558
Swegon	1,945
Neuffer	304
	5,796

Cont.

Note 18 cont.

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

	Book value, SEK m	Growth assumption (forecast)	Margin assumption (forecast)
31 Dec 2017			
Snickers Workwear	366	3-8%	16.0-17.4%
Tradeport	217	2-15%	7.8-15.0%
Reac	433	6-13%	11.8-12.0%
Aritco	630	6-19%	5.1-15.5%
Vimec	312	6-7%	7.3-11.5%
Produal	389	8-10%	14.9-22.0%
Nord-Lock Group	558	3-8%	27.0-30.9%
Light Commercial Swegon	678	10-20%	21.9-27.0%
Cooling Swegon	538	2-10%	5.4-10.0%
Neuffer	303	2-66%	-6.2-8%

	Discount rate (before tax)	Growth assumption (terminal)	Margin assumption (terminal)
31 Dec 2017			
Snickers Workwear	11.1%	2%	16.0%
Tradeport	11.9%	2%	15.0%
Reac	10.7%	2%	12.0%
Aritco	9.7%	2%	15.5%
Vimec	11.1%	2%	11.5%
Produal	11.7%	2%	22.0%
Nord-Lock Group	11.1%	2%	27.0%
Light Commercial Swegon	9.8%	2%	27.0%
Cooling Swegon	9.6%	2%	10.0%
Neuffer	10.4%	2%	8.0%

	Book value, SEK m	Growth assumption (forecast)	Margin assumption (forecast)
31 Dec 2016			
Snickers Workwear	366	3-5%	16.0-18.0%
Tradeport	217	5-27%	13.3-15.0%
Reac	213	4%	13.0-14.3%
Aritco	645	6-24%	11.2-18.0%
Neuffer	295	2-50%	0.0-8.0%
Nord-Lock Group	579	3-9%	26.0-28.5%
Produal	379	8-13%	19.6-22.0%
Light Commercial Swegon	687	2-15%	23.7-27.0%
Cooling Swegon	525	2-7%	5.4-10.0%
North America Swegon	176	2-23%	4.8-11.0%

	Discount rate (before tax)	Growth assumption (terminal)	Margin assumption (terminal)
31 Dec 2016			
Snickers Workwear	11.3%	2%	16.0%
Tradeport	12.3%	2%	15.0%
Reac	11.1%	2%	13.0%
Aritco	12.3%	2%	18.0%
Neuffer	11.2%	2%	8.0%
Nord-Lock Group	11.2%	2%	26.0%
Produal	11.2%	2%	22.0%
Light Commercial Swegon	9.9%	2%	27.0%
Cooling Swegon	9.6%	2%	10.0%
North America Swegon	11.0%	2%	11.0%

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

Key assumptions

Impairment tests were performed with forecasts for five years (one or more years following individual testing). Future cash flows have been estimated on the basis of the assets' existing structure and do not include future acquisitions. The required return after tax varies from 9.1 per cent to 12.0 per cent (9.5 to 12.2). The higher part of the interval has been used in most of the tests.

Market, growth and margin

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

Personnel expenses

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

Exchange rates

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

Exchange rate CAD	6.6
Exchange rate CHF	8.2
Exchange rate DKK	1.26
Exchange rate EUR	9.40
Exchange rate GBP	10.6
Exchange rate NOK	1.02
Exchange rate PLN	2.20
Exchange rate USD	8.10

The recoverable amount for the Group's most important units exceeds the carrying amounts by a clear margin. The effect of a minor change to a key assumption is not so great that the recoverable amount could fall below its carrying amount. This applies to all cash-generating units where significant value is created. However, the risk is greater for some of the smallest goodwill items because the margin is smaller. Yet they have no significant impact on the Latour Group. The greatest risk of the occurrence of impairment is when disruptive changes in an industry radically alter the position of a company in the market. Each company conducts a comprehensive risk analysis every year to review and modify its operations in the light of such risks.

NOTE 19 Buildings

THE GROUP	2017	2016
Opening cost	554	514
Opening cost from acquisitions	18	38
Purchases	9	9
Sale	-18	-18
Reclassification	0	0
Translation differences	8	11
Closing cost	635	554
Opening depreciation	241	-229
Sale	9	10
Depreciation for the year	22	-18
Translation differences	9	-4
Closing depreciation	257	-241
Opening impairment	0	0
Impairment for the year	-	-
Sales and reversals	0	-
Closing impairment	0	0
Book value	378	313

Depreciation for the year, see Note 10.

The item buildings includes a property owned by the Group through a finance lease with the following amounts:

	2017	2016
Cost - capitalised finance lease	112	109
Accumulated depreciation	32	-27
Carrying amount	80	82

NOTE 20 Land and land improvements

THE GROUP	2017	2016
Opening cost	26	24
Purchases	1	2
Sales and disposals	-	-
Translation differences	0	0
Closing cost	26	26
Opening depreciation	8	-8
Depreciation for the year	-	-
Sales and disposals	-	-
Translation differences	0	0
Closing depreciation	8	-8
Book value	18	18

Depreciation for the year, see Note 10.

NOTE 21 Machinery

THE GROUP	2017	2016
Opening cost	1,083	1,009
Opening cost from acquisitions	8	20
Purchases	76	93
Sale	-52	-26
Reclassification	3	-31
Translation differences	7	18
Closing cost	1,105	1,083
Opening depreciation	815	-792
Sale	48	22
Depreciation for the year	69	-65
Reclassification	15	32
Translation differences	35	-12
Closing depreciation	826	-815
Book value	279	268

Depreciation for the year, see Note 10.

NOTE 22 Equipment

THE GROUP	2017	2016
Opening cost	608	588
Opening cost from acquisitions	10	21
Purchases	80	81
Sale	-50	-86
Reclassification	10	0
Translation differences	10	4
Closing cost	638	608
Opening depreciation	125	-429
Sale	41	68
Depreciation for the year	68	-60
Reclassification	14	-
Translation differences	10	-4
Closing depreciation	248	-425
Book value	390	183

Depreciation for the year, see Note 10.

NOTE 23 Construction work in progress and advances for property, plant and equipment

THE GROUP	2017	2016
Opening cost	29	27
Opening cost from acquisitions	0	4
Costs expended during the year	12	41
Completed facilities	-21	-43
Book value	20	29

Cont.

NOTE 24 Interests in subsidiaries

	2017	2016
Opening cost	2,246	1,246
Change for the year		1,000
Closing cost	2,246	2,246

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Karpalunds Angbryggeri 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	1,049
Hultafors Group AB	556365-0752	Bollebygd		100	
Hultafors AB	556023-7793	Bollebygd		100	
Hultafors Group Finland OY	0664406-9	Finland		100	
Hultafors Group Norge AS	983513328	Norway		100	
Hultafors Group Danmark AS	14252533	Denmark		100	
Hultafors UMI S.R.L.	332/572/22.11.1996	Romania		100	
Hultafors Group Italy	1660130210	Italy		100	
Fisco Tools Ltd.	755735	UK		100	
Hultafors Group NL BV	8054149	The Netherlands		100	
Hultafors Group Sverige AB	556113-7760	Bollebygd		100	
Snickers Workwear Ltd.	01952599	UK		100	
Snickers Production SIA Latvia	40003077239	Latvia		100	
Hultafors Group Belgium NV	0444.346.706	Belgium		100	
Hultafors Group France SARL	529 004 046	France		100	
Hultafors Group Poland Sp. z o.o.	146309299	Poland		100	
Hultafors Group Switzerland AG	CH 036.3.044.124-4	Switzerland		100	
Hultafors Group Ireland Ltd.	65695194	Ireland		100	
Hultafors Group Germany GmbH	147860778	Germany		100	
Hultafors Group Austria GmbH	ATU 65856344	Austria		100	
Tradeport AB	556649-0230	Stockholm		100	
Puvab AB	556346-4600	Borås		100	
Latour Industries AB	556018-9754	Gothenburg		100	
LSAB Group AB	556655-6683	Hedemora		100	
Fortiva AB	556563-6742	Malmö		100	
Fortiva Danmark A/S	182650	Denmark		100	
Bergmans Chuck AB	556059-1736	Hässleholm		100	
LSAB Produktion AB	556456-8060	Laholm		100	
LSAB Norge AS	95882479	Norway		100	
LSAB Sverige Försäljning AB	556248-1936	Långshyttan		100	
LSAB Sverige Produktion AB	556222-1746	Hedemora		100	
LSAB Instrument Service	1089847103950	Russia		100	
LSAB Suomi OY	0140601-0	Finland		100	
LSAB Vandra AS	10120018	Estonia		100	
LSAB Latvia SIA	40003381260	Latvia		100	
LSAB Westlings AB	556442-0767	Vansbro		100	
MachToolRent	1107847394687	Russia		100	
Kabona AB	556609-1525	Borås		100	
Densiq AB	556198-5077	Gothenburg		100	
Densiq AS	997495365	Norway		100	
Specma Seals ApS	35645144	Denmark		100	
AVT Group AB	556863-5964	Gothenburg		100	
Elvaco AB	556248-6687	Kungsbacka		100	
Bastec AB	556346-6738	Malmö		100	
REAC AB	556520-2875	Åmål		100	
REAC A/S	19.353.508	Denmark		100	
REAC Poland Sp. z o.o.	0000444016	Poland		100	
REAC Components Sp. z o.o.	0000551205	Poland		100	
Bemsiq AB	559013-7351	Gothenburg		100	
Produal Holding Oy	2497873-2	Finland		100	
Produal Oy	0680909-7	Finland		100	
Produal Sverige AB	556538-4236	Stockholm		100	
Produal A/S	33378203	Denmark		100	
Produal S.A.S.	75264028400010	France		100	
Noda Intelligent System AB	556681-1096	Karlshamn		100	
Aritco Group AB	556720-1131	Kungsängen		100	
Aritco Lift AB	556316-6114	Kungsängen		100	
Aritco DE GmbH	HRB 753033	Germany		100	
Artico Homelift Ltd.	91310000MA1GBK649Y	Shanghai		100	
Brunna fastighetsmiljö AB	556344-2911	Kungsängen		100	
Gartec Ltd.	02898632	UK		100	
Ecopilot AB	559080-5502	Gothenburg		100	
Vimec Srl	00758850358	Reggio Emilia		100	
Vimec Polska SpZoo	5252490288	Warsaw		100	
Vimec Accessibility Ltd.	GB 898121786	London		100	
Vimec Iberica Accesibilidad SL	ES B84584457	Madrid		100	
Vimec France Accessibilité Sarl	FR 08492484357	Avignon		100	

Note 24 cont.

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
AAT GmbH	401006	Albstadt		100	
Densiq Oy	2494676-5	OULU		100	
Micor AB	556557-7862	Laholm		100	
Nord-Lock International AB	556610-5739	Gothenburg		100	
Nord-Lock AG	CH-320.3.028.873-7	Switzerland		100	
Nord-Lock ApS	33 878 605	Denmark		100	
Nord-Lock Co. Ltd.	310000400676819	China		100	
Nord-Lock AB	556137-1054	Åre		100	
Nord-Lock Inc.	38-3418590	USA		100	
Nord-Lock Australia Pty Ltd.	602531279	Australia		100	
Superbolt Inc.	25-1478791	USA		100	
Nord-Lock Benelux BV	2050318	The Netherlands		100	
Nord-Lock Ltd.	4117670	UK		100	
Nord-Lock Poland Sp. z o.o.	0000273881	Poland		100	
Nord-Lock France	439-251-901	France		100	
Nord-Lock Japan Co. Ltd.	1299-01-047553	Japan		100	
Nord-Lock Oy	0893691-1	Finland		100	
Nord-Lock s.r.o.	27294714	The Czech Republic		100	
Nord-Lock Holding GmbH	HRB 175392	Germany		100	
Nord-Lock GmbH	HRB 510204	Germany		100	
Nord-Lock Switzerland GmbH	CH 020.4.041.709-1	Switzerland		100	
Nord-Lock AS	895,421,812	Norway		100	
Nord-Lock Italy s.r.l	2,464,160,015	Italy		100	
Nord-Lock PTE. LTD.	201110682R	Singapore		100	
Boltight Ltd.	03832926	UK		100	
Boltight Inc	814794151	USA		100	
Twin-Lock AB	559009-2614	Gothenburg		100	
Nord-Lock Korea Co Ltd.	606-86-01043	Korea		100	
Nord-Lock India Pvt. Ltd.	U28999MH2017FTC301839	Mumbai		100	
Expander System Sweden AB	556392-6442	Ålvidaberg		100	
Expander America Inc	0967510-8	USA		100	
Swegon Group AB	559078-3964	Gothenburg		100	
Swegon Operation AB	556077-8465	Gothenburg		100	
Swegon Sverige AB	559078-3931	Gothenburg		100	
Swegon GmbH	HRB209158	Germany		100	
Econdition GmbH	HRB152462	Germany		100	
Swegon Latvia SIA	40103622444	Latvia		100	
Swegon A/S	247231	Denmark		100	
Swegon Ltd.	1529960	UK		100	
Swegon Cooling Ltd.	01744381	UK		100	
Swegon Service Ltd.	03443661	UK		100	
Swegon Hire Ltd.	03284785	UK		100	
Swegon SARL	409-770-195	France		100	
Swegon SA	48-205-4517	Switzerland		100	
Swegon s.r.o.	275.90.071	The Czech Republic		100	
Swegon North America Inc	1916764	Canada		100	
Swegon Inc.	26-1934480	USA		100	
Swegon BVA System Inc	98-0149314	USA		100	
Swegon BVA System (Tennessee) Inc	98-0150566	USA		100	
Swegon BVA System (Texas) Inc	46-0524581	USA		100	
Swegon Eesti OU	11726958	Estonia		100	
Swegon Indoor Climate Systems Co. Ltd.	310000400676739	China		100	
Swegon AS	933-765-806	Norway		100	
OY Swegon AB	240.505	Finland		100	
Lewaco Trading AB	556343-3423	Vara		100	
Berguven 2AB	556935-7782	Vara		100	
Swegon Sp.z o.o.	632031333	Poland		100	
Swegon BV	24408522	The Netherlands		100	
Swegon Belgium S.A.	893.224.696	Belgium		100	
Swegon P Lemmens Group SA	829.386.721	Belgium		90 ^a	
P Lemmens Company SA	429.188.970	Belgium		90 ^a	
Safeguard Systems Ltd.	IE82136350	Ireland		100	
Swegon ILTO OY	1615732-8	Finland		100	
Swegon BB s.r.l	03991770276	Italy		100	
Blue Box Group s.r.l	02481290282	Italy		100	
Blue Box Air	U74210MH2008FTC189149	India		100	
Swegon Lidköping AB	556640-0346	Lidköping		100	
Swegon Air Management	00738495	UK		100	
bluMartin GmbH	HRB 187767	Germany		100	
Neuffer Fenster + Türen GmbH	HRB 4339	Germany		66,1	
Skillers GmbH	HRB 755172	Germany		100	
FOV Fodervävnader i Borås AB	556057-3460	Gothenburg		100	
Nordiska Industri AB	556002-7335	Gothenburg	840,000	100	191
Total book value					2,246

^a Consolidated to 100 per cent due to holdings of call options on remaining shares.

Smaller inactive subsidiaries are not included above.

NOTE 25 Interests in associates

THE GROUP	2017	2016
Opening book value	13,277	11,727
Acquisitions during the year	2,031	261
Sold during the year	-10	-349
Profit share for the year after tax	2,002	1,765
Dilutive effect	926	30
Dividends received	948	-725
Impairment	0	-15
Net change in capital	435	583
Closing value	16,043	13,277

PARENT COMPANY	2017	2016
Opening book value	5,405	5,332
Acquisitions during the year	2,009	138
Sold during the year	-	-65
Closing value	7,414	5,405
Alimak Group AB	1,943	-
ASSA ABLOY AB	1,199	1,199
AB Fagerhult	289	289
HMS Networks AB	250	250
Loomis AB	0	0
Nederman Holding AB	306	306
Securitas AB	585	585
Sweco AB	446	446
TOMRA Systems ASA	2,000	1,933
Troax Group AB	397	397
Closing value	7,414	5,405

THE GROUP	Description of business	Number of shares	Share of equity	Market value ¹⁾	Cost	Share of equity (%)	Share of votes (%)
Alimak Group (CRN 556714-1857, Stockholm) ²⁾	See page 50	14,461,809	1,962	1,851	1,943	27	27
ASSA ABLOY AB (CRN 556059-3575, Stockholm) ²⁾	See page 51	105,495,729	5,329	17,976	1,697	10	29
AB Fagerhult (CRN 556110-6203, Domicile Habo)	See page 52	55,861,200	1,209	5,614	571	49	49
HMS Networks AB (CRN 556661-8954, Halmstad)	See page 53	12,109,288	369	1,502	250	26	26
Loomis AB (CRN 556620-8095, Stockholm) ²⁾	See page 54	2,528,520	225	871	44	3	24
Nederman Holding AB (CRN 556576-4205, Domicile Helsingborg)	See page 55	3,512,829	486	878	306	30	30
Securitas AB (CRN 556302-7241, Stockholm) ²⁾	See page 56	39,732,600	1,619	5,690	1,081	11	30
Sweco AB (CRN 556542-9841, Domicile Stockholm)	See page 57	32,622,480	1,628	5,931	480 ³⁾	27	21
TOMRA Systems ASA (CRN 556542-9841, Domicile Stockholm)	See page 58	39,000,000	2,399	5,134	2,000	26	26
Troax Group AB (CRN 556916-4030, Domicile Hillerstorp)	See page 59	6,020,000	497	1,677	397	30	30
Diamorph AB (CRN 556647-5371, Domicile Stockholm)	See pages 60-61	14,923,571	240	246	189	28	28
Oxeon AB (CRN 556614-1197, Domicile Borås)	See pages 60-61	314,684	10	15	15	32	32
Terratech AB (CRN 556932-5102, Domicile Stockholm)	See pages 60-61	1,128,967	52	49	45	22	22
LumenRadio AB (CRN 556761-7492, Domicile Gothenburg)	See pages 60-61	246,000	17	20	20	25	25
Other smaller holdings			1	1	1		
			16,043	47,455	9,039		

¹⁾ Listed holdings at purchase price. Unlisted holdings firstly at the last valuation, secondly at the last traded price and thirdly the acquisition price.

²⁾ Class A shares in ASSA ABLOY, Loomis and Securitas are unlisted. In this table they have been given the same listed price as corresponding class B shares.

³⁾ The cost of Sweco B is SEK 34 m higher in the Group due to the exercise of a call option.

Note 25 cont.

Summary of balance sheet information

2017	Fixed assets	Current assets	Total assets	Long-term liabilities	Current liabilities	Total liabilities	Net assets
Alimak Group AB	3,360	2,217	5,577	1,587	891	2,478	3,099
ASSA ABLOY AB	73,299	26,145	99,444	24,293	24,494	48,787	50,657
AB Fagerhult	3,449	2,648	6,097	3,220	987	4,206	1,891
HMS Networks AB	1,072	366	1,438	474	243	717	721
Loomis AB	11,311	3,852	15,163	5,376	2,751	8,127	7,036
Nederman Holding AB	1,471	1,500	2,971	1,126	769	1,895	1,076
Securitas AB	26,788	22,344	49,132	16,347	17,535	33,882	15,250
Sweco AB	7,546	6,733	14,279	2,988	5,313	8,301	5,978
TOMRA Systems ASA	4,759	3,678	8,437	1,394	2,305	3,700	4,737
Troax Group AB	1,010	410	1,419	635	193	828	591
Diamorph AB	758	154	912	373	70	443	469
Oxeon AB	21	9	30	0	10	10	20
Terratech AB	107	172	279	13	126	139	140
LumenRadio AB	8	25	33	1	5	6	27
2016							
ASSA ABLOY AB	69,257	26,025	95,282	25,945	22,112	48,057	47,225
AB Fagerhult	2,550	2,264	4,814	2,190	997	3,187	1,627
HMS Networks AB	1,073	329	1,402	522	244	766	636
Loomis AB	11,245	3,624	14,869	4,701	3,521	8,222	6,647
Nederman Holding AB	1,158	1,496	2,653	840	831	1,671	982
Securitas AB	27,549	20,853	48,401	16,231	17,662	33,893	14,508
Sweco AB	7,279	6,542	13,821	2,348	6,038	8,386	5,435
TOMRA Systems ASA	3,893	3,222	7,115	857	1,888	2,745	4,370
Troax Group AB	1,163	488	1,651	763	257	1,020	631
Diamorph AB	751	317	1,068	551	81	632	435
Oxeon AB	24	8	32	0	13	13	19
Terratech AB	102	125	227	26	60	85	141
LumenRadio AB	6	32	38	2	4	5	32

The following table summarises information from income and comprehensive income

2017	Income	Profit/loss	Other comprehensive income	Total comprehensive income	Dividends received
Alimak Group AB	4,001	291.6	-83.2	208	0
ASSA ABLOY AB	76,137	8,635	-1,839	6,796	316
AB Fagerhult	5,170	494	-108	387	84
HMS Networks AB	1,183	143	20	163	12
Loomis AB	17,228	1,428	-435	993	20
Nederman Holding AB	3,149	186	-28	158	19
Securitas AB	92,197	2,737	-607	2,130	149
Sweco AB	16,887	1,223	26	1,249	140
TOMRA Systems ASA	7,432	658	-174	484	84
Troax Group AB	1,498	168	-60	108	23
Diamorph AB	429	77	-143	-66	0
Oxeon AB	37	-14	0	-14	0
Terratech AB	360	9	0	9	0
LumenRadio AB	31	-6	0	-6	0
2016					
ASSA ABLOY AB	71,293	6,653	1,975	8,628	280
AB Fagerhult	4,491	381	-61	320	65
HMS Networks AB	952	100	14	114	8
Loomis AB	16,800	1,258	61	1,319	18
Nederman Holding AB	3,107	172	31	203	18
Securitas AB	88,162	2,646	625	3,271	139
Sweco AB	16,531	931	9	940	114
TOMRA Systems ASA	6,610	738	-178	560	66
Troax Group AB	1,097	154	-37	117	18
Diamorph AB	424	112	-145	-33	0
Oxeon AB	51	-11	0	-11	0
Terratech AB	263	15	0	15	0
LumenRadio AB	23	-6	0	-6	0

Cont.

Note 25 cont.

Summarised reconciliation of financial information^{a)}

2017	Opening net assets	Profit/loss	Changes in equity	Dividends	Closing net assets	Holdings in associates	Goodwill	Book value
Alimak Group AB	2,963	70	1	0	3,034	810	1,152	1,962
ASSA ABLOY AB	47,224	8,350	-2,845	-3,332	49,397	4,692	637	5,329
AB Fagerhult	1,627	463	-40	-171	1,879	917	292	1,209
HMS Networks AB	637	153	-6	-47	737	191	178	369
Loomis AB	6,647	1,343	-462	-602	6,926	225	0	225
Nederman Holding AB	982	163	-35	-64	1,046	314	172	486
Securitas AB	14,508	2,793	-1,036	-1,369	14,896	1,619	0	1,619
Sweco AB	5,435	943	-240	-513	5,625	1,541	87	1,628
TOMRA Systems ASA	4,606	720	-311	-310		1,242	1,157	2,399
Trox Group AB	631	173	-2	-75	727	219	278	497
Diamorph AB	461	91	-53	0	499	141	99	240
Oxeon AB	19	-14	15	0	20	7	4	11
Terratech AB	143	27	-3	0	167	36	16	52
LumenRadio AB	32	-3	0	0	29	7	10	17
2016								
ASSA ABLOY AB	41,579	6,836	564	-2,944	46,035	4,372	637	5,009
AB Fagerhult	1,437	398	-34	-132	1,669	821	292	1,113
HMS Networks AB	455	100	109	-29	635	165	178	343
Loomis AB	5,843	1,266	-306	-527	6,276	203	0	203
Nederman Holding AB	837	151	14	-58	944	284	172	456
Securitas AB	12,530	2,592	101	-1,278	13,945	1,515	0	1,515
Sweco AB	4,907	835	-4	-419	5,319	1,451	87	1,538
TOMRA Systems ASA	3,925	807	91	-273	4,550	1,180	1,172	2,352
Trox Group AB	548	129	-17	-60	600	181	270	451
Diamorph AB	515	113	-173	0	455	118	91	209
Oxeon AB	30	-11	0	0	19	6	4	10
Terratech AB	134	13	0	0	147	32	16	48
LumenRadio AB	38	-6	0	0	32	8	10	18

^{a)} The carrying amounts are estimated full-year values, based on each company's Q3 report, which may include some differences from the actual results presented in previous tables (Summary of information from the balance sheet, income and comprehensive income statements).

NOTE 26 Listed shares

THE GROUP	2017	2016
Opening cost	94	94
Purchases	-	-
Sale	-	-
Closing cost	94	94
Opening fair value reserve	300	399
Disposal recognised in the income statement	-	-
Revaluation recognised in equity	-99	-99
Closing fair value reserve	300	300
Book value	323	394

Specification of listed shares

Share	Number	Market value, SEK m	Listed price, SEK	Cost, SEK m	Share of votes, %	Share of equity, %
Nobia	4,649,894	323	69	94	3	3
Total		323		94		

NOTE 27 Other securities owned

THE GROUP	2017	2016
Opening cost	25	25
Purchases	-	-
Reclassification	-24	-24
Closing cost	1	1
Opening impairment	-1	-1
Impairment for the year	-	-
Closing impairment	-1	-1
Book value	0	0

NOTE 28 Long-term receivables

THE GROUP	2017	2016
Opening cost	24	202
Increase for the year	8	1
Decrease for the year	-	-179
Book value	32	24

The Group's interest-bearing receivables have an average interest rate of 0 per cent and run for an average period of 12 months.

NOTE 29 Inventories

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

Inventory value:	2017	2016
<i>At net realisable value</i>		
Raw materials and consumables	51	57
Work-in-progress	6	3
Finished work and goods for resale	68	90
<i>At cost</i>		
Raw materials and consumables	498	318
Work-in-progress	90	101
Finished work and goods for resale	696	550
	1,409	1,119

NOTE 30 Listed shares - trading

THE GROUP	2017	2016
Book value at beginning of the year	46	46
Acquisitions for the year	68	250
Sales	-67	-256
Revaluation, booked in the income statement	-1	0
Book value at end of the year	40	40

THE GROUP	Number	Cost	Book value	Market value
Alimak Group	40,000	5	5	5
Axford	40,000	6	6	6
H&M B	15,000	5	2	2
Investor	23,000	8	9	9
Netent	160,000	11	9	9
Nobia	70,000	5	5	5
INSR Insurance Group	493,025	13	4	4
		53	40	40

NOTE 31 Accounts receivable

THE GROUP	2017	2016
Nominal value	1,699	1,456
Provision for bad debts	-62	-44
Net accounts receivable	1,637	1,412
<i>Reserve for bad debts</i>		
Opening reserve	-44	-42
Opening reserve for acquired companies	-9	0
Provisions for bad debts for the year	-12	-2
Realised losses during the year	3	1
Reversed unutilised amount	-1	1
Exchange rate differences	-1	-2
	-62	-44

Individually assessed accounts receivable that are considered uncollectable are written off by directly reducing the carrying amount. Other receivables are assessed collectively to determine whether there is objective evidence of impairment. For these receivables, the estimated impairment losses are recognised in a separate provision for doubtful debts. Objective evidence of impairment is considered to exist if any of the following indicators are present: a debtor has significant financial difficulties, default or delinquency in payments (more than 30 days), or a probability that the debtor will enter into bankruptcy or financial reorganisation. Receivables for which an impairment provision was previously recognised are written off against the provision when the Group is no longer expected to recover additional cash. Impairment losses are recognised in the income statement within other expenses. If, in a subsequent period, the amount of the impairment loss decreases, the amount of the reversal of the previously recognised impairment is recognised in the consolidated income statement.

Apart from impairment losses made, the credit risk is deemed to be small since the receivables relate to bona fide, paying customers.

Age analysis of accounts receivable	2017	2016
Not past due	1,247	1,074
Past due but not impaired at 31 December		
Due less than 3 months	345	303
Due 3 to 6 months	26	15
Due more than 6 months	19	20
	1,637	1,412

NOTE 32 Derivative instruments

THE GROUP	2017	2016
<i>Assets</i>		
Forward exchange contracts - cash flow hedging		25
<i>Liabilities</i>		
Forward exchange contracts - cash flow hedging	-7	-
Interest rate swaps	-13	-20
	-20	-20

Forward exchange contracts

The nominal amount of outstanding forward exchange contracts at 31 December was SEK 250 m (93 m). See Note 34.

It is considered that the cash flow hedges meet the terms for effective hedge accounting and the change is therefore recognised in its entirety in other comprehensive income. The impact from the hedging on other comprehensive income during the year was SEK -32 m (-42 m).

Hedges on net investments in foreign operations

Borrowing that has been identified as net investment hedging in Group subsidiaries is SEK 295 m (95 m) in Italy, SEK 364 m (354 m) in Belgium, and SEK 158 m (153 m) in Finland.

The change in exchange rate on translation of borrowing into Swedish krona is SEK -19 m (-27 m) at the close of the reporting period and is recognised in other comprehensive income.

Interest rate swaps

The fair value gain or loss associated with the effective portion of an interest rate swap that hedges variable-rate borrowing is recognised in other comprehensive income and was SEK 7 m (-6 m) in 2017.

NOTE 33 Cash and cash equivalents

Cash and cash equivalents comprise SEK 621 m (1,005 m) in bank balances and SEK 5 m (302 m) in short-term bank deposits. The Group receives interest on bank balances according to a floating interest rate based on the bank's daily rate.

NOTE 34 Financial instruments and financial risk management**Hedge accounting**

Latour uses hedge accounting on forward exchange contracts. Changes in market values of cash flow hedges are recognised in other comprehensive income when they are considered effective, otherwise directly in the income statement. Latour also uses interest rate swaps on the Group's short-term borrowing by converting the interest rates from variable to fixed and, like forward exchange contracts, the change is recognised in the market value in other comprehensive income if efficiency is achieved. Accumulated amounts in other comprehensive income are recycled to the income statement during the periods the hedged item affects results. Unrealised gains or losses that arise from market valuation of derivative instruments attributable to hedges of net investments, and which are attributable to exchange rate fluctuations, are recognised in other comprehensive income.

Book value and fair value of financial assets and liabilities

The table below shows how fair value is determined for the financial instruments measured in the statement on financial position. Fair value is determined according to three different levels. There were no transfers between the different levels of the fair value hierarchy and there were no changes in the valuation techniques and/or principles used in 2017 compared with the 2016 annual accounts.

Group 2017

<i>Financial assets</i>	Available-for-sales financial assets	Financial assets valued at fair value via profit and loss	Derivatives used for hedging purposes	Loans and receivables, cash and cash equivalents	Other liabilities	Total fair value
Listed shares management	323 ¹⁾					323
Other long-term securities holdings	9 ²⁾					9
Other long-term receivables				32 ³⁾		32
Listed shares – trading		40 ¹⁾				40
Unrealised gains, currency derivatives			0 ³⁾			0
Other current receivables				1,750 ³⁾		1,750
Cash and cash equivalents				626 ³⁾		626
Total	332	40	0	2,408	–	2,780
<i>Financial liabilities</i>						
Long-term loans					522 ³⁾	522
Bank overdraft facilities					151 ³⁾	151
Current loans					3,995 ³⁾	3,995
Other current liabilities					1,125 ³⁾	1,125
Unrealised gains, currency derivatives			20 ³⁾			20
Total	–	–	20	–	5,793	5,813

¹⁾ Level 1 – fair value is measured using quoted prices in an active market for identical assets.

²⁾ Level 2 – fair value is measured using inputs other than quoted market prices included within Level 1 that are observable for the assets and liabilities.

³⁾ Level 3 – fair value is measured using inputs for the assets and liabilities that are not based on observable market inputs.

Group 2016

<i>Financial assets</i>	Available-for-sales financial assets	Financial assets valued at fair value via profit and loss	Derivatives used for hedging purposes	Loans and receivables, cash and cash equivalents	Other liabilities	Total fair value
Listed shares management	394 ¹⁾					394
Other long-term securities holdings	0 ²⁾					0
Other long-term receivables				24 ³⁾		24
Listed shares – trading		40 ¹⁾				40
Unrealised gains, currency derivatives			25 ³⁾			25
Other current receivables				1,496 ³⁾		1,496
Cash and cash equivalents				1,307 ³⁾		1,307
Total	394	40	25	2,827	–	3,286
<i>Financial liabilities</i>						
Long-term loans					696 ³⁾	696
Bank overdraft facilities					52 ³⁾	52
Current loans					1,990 ³⁾	1,990
Other current liabilities					858 ³⁾	858
Unrealised gains, currency derivatives			20 ³⁾			20
Total	–	–	20	–	3,596	3,616

¹⁾ Level 1 – fair value is measured using quoted prices in an active market for identical assets.

²⁾ Level 2 – fair value is measured using inputs other than quoted market prices included within Level 1 that are observable for the assets and liabilities.

³⁾ Level 3 – fair value is measured using inputs for the assets and liabilities that are not based on observable market inputs.

Note 34 cont.

The basis of fair value for listed financial assets is the quoted market price at the balance sheet date. The basis of fair value for unlisted financial assets is determined using valuation techniques, such as recent transactions, the price of comparable instruments or discounted cash flows.

Currency derivatives comprise forward exchange contracts and are included in level 2. Valuation at fair value of forward exchange contracts is based on forward rates established by banks on an active market.

The fair values of accounts receivable and other receivables, other current receivables, cash and other liquid funds, accounts payable and other liabilities, and long-term liabilities are estimated as being the same as their carrying amounts. The market interest rate for the interest-bearing long-term liabilities is not expected to deviate significantly from the discount rate. The carrying amounts are therefore assumed in essence to approximate their fair values.

The Group's valuation process is carried out by the Group finance and treasury department where a team works with valuation of the financial assets and liabilities held by the Group.

Financial risk management

The Group's financing operations and management of financial risks is primarily centralised to Group staff. Operations are run according to the finance policy adopted by the Board and are characterised by a low level of risk. The aim is to secure 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 translated into Swedish crowns.

Transaction exposure

The Group's goal for transaction exposure is to hedge 50 per cent of the coming 12 months' budgeted cash flows. The impact of hedging transactions on income was SEK -25 m (-33 m) and is recognised in other comprehensive income. See Note 35.

A breakdown of the net currency flows for Swedish entities for the year is shown below:

Currencies (amounts in SEK m)	2017	2016
NOK	378	313
DKK	116	-7
GBP	308	125
USD	-348	-335
EUR	-44	207
CHF	46	75
Total	455	378

+ = net inflow, - = net outflow

Assuming the same net transaction exposure as in 2017 and provided no hedging has been used, profit would have been positively impacted by SEK 5 m (4 m) if the Swedish crown had increased by one percentage point against all transaction currencies. The effect per currency would have been SEK 4 m in NOK, SEK 1 m in DKK, SEK 3 m in GBP, and SEK -3 m in USD.

A breakdown by currencies and due dates of the Group's outstanding forward foreign exchange contracts at 31 December 2017 is shown below:

Amount in SEK m	2018	2019	Total
Sell EUR	195	-	195
Sell NOK	31	-	31
Sell USD	30	-	30
Sell DKK	40	-	40
Sell GBP	48	-	48
Sell CHF	12	-	12
Sell total	355	0	355
Buy EUR	2	-	2
Buy USD	103	-	103
Buy total	105	0	105
Net	250	0	250

The measurement of fair value of forward foreign exchange contracts is accounted for as derivative instruments and totals SEK -7 m (25 m), which is recognised in the consolidated balance sheet.

Translation exposure

The need to hedge net assets in foreign subsidiaries is decided on a case-to-case basis and hedges are based on the group-wise value of the net assets. Hedging is conducted through loans in foreign currencies. Profit/loss from hedges in foreign operations is SEK -15 m (-21 m). The amount is reported in other comprehensive income and in reserves in equity. See Note 35.

A breakdown of the net assets of the foreign subsidiaries is shown below:

Currency	2017		2016	
	Amount in SEK m	%	Amount in SEK m	%
EUR	662	59	584	59
DKK	15	1	8	1
NOK	40	4	56	6
USD	177	16	164	16
GBP	-50	-4	-65	-7
RON	25	2	25	3
CAD	-29	-3	-27	-3
PLN	218	19	186	19
CHF	41	4	54	5
JPY	21	2	19	2
Other	11	0	-6	-1
Total	1,121	100	998	100

The exchange rate difference for the year arising on the translation of foreign net assets was SEK 69 m (134 m) and is reported in other comprehensive income and reserves in equity. See Note 35.

Financing risk and liquidity risk

The Group handles the more short-term liquidity risk within the framework of the financing risk. In a business like Latour's, where long-term financial resources are procured centrally, the short-term liquidity risk is automatically handled within long-term financing. Nonetheless, high demands are placed on the regular reporting of the cash flow situation in each of the individual business units.

In order to reduce the risk of difficulties in procuring capital in the future and refinancing of matured loans, the Group has the following contracted lines of credit:

		Of which has been used
Bank overdraft facility, etc.	200	151
Credits granted through 2018	1,306	1,121
Credits granted through 2019	1	0
Credits granted through 2020	1	0
Credits granted through 2021	1,565	1,416 ^a
Credits granted through 2022	2,535	1,514 ^a
	5,608	4,202

^a Promissory notes with maturities of up to 1 year are recognised in the balance sheet as current liabilities, even though they are included under long-term credit facilities.

At 31 December 2017, the Group's net financial liabilities, excluding shareholdings and other securities, was SEK 4,084 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 long-term lines of credit presented above.

The non-current interest-bearing debts of SEK 521 m, due through 2020, are equivalent to a SEK 522 m cash outflow, of which SEK 1 m is accumulated interest.

Contracts for granted credits with terms longer than one year contain financial covenants, which state that net debt may not exceed a certain level in relation to the listed market price of the Group's listed securities. This condition was complied with in 2017.

Cont.

Note 34 cont.

Interest rate risk

The Latour Group's main sources of financing are cash flows from its operating activities and its equity investment, as well as from loans. The loans are interest-bearing and thus expose the Group to interest rate risk. The Group uses interest rate swaps to minimise the interest rate risk. See Note 32.

Interest rate risk relates to the possibility of change in the interest rate level having an adverse impact on the Group's net interest and/or cash flows. The Group's financing policy establishes guidelines for setting fixed rates and average loan periods for borrowings. The Group strives to achieve a balance between the estimated cost of servicing loans and the risk that major interest rate fluctuations might adversely affect profits. At the end of 2017, the average fixed loan period was about 6 months.

If the interest rate level had been one percentage point higher, profit/loss for the year would have been impacted by SEK -41 m (-25 m). No other effects on equity.

The average cost for outstanding long-term and short-term borrowing at the balance sheet date (see Note 40 for long-term liabilities):

	Debt in 2017		Debt in 2016	
	%	SEK m	%	SEK m
Long-term borrowing SEK	0.8	100	0.4	100
Long-term borrowing EUR	1.4	370	1.3	303
Long-term borrowing GBP			1.0	190
Long-term borrowing CAD	1.9	47	2.0	93
Long-term borrowing other	1.1	4	2.0	10
	1.3	521	1.2	696
Short-term borrowing SEK	0.8	2,804	1.2	1,079
Short-term borrowing EUR	1.1	998	1.1	778
Short-term borrowing USD	2.0	425	1.4	138
Short-term borrowing GBP	1.0	189	—	—
Short-term borrowing PLN	2.0	30	2.0	47
	1.2	4,146	1.2	2,042

Capital management

The Group's long-term capital structure goals are to ensure that the Group is able to continue developing its operations, so that it can generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep capital expenses low. The Group is able to change the dividend that is paid to the shareholders or sell assets to reduce debt in order to maintain or adjust the capital structure. The Group assesses its capital adequacy by reference to its debt levels. Latour's Board of Directors has set limits on debt levels. The Group's debt cap is set at 10 per cent of the investment portfolio's value and 2.5 times the wholly-owned industrial operations' EBITDA, measured as an average for the last three years and adjusted for acquisitions and disposals. The debt has always been well below this threshold.

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 is of the opinion that there is no significant credit risk concentration in relation to any specific customer or counterparty or in relation to any specific geographic region.

Price risk

The Group is exposed to a price risk concerning shares due to investments held by the Group and which, in the Group's balance sheet are classified either as available-for-sale financial instruments or assets valued at fair value via profit or loss. The price risk on shares consists of share price risks, liquidity risks and counterparty risks. Share price risk is the risk of value loss due to changes in prices on the stock market. This is the greatest risk in Latour's business and occurs primarily in the valuation of the investment portfolio companies. If the market value of holdings in the investment portfolio changed by 5 per cent, it would affect comprehensive income and equity by SEK 16 m (20 m). Share prices are regularly analysed and monitored by Latour's group management. Latour has an influence on the companies' strategies and decisions through its active ownership, exercised through board representation and in other ways. Liquidity risk can occur if a share, for example, is hard to sell. However, liquidity risk is limited. Counterparty risk is the risk that a party in a transaction with a financial instrument cannot fulfil its obligations and thereby creates a loss for the other party.

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

Operational risks

Operational risk is the risk of loss due to inadequate or failed internal processes and systems. A number of internal guidelines and regulations, as well as policies adopted by the Board, are the basis of Latour's risk management. Legal reviews of contracts and relations are performed regularly. The Group also has a system of continuous controls that regulate and ensure responsibility and authority in operating activities.

Insurance risks in the Group are managed according to the assessed need for insurance. Matters concerning confidentiality and information security are highly prioritised at Latour and are regulated by internal guidelines. Latour also continuously controls and develops its systems and procedures for IT security.

NOTE 35 Equity

Reserves THE GROUP	Hedging reserve	Translation reserve	Fair value reserve ¹⁾	Total
Opening balance 1 Jan 2016	37	-17	397	417
Translation differences for the year		134		134
Available-for-sale financial assets:				
Revaluation recognised directly in other comprehensive income			-98	-98
Recognised in the income statement on disposal				0
Cash flow hedges	-33			-33
Interest rate swaps	-5			-5
Net asset hedge, currency effects	-21			-21
Closing other reserves 31 Dec 2016	-22	117	299	394
Opening balance 1 Jan 2017	-22	117	299	394
Translation differences for the year		69		69
Available-for-sale financial assets:				
Revaluation recognised directly in other comprehensive income			-72	-72
Recognised in the income statement on disposal				0
Cash flow hedges	-25			-25
Interest rate swaps	6			6
Net asset hedge, currency effects	-15			-15
Closing other reserves 31 Dec 2017	-56	186	227	357

¹⁾ The investment portfolio has a fair value of SEK 227 m and issued call options have a fair value of SEK 0 m.

Note 35 cont.

Share capital

The parent company's share capital. The par value of each share is SEK 0.21.

Other contributed capital

Refers to equity contributed by the shareholders. Contributed capital is included here as a form of issue in kind and a new issue at a rate exceeding the par value.

Repurchased shares

Repurchased shares comprise the historic cost of the company's shares held by the parent company and are recognised as a deduction from equity. Proceeds from the sale of own shares are recognised as an increase in equity and transactions costs are recognised directly in equity.

Reserves

Translation reserve

The translation reserve includes all exchange rates differences arising when the currencies of the financial statements of foreign operations are translated into the presentation currency of the consolidated financial statements. The parent company and the Group present their financial statements in Swedish krona (SEK).

Hedging reserve

The hedging reserve consists of exchange rate differences arising when translating debts, derivatives classified as hedging instruments of net investments in a foreign operation and interest rate swaps.

Fair value reserve

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

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

Non-controlling interests

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

Dividends

Dividends are proposed by the Board of Directors in accordance with the rules laid down by the Swedish Companies Act and are approved by the Annual General Meeting. The dividend proposed, but not as yet approved, for 2017 is SEK 1,437 m (SEK 2.25 per share). The amount has not been reported as a liability.

Earnings per share

THE GROUP	2017	2016
Profit for the year	2,793	3,673
Average number of shares outstanding basic share	638,719,595	638,414,600
Average number of shares outstanding diluted share	640,982,564	640,793,016
Earnings per share related to profit attributable to parent company shareholders	SEK 4.37	SEK 5.75
Basic share	SEK 4.36	SEK 5.73
Diluted share		

Outstanding shares	Class A	Class B	Total
Number of shares at 1 January 2017	11,917,258	147,719,242	159,636,500
Repurchase		75,500	75,500
4:1 split	35,751,774	443,384,226	479,136,000
Conversion	-26,584	26,584	0
Total outstanding shares at 31 December 2017	47,642,448	591,205,552	638,848,000
Own shareholding	Class A	Class B	Total
Shares held at 1 January 2017	-	323,500	323,500
Repurchase during the year	-	92,500	92,500
Disposal	-	-168,000	-168,000
4:1 split	-	744,000	744,000
Total own shareholding at 31 December 2017	0	992,000	992,000
Total number of shares at 31 December 2017	47,642,448	592,197,552	639,840,000

The par value of own holdings that were repurchased was SEK 0.1 m at 31 December 2017. This represents 0.1 per cent of the share capital. The transaction costs relating to the repurchases are recognised as a deduction from equity. These costs have not affected recognised tax expenses. A repurchase of own shares has been performed to create added value for current shareholders in Latour. Call options have been issued to senior executives on all repurchased shares.

	2017		2016	
Own shareholding	Number	Expense	Number	Expense
Accumulated at beginning of the year	323,500	72	402,500	58
Repurchase during the year	92,500	37	122,000	43
Disposal	-168,000	-37	-201,000	-29
4:1 split	744,000	-	0	-
Accumulated at end of the year	992,000	72	323,500	72

NOTE 36 Reconciliation of loans related to financing activities

	31 Dec 2016	Cash flow	Changes with no cash-flow effects				31 Dec 2017
			Effect of movements in foreign exchange	Impairment	Interest	Acquisition company	
Interest-bearing receivables	24	-2				10	32
Pension provisions	-39	-25	-1			-10	-75
Long-term liabilities	-201	334	1			-197	-63
Additional purchase price	-434	-56		92	-9	-111	-518
Finance lease liabilities	-64		1				-63
Utilised bank overdraft facilities	-52	-99					-151
Interest-bearing current liabilities	-1,987	-1,888					-3,872
Net debts related to financing activities	-2,753	-1,733	-1	92	-9	-308	-4,710

NOTE 37 Retirement benefit obligations

Nearly all employees in the Latour Group are covered by either defined benefit or defined contribution pension plans. Defined benefit pension plans mean that the employee is guaranteed a pension corresponding to a certain percentage of his or her salary. The pension plans comprise retirement pension, sickness pension and family pension. The pension obligations are secured through provisions in the balance sheet and through premiums to insurance companies which thereby assume the obligations towards the employees. The Group's employees outside of Sweden, Italy, Germany and Switzerland are covered by defined benefit pension plans. Payments for these plans normally constitute a percentage of the employee's salary.

Obligations for retirement and family pensions for white-collar workers in Sweden are largely secured through insurance with Alecta. Since Alecta cannot provide enough information to report the ITP plan as a defined benefit plan it is reported as a defined contribution plan. Payments for pension insurance policies with Alecta for the year are SEK 45 m. Alecta's surplus can be divided amongst the insurance policy holders and/or the insured. At the end of 2017, Alecta's surplus in the form of the collective consolidation level was 154 per cent. Pension plans for blue-collar workers in Sweden are defined contribution plans.

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

THE GROUP

Defined benefit obligations	2017	2016
Present value at the beginning of the periods	87	83
Reclassification	43	-
Acquisitions	111	5
Interest	0	0
Pension payments	1	0
Actuarial gain/loss	7	-2
Translation difference	21	1
Closing balance	153	87
Plan assets		
Opening balance	48	51
Reclassification	29	-
Change in reserves	12	-3
Closing balance	79	48
Net defined benefit obligations	74	39

Defined benefit obligations by country	2017		Total
	Present value of obligations	Fair value of plan assets	
Sweden	21	0	21
Norway	27	23	4
Switzerland	38	26	12
Germany	43	30	13
Italy	24	0	24
Total	153	79	74

Defined benefit obligations by country	2016		Total
	Present value of obligations	Fair value of plan assets	
Sweden	6	0	6
Switzerland	36	-25	11
Germany	34	-23	11
Italy	11	0	11
Total	87	-48	39

At the last measurement date, the present value of the defined benefit obligation of approximately SEK 62 m was attributable to active employees and SEK 12 m to retired employees.

Amounts reported in the income statement	2017	2016
Interest on pension provision	0	0
Cost of defined benefit plans	0	0
Pension costs, defined contribution plans	168	127
Special employer's tax and taxes on return	22	19
Total pension costs	190	146

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

%	2017			
	Switzerland	Germany	Italy	Norway
Discount rate ^a	0.0	1.6	1.3	2.3
Inflation	1.0	1.8	1.0	2.0
Pay increases	2.0	2.5	-	2.5
Pension indexation	0.0	2.0	0.0	0.4

%	2016		
	Switzerland	Germany	Italy
Discount rate ^a	0.7	1.5	1.3
Inflation	1.0	1.8	1.0
Pay increases	1.0	2.5	-
Pension indexation	0.0	2.0	0.0

^a See policies in Note 2 page 75.

If the discount rate is lowered by 0.5 per cent, the present value of the obligations increases by 6.3 per cent. If the interest rate is raised by 0.5 per cent, the present value of the obligations decreases by 5.8 per cent.

NOTE 38 Taxes**Deferred tax in the balance sheet**

Temporary differences exist where the carrying amount and taxation value differ for a given asset or liability. Temporary differences have resulted in total deferred tax assets and deferred tax liabilities for the Group as follows:

THE GROUP	2017	2016
Deferred tax assets		
Intangible assets	16	5
Buildings and land	10	0
Machinery and equipment	10	3
Inventories	45	40
Current receivables	118	4
Provisions	18	16
Current liabilities	10	11
Other items	11	9
	101	88
Deferred tax liabilities		
Intangible assets	43	-37
Buildings and land	23	-4
Machinery and equipment	19	-3
Inventories	10	0
Current receivables	10	-5
Untaxed reserves	206	-194
Provisions	15	-3
	270	-246

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax system. Deferred tax recognised in other comprehensive income amounts to SEK 9 m (20 m).

No current tax is recognised in the Group's or the parent company's statement of comprehensive income.

The SEK 2,588 m (2,229 m) tax loss carry forward with an unlimited carry forward period in the parent company has not taken deferred tax into account.

NOTE 39 Other provisions

THE GROUP	Guarantee provisions	Other provisions	Total
Opening value 1 Jan 2016	48	18	66
Acquisition (company)	30	19	49
Provisions for the year	13	7	20
Amounts claimed during the year	-13	-8	-21
Exchange rate difference	1	-	1
Closing value 31 Dec 2016	73	36	115
Acquisition (company)	-	8	8
Provisions for the year	15	6	21
Amounts claimed during the year	-10	-3	-13
Exchange rate difference	1	1	2
Closing value 31 Dec 2017	85	48	133

The provisions consist of:	2017	2016
Long-term part	114	101
Current part	19	14
	133	115

Other provisions primarily consist of provisions for restructuring costs.

NOTE 40 Long-term liabilities

THE GROUP	2017	2016
Liabilities to credit institutions falling due in 1-5 years	461	634
Liabilities to credit institutions falling due in >5 years	-	1
Liabilities referring to finance leases	60	61
Other long-term liabilities	10	0
Total	521	696

For other details concerning long-term liabilities, see Note 34.

NOTE 41 Bank overdraft facilities

The bank overdraft facility available to the Group is SEK 200 m (200 m), of which SEK 151 m (52 m) has been used.

NOTE 42 Accrued expenses and deferred income

THE GROUP	2017	2016
Accrued interest expenses	2	1
Accrued social security fees	108	90
Accrued other pay-related costs	233	202
Other items	318	287
Total	661	580

NOTE 43 Pledged assets

THE GROUP	2017	2016
For own liabilities and provisions		
Relating to pension obligations		
- Floating costs	-	-
- Other securities	2	2
Shares as collateral for net loans ^{a)}	2,718	3,034
Other		
- Floating costs	3	3
- Property mortgages	2	2
- Other securities	10	0
Total	2,725	3,041
PARENT COMPANY	2017	2016
For the Group's liabilities		
Shares as collateral for net loans ^{a)}	516	590
Total collateral pledged	516	590

^{a)} As collateral for loans from credit institutions, 37,200,000 ASSA ABLOY class B and 20,600,000 Securitas class B shares have been pledged at a market value of SEK 9,289 m and a book value in the Group of SEK 2,718 m and in the company of SEK 516 m. The collateral is for the duration of the loan.

NOTE 44 Contingent liabilities

THE GROUP	2017	2016
Underwriting agreements	—	—
Other obligations	3	12
Total	3	12
PARENT COMPANY	2017	2016
Guarantees for subsidiaries	4,065	1,372
Total	4,065	1,372

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

NOTE 45 Business combinations

	2017	2016
Intangible assets	236	97
Property, plant and equipment	111	76
Financial assets	40	5
Inventories	122	65
Accounts receivable	117	132
Other current receivables	32	13
Cash	38	221
Deferred tax liability	0	-16
Long-term net borrowing	-192	-20
Current liabilities	-206	-162
Net identifiable assets and liabilities	268	411
Non-controlling interests	5	-105
Group goodwill	1,563	1,248
Total purchase price	836	1,554
Previously settled purchase price	18	-179
Additional purchase price	-120	-77
Cash settlement purchase price	698	1,298
Acquisition of non-cash items	21	21
Cash and cash equivalents in acquired companies	-95	-221
Effect on Group cash and cash equivalents	662	1,098

Safeguard Systems Ltd.

On 13 February 2017, the Group acquired the entire shareholding of Safeguard Systems Ltd. The acquired operations contributed SEK 43 m in revenues and a SEK 16 m net profit for the period 13 February to 31 December 2017. If the acquisition had been made on 1 January 2017, the company's revenues would have been SEK 51 m and profit for the year would have been SEK 17 m. An estimated additional purchase price has been reserved. The final price is based on performance over the next years and may amount to as much as SEK 37 m. This sum has also been reserved. Goodwill is attributable to the earning capacity the company is expected to deliver. Transaction costs for this acquisition amounted to SEK 2 m.

Intangible assets	8
Inventories	3
Accounts receivable	13
Other receivables	1
Cash	9
Long-term net borrowing	-4
Current liabilities	-11
Net identifiable assets and liabilities	19
Group goodwill	141
Additional purchase price	-37
Cash and cash equivalents in acquired companies	-9
Change in Group cash and cash equivalents on acquisition	114

Puvab AB

On 8 March 2017, the Group acquired the entire shareholding of Puvab AB. The acquired operations contributed SEK 41 m in revenues and SEK 0 m in net profit for the period 8 March to 31 December 2017. If the acquisition had been made on 1 January 2017, the company's revenues would have been SEK 48 m and profit for the year would have been SEK 0 m. An estimated additional purchase price has been reserved. The final price is based on performance over the next years and may amount to as much as SEK 3 m. This sum has also been reserved. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisation is merged with Hultafors Group's existing operations. Transaction costs for the acquisition, that were charged to the income statement for the period, amount to SEK 0.3 m.

Financial assets	1
Inventories	10
Accounts receivable	6
Other receivables	1
Long-term net borrowing	-2
Current liabilities	-12
Net identifiable assets and liabilities	4
Group goodwill	20
Cash settlement purchase price	24
Additional purchase price	-3
Acquisition of non-cash items	-1
Change in Group cash and cash equivalents on acquisition	20

AAT GmbH.

On 3 April 2017, the Group acquired the entire shareholding of AAT GmbH. The acquired operations contributed SEK 119 m in revenues and a SEK 12 m net profit for the period 3 April to 31 December 2017. If the acquisition had been made on 1 January 2017, the company's revenues would have been SEK 164 m and profit for the year would have been SEK 17 m. Goodwill is attributable to the earning capacity the company is expected to deliver. Transaction costs for the acquisition, that were charged to the income statement for the period, amounted to SEK 6 m.

Property, plant and equipment	5
Financial assets	9
Inventories	45
Accounts receivable	9
Other receivables	10
Cash	6
Long-term net borrowing	-21
Current liabilities	-29
Net identifiable assets and liabilities	34
Group goodwill	204
Additional purchase price	-48
Cash settlement purchase price	190
Acquired cash	-6
Change in Group cash and cash equivalents on acquisition	184

Note 45 cont.

VIMEC S.R.L.

On 18 May 2017, the Group acquired the entire shareholding of VIMEC S.R.L. Apart from the parent company, the Vimec Group comprises Vimec Accessibility Ltd., Vimec France Accessibilité Sarl, Vimec Polska SpZoo and Vimec Iberica Accesibilidad SL. The acquired operations contributed SEK 275 m in revenues and a SEK 9 m net profit for the period 18 May to 31 December 2017. If the acquisition had been made on 1 January 2017, the company's revenues would have been SEK 441 m and profit for the year would have been SEK 4 m. Goodwill is attributable to the earning capacity the company is expected to deliver. Transaction costs for the acquisition, that were charged to the income statement for the period, amounted to SEK 10 m.

Intangible assets	230
Property, plant and equipment	96
Inventories	59
Accounts receivable	80
Other receivables	19
Cash	19
Long-term net borrowing	-161
Current liabilities	-136
Net identifiable assets and liabilities	206
Group goodwill	91
Cash settlement purchase price	297
Acquired cash	-19
Change in Group cash and cash equivalents on acquisition	278

Noda Intelligent System AB

On 11 October 2017, the Group acquired the entire shareholding of Noda Intelligent System AB. The acquired operations contributed SEK 2 m in revenues and a SEK -2 m net loss for the period 11 October to 31 December 2017. If the acquisition had been made on 1 January 2017, the company's revenues would have been SEK 10 m and loss for the year would have been SEK -13 m. Goodwill is attributable to the earning capacity the company is expected to deliver.

Intangible assets	6
Inventories	1
Accounts receivable	1
Cash	1
Long-term net borrowing	-4
Current liabilities	-9
Net identifiable assets and liabilities	-4
Group goodwill	84
Total purchase price	80
Previously settled purchase price	-18
Additional purchase price	-27
Cash settlement purchase price	35
Acquired cash	-1
Change in Group cash and cash equivalents on acquisition	34

Micor AB

On 12 October 2017, the Group acquired the entire shareholding of Micor AB. The acquired operations contributed SEK 4 m in revenues and a SEK 0 m net profit for the period 12 October to 31 December 2017. If the acquisition had been made on 1 January 2017, the company's revenues would have been SEK 27 m and profit for the year would have been SEK 2 m. Goodwill is attributable to the earning capacity the company is expected to deliver.

Property, plant and equipment	1
Inventories	4
Accounts receivable	5
Other receivables	1
Current liabilities	-6
Net identifiable assets and liabilities	5
Group goodwill	9
Change in Group cash and cash equivalents on acquisition	14

Hakaser Oy

On 19 December 2017, the Group acquired the entire shareholding of Hakaser Oy. The acquired operation did not contribute any revenues or profit. If the acquisition had been made on 1 January 2017, the company's revenues would have been SEK 1 m and profit for the year would have been SEK 0 m. Goodwill is attributable to the earning capacity the company is expected to deliver.

Property, plant and equipment	1
Accounts receivable	3
Cash	3
Current liabilities	-3
Net identifiable assets and liabilities	4
Group goodwill	14
Additional purchase price	-5
Cash settlement purchase price	13

The Director's Report on page 64 provides further details about business combinations.

All acquired goodwill relates to Group goodwill on acquisition which is non tax-deductible.

NOTE 46 Government grants

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

THE GROUP	2017	2016
Grants that affected income for the year	6	2
Grants that affected assets	6	5

Grants consist primarily of development and investment aid.

NOTE 47 Events after the reporting period

In February, Latour established a Medium Term Note (MTN) programme for the issue of bonds with a budget of SEK 4 billion. In a subsequent issue in early March, three bonds were issued with a total value of SEK 2.5 billion, which was used to amortise borrowing from existing lines of credit.

Otherwise, there were no material events subsequent to the end of the reporting period.

NOTE 48 Significant estimates and judgements

To be able to prepare the financial statements in accordance with generally accepted accounting practice, executive management and the Board of Directors must make judgements and assumptions that affect the asset and liability items and the revenue and expense items reported in the annual accounts, as well as other disclosures, for example contingent liabilities. These judgements are based on historic experience and the various assumptions that the management and the Board of Directors consider reasonable in the current circumstances. In cases where it is not possible to ascertain the carrying amounts of assets and liabilities through information from other sources, these estimations and assumptions form the basis of the valuation. Actual outcomes could differ from these estimates if other assumptions are made or other circumstances arise.

The assumptions can have a significant effect on Latour's result and financial position especially in the areas of income accounting and uncertain receivables, measurement of intangible and fixed assets, restructuring measures, pension obligations, taxes, disputes and contingent liabilities (see each respective note).

Executive management and the audit committee have discussed the development, selection and disclosures concerning the Group's critical accounting policies and estimates and the application of these policies and estimates.

Cont.

Note 48 cont.

Goodwill impairment

Each year, the Group assesses whether goodwill has suffered any impairment loss, based on the accounting policy described in Note 2.

The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of certain estimates (Note 18).

Pension obligations

The present value of the pension obligations depends on a number of factors that are established on an actuarial basis using a number of assumptions. Discount interest is included in the assumptions used to determine the net cost (income) of pensions.

The Group establishes appropriate discount interest rates at the end of every year. This is the interest used to determine the present value of estimated future payments that are assumed necessary to pay for pension obligations. See Accounting Policies Note 2 for information on how the Group determines an appropriate discount rate.

Other principal actuarial assumptions for pension obligations are based in part on current market conditions. Further details are given in Note 37.

Warranties

The management of each subsidiary estimates necessary reserves to guarantee future warranty requirements based on information about past warranty requirements and current trends that indicate that the past information may differ from future requirements.

The factors that may affect the information about warranty requirements include the success of the Group's productivity and quality initiatives and the cost of labour and materials.

NOTE 49 Definitions

Return on equity	Net profit in the income statement as a percentage of average shareholders' equity.
Return on operating capital	Operating profit as a percentage of average operating capital.
Return on total capital	Profit/loss after net financial items plus financial costs in relation to the average balance sheet total.
Direct return	Dividends as a percentage of the share purchase price.
Operating profit (EBITDA)	Earnings before interest, tax, depreciation of property, plant and equipment and amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability.
Operating profit (EBITA)	Earnings before interest, tax, amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability.
Operating profit (EBIT)	Earnings before interest and taxes.
Operating margin (EBITA) %	Earnings before interest, tax, amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability, as a percentage of net sales.
Operating margin (EBIT) %	Operating profit divided by net sales.
EBIT multiple	Operating profit in relation to market value adjusted for net debt.
EV (Enterprise Value)	The company's market value plus net debt.
Adjusted equity	Equity and the difference between book value and fair value in associated companies.
Adjusted equity ratio	Equity and the difference between book value and fair value in associated companies in relation to adjusted total assets.
Net debt/equity ratio	Interest-bearing liabilities and interest-bearing provisions less cash and cash equivalents in relation to adjusted equity.
Net borrowings	Interest-bearing liabilities plus interest-bearing provisions less cash and cash equivalents and interest-bearing receivables.
Operating capital	Total assets less cash and cash equivalents and other interest-bearing assets and non-interest-bearing liabilities.
Organic growth	Increase in revenue for the period, adjusted for acquisitions/disposals and exchange rate changes, as a percentage of the previous year's revenue adjusted for acquisitions and disposals.
P/E ratio	The share purchase price in relation to profit after paid tax.
Basic earnings per share	Profit for the period divided by the number of outstanding shares in the period. Calculations: Jan-Dec 2017: 2,793/638,719,595 x 1,000=4.37 Jan-Dec 2016: 3,673/638,414,600 x 1,000=5.75
Diluted earnings per share	Calculations: Jan-Dec 2017: 2,793/640,982,564 x 1,000=4.36 Jan-Dec 2016: 3,673/640,793,016 x 1,000=5.73 The call options issued on the closing date were taken into account in the calculation of diluted profit.
Equity ratio	Equity in relation to total assets.
Net asset value	The difference between the Group's assets and liabilities, when the investment portfolio (incl. associated companies) is recognised at market value and operative subsidiaries that are owned at the end of the period are recognised in an interval based on EBIT multiples for comparable listed companies in each business area.
Total growth	Increase in revenue for the period as a percentage of the previous year's revenue.
Currency-driven growth	Increase in revenue due to currency changes for the period as a percentage of the previous year's revenue.
Profit margin	Profit after net financial items plus finance expense as a percentage of invoiced sales.
Other	The amounts in tables and other charts have each been rounded off. There may therefore be minor differences in the totals due to rounding-off.

Proposed allocation of profits

SEK 0 m of parent company equity at the balance sheet date was attributable to assets and liabilities valued at fair value in accordance with Chapter 4 paragraph 14a of the Swedish Annual Accounts Act. Group equity includes changes in value for the net sum of SEK 227 m.

The following profits in the parent company are at the disposal of the Annual General Meeting:

Profit brought forward	SEK 8,800.1 m
Profit for the year	<u>SEK 1,077.9 m</u>
	SEK 9,878.0 m

At 16 March 2017, the number of shares entitling the holder to receive dividends was 638,848,000 after the exclusion of repurchased shares. The Board of Directors proposes the following allocation:

A total dividend of SEK 2.25 per share is paid to the shareholders.	SEK 1,437.4 m
To be carried forward	<u>SEK 8,440.6 m</u>
	SEK 9,878.0 m

The Board of Directors is of the opinion that the proposed dividend payment is justified in view of the demands that the operations place on the amount of equity, taking into consideration the scope and risks of the business and the company's and the Group's consolidation requirements, liquidity and overall position.

The income statement and balance sheet will be presented for approval by the Annual General Meeting on 9 May 2018.

The Board of Directors and the Chief Executive Officer declare that the consolidated financial reports have been prepared in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and that they give a true and fair view of the Group's financial position and performance. The Annual Report has been prepared in line with generally accepted accounting practice in Sweden and gives a true and fair view of the parent company's financial position and performance. The Directors' Report for the Group and the parent company gives a true and fair view of the development of Group and parent company operations, financial positions and performance and describes the principal risks and uncertainties faced by the parent company and the Group's companies.

Gothenburg 16 March 2018

Mariana Burenstam Linder <i>Board member</i>	Olle Nordström <i>Chairman</i>	Anders G. Carlberg <i>Board member</i>
Anders Böös <i>Board member</i>	Jan Svensson <i>Chief Executive Officer</i>	Carl Douglas <i>Board member</i>
Eric Douglas <i>Board member</i>		Lena Olving <i>Board member</i>

Our independent Auditor's Report was given on 16 March 2018
Öhrlings PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Principal Auditor

Inger Kollberg
Authorised Public Accountant

Auditor's report

To the General Meeting of Shareholders of Investment AB Latour (publ), corporate registration number 556026-3237

STATEMENT ON THE ANNUAL REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have conducted an audit of the Annual Report and consolidated financial statements of Investment AB Latour (publ) for 2017. The company's Annual Report and consolidated financial statements are presented on pages 63–103 of this document.

In our opinion, the Annual Report has been prepared as required by the Swedish Annual Accounts Act and presents fairly, in all material respects, the financial position of the parent company at 31 December 2017, and its financial performance and cash flows for the year, in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group at 31 December 2017, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other sections of the Annual Report and the consolidated financial statements.

We therefore recommend that the General Meeting of Shareholders adopts the income statement and the balance sheet of the parent company and the Group.

Our opinion in this statement on the Annual Report and the consolidated financial statements is consistent with the content of the additional report presented to the parent company's and the Group's Audit Committee in accordance with Article 11 of Regulation (EU) No. 537/2014 on requirements regarding statutory audit of public-interest entities.

BASIS FOR OPINION

We conducted our audit in line with International Standards on Auditing (ISA) and generally accepted auditing practices in Sweden. Our responsibility under these standards is described in more detail in the section "Responsibilities of the auditors". We are independent from the parent company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise executed our audit responsibilities in compliance with professional ethics as required by these standards. This means that, to the best of our knowledge and belief, no prohibited non-audit services as referred to in Article 5.1 of the European Regulation on specific requirements regarding statutory audit of public interest entities (No. 537/2014) have been provided to the audited entity or, where applicable, to its parent company or its regulated entities within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OUR AUDIT

Scope and approach of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where the Chief Executive Officer and the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As with all audits, we also addressed the risk of the Board of Directors and the Chief Executive Officer overriding internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, accounting processes and controls, and the operations of the Group.

Investment AB Latour is an investment company that manages an investment portfolio and wholly-owned investments in industrial businesses that are grouped into four business areas. The Latour Group comprises a large number of companies. None of the individual companies have been individually assessed as significant for the Group audit. In addition to the local audit of each company, we have conducted an audit of consolidation as well as analytical assessments at Group level to obtain a reasonable basis for our Group audit. For the entities selected for Group auditing, we issued detailed instructions, obtained reports and followed up the review conducted by means of discussions and meetings with local teams to ensure that sufficient and appropriate audit evidence has been obtained to provide a basis for our opinion on the auditor's report.

MATERIALITY

The scope and approach of our audit was influenced by our application of materiality. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. They are considered material if individually or in the aggregate they could reasonably be expected to influence the economic decisions of the users of the financial statements.

Based on professional judgement, we set certain quantitative thresholds for materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER

HOW OUR AUDIT ADDRESSED THE KEY
AUDIT MATTER**Valuation of goodwill**

For disclosures relating to this matter, see Note 18 in the Annual Report.

At 31 December 2017, the Group's intangible assets were SEK 6,006 m, of which SEK 5,796 m was goodwill.

Under IFRS, the Group tests goodwill for impairment at least once a year by means of impairment tests.

An impairment review requires assumptions to be made with a considerable element of subjective judgements, particularly those concerning the Group's expectations of market growth and the entity's ability to generate cash flows.

Impairment review of goodwill is a key matter for our audit due to the material values represented by the assets and the inherent uncertainty in the estimates and assessments.

Our assessment and audit procedures for the impairment testing of goodwill includes the following areas of audit.

We have assessed the Group's valuation models together with valuation and accounting experts and have determined that these are consistent with generally accepted valuation techniques.

We have examined whether the assumptions used in the model are reasonable. These are described in Note 18. In our assessment of assumptions concerning future cash flows, we have compared these with business plans and other information about future developments.

We have assessed the company's analysis of the sensitivity of estimates to changes in significant assumptions and the risk that changes could result in impairment.

We have also independently undertaken a sensitivity analysis and evaluated the differences in this year's tests compared with last year's assumptions for comparable entities to confirm the accuracy of the Group's underlying data for the forecast period.

KEY AUDIT MATTER

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Valuation of inventories

The Group's principles for measurement of inventories and recognition of obsolescence are presented in Note 2 and Note 29 in the Annual Report.

At 31 December 2017, the Group reports inventories of SEK 1,409 m.

Inventory valuation is significant to our audit because the valuation includes a number of estimates and judgements, and the inventories held have considerable value.

Executive management's valuation of inventories needs to assess the ability of the Group to sell its products in stock at a price that exceeds acquisition cost and, in this context, take into account the risk of obsolescence.

In order to identify and consistently calculate the risk of obsolescence, each business area management team has established a process to identify and calculate any obsolescence. The obsolescence process takes into account inventory content, which differs from one business area to the next, the length of time individual items are in inventory (slow-moving inventory), which together with actual and expected future sales volumes provide management with a basis for setting a reasonable obsolescence reserve.

Our audit procedures included an evaluation of the Group's processes to calculate inventory obsolescence.

To assess the plausibility of the company's obsolescence reserve, we have instructed our entity auditors to examine and report back to the Group team on any deviations from the calculated obsolescence in accordance with the processes established for the business areas.

We have held discussions with the management team and reviewed minutes of Board meetings and other important management meetings and reporting in order to identify forecasted changes in the company's sales that could result in inventory becoming obsolete.

We have concluded that the Group describes its principles for valuation of inventory in a satisfactory manner in the Annual Report at 31 December 2017.

**INFORMATION OTHER THAN THE ANNUAL REPORT
AND THE CONSOLIDATED FINANCIAL STATEMENTS**

This document also contains other disclosures than the Annual Report and the consolidated financial statements and can be found on pages 1-62 and 112-116. In addition to other information in this document, the company produces its report "Latour at a glance 2017" each year. We expect to gain access to this after the date for this audit report. The Board of Directors and the Managing Director are responsible for the other disclosures.

Our opinion on the Annual Report and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Annual Report and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Report and consolidated

financial statements. In this procedure, we also take into account the knowledge we have otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND
THE CHIEF EXECUTIVE OFFICER**

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Annual Report and the consolidated financial statements and for ensuring that they give a fair presentation in accordance with the Swedish Annual Accounts Act and, concerning the consolidated financial statements, in accordance with the International Financial Reporting Standards (IFRS), as approved by the

European Union. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine necessary to enable preparation of an Annual Report and consolidated financial statements that are free from material misstatement, whether caused by fraud or error.

In preparing the Annual Report and the consolidated financial statements, the Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters that can impact the ability to continue as a going concern and to use the going concern basis of accounting. The Board of Directors and the Chief Executive Officer cannot use the going concern basis of accounting, however, if they intend to liquidate the company, cease trading or have no realistic alternative but to do so.

The Board's Audit Committee must oversee the company's financial reporting activities, without it affecting the responsibilities and duties of the Board.

AUDITOR'S RESPONSIBILITY

The objectives of our audit are to obtain reasonable assurance that the Annual Report and the consolidated financial statements as a whole are free from material misstatement, whether caused by fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if they could, individually or collectively, reasonably be expected to influence the economic decisions of users taken on the basis of the Annual Report and the consolidated financial statements.

A more detailed description of our responsibilities for the audit of the Annual Report and the consolidated financial statements is available on the website of the Supervisory Board of Public Accountants: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the audit report.

STATEMENT ON OTHER LEGAL AND STATUTORY REQUIREMENTS

OPINION

In addition to our audit of the Annual Report and the consolidated financial statements, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Investment AB Latour (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend that the General Meeting of Shareholders appropriate the profit as proposed in the Directors' Report and grant the members of the Board and the Chief Executive Officer discharge from liability for the financial year.

BASIS FOR OPINION

We conducted the audit in line with generally accepted auditing practice in Sweden. Our responsibility under this practice is described in more detail in the section "Responsibilities of the auditors". We are independent from the parent company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise executed our audit responsibilities in compliance with professional ethics as required by these standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. A proposal for a dividend payout includes an assessment of whether the dividend is justifiable considering the requirements placed by the company's and the Group's type of operations, scope and risks on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board is responsible for the company's organisation and management of the company's affairs. This involves regularly assessing the company's and the Group's financial situation and ensuring that the company's organisation is structured to allow satisfactory controls of its accounts, funds management and financial affairs in general. The Chief Executive Officer is in charge of day-to-day management in accordance with guidelines and instructions from the Board of Directors and is responsible for taking necessary measures to ensure that the company's accounts are prepared in accordance with legal requirements and that funds management is controlled in a satisfactory manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the management of the company's affairs, and thereby our opinion about discharge from liability, is to obtain audit evidence to ascertain, with a reasonable degree of assurance, whether any Board member or the Chief Executive Officer, in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company,
- in any other way has acted in non-compliance with the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion on this, is to ascertain, with a reasonable degree of assurance, whether the proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Swedish Companies Act.

A more detailed description of our responsibilities for the audit of the management is available on the website of the Supervisory Board of Public Accountants: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the audit report.

Öhrlings PricewaterhouseCoopers AB was appointed as auditor to Investment AB Latour (publ) at the Annual General Meeting on 2 May 2017 and has been the company's auditor since before 1994.

Gothenburg 16 March 2018

Öhrlings PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Principal Auditor

Inger Kollberg
Authorised Public Accountant

Auditor's opinion on the statutory sustainability report

To the General Meeting of Shareholders of Investment AB Latour (publ), corporate registration number 556026-3237

DUTIES AND RESPONSIBILITIES

The Board of Directors is responsible for the sustainability report for 2017 on pages 12–19 and for ensuring that it has been properly prepared in accordance with the Swedish Annual Accounts Act.

SCOPE AND APPROACH OF THE REVIEW

We conducted our review in accordance with FAR's auditing standard RevR 12 The auditor's opinion on the statutory sustainability report. This means that our review of the sustainability report has a different approach and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and Generally Accepted Auditing Practices in Sweden.

We believe that this review provides us with sufficient evidence on which to base our opinion.

OPINION

A sustainability report has been prepared.

Gothenburg 16 March 2018
Öhrlings PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Principal Auditor

Inger Kollberg
Authorised Public Accountant

Corporate Governance

Investment AB Latour (publ) is a Swedish public limited company whose shares are listed on the Nasdaq OMX Stockholm Large Cap list. Latour's corporate governance is based on laws, listing agreements, guidelines and best practice. This corporate governance statement has been prepared in accordance with the provisions of the Swedish Corporate Governance Code ("the Code"), and chapter 6, sections 6–9 of the Swedish Annual Accounts Act and chapter 9, section 31 of the Swedish Companies Act and is applicable to the 2017 financial year. The auditor is of the opinion that the corporate governance statement has been prepared and that disclosures according to chapter 6, paragraph 6 second paragraph 2–6 of the Swedish Annual Accounts Act (for example, the most important parts of the company's system for internal control and risk management pertaining to financial reporting) are consistent with other parts of the Annual Report.

Latour's Articles of Association and further information about Latour's corporate governance practices can be found on the website [www.latour.se/en/Corporate Governance](http://www.latour.se/en/Corporate%20Governance).

ANNUAL GENERAL MEETING

The Annual General Meeting must be held within six months of the end of the financial year. The Annual General Meeting may be held in Gothenburg or Stockholm. All shareholders recorded in the registered list of shareholders before the Annual General Meeting who have announced their intention to attend have the right to participate and vote for their entire shareholdings.

The 2017 Annual General Meeting authorised the Board to decide on the acquisition of Latour shares on one or more occasions until the next Annual General Meeting. Both class A and class B shares may be acquired and the total number of shares may be such that, after acquisition, the company does not hold more than ten (10) per cent of all shares issued in the company.

NOMINATION COMMITTEE

At the Annual General Meeting, the Nomination Committee presents proposals for a chairperson for the meeting, the Chairperson and other members of the Board, remuneration to the Board and possible remuneration for committee work.

The Nomination Committee is appointed after the Chairman of the Board has ascertained which are the company's four largest shareholders, based on the number of voting rights and according to the shareholder statistics available on the last banking day in August prior to the Annual General Meeting. Representatives of the four largest shareholders make up the Nomination Committee and the names of these representatives shall be published on the company's website as soon as they are appointed and no later than six (6) months prior to the Annual General Meeting.

The following have been appointed to the Nomination Committee for the 2018 Annual General Meeting: Gustaf Douglas (chairman, principal owner), Fredrik Palmstierna (the Palmstierna family, including companies), Olle Nordström (Skirner AB) and Johan Strandberg (SEB Funds). The Nomination Committee's representatives have extensive experience of board and nomination committee work.

The Nomination Committee shall take into consideration at all times the applicable requirements and regulations of the Swedish Code of Corporate Governance.

The Nomination Committee is required to present proposals for members of the Board and in so doing shall ensure that the Board has an appropriate composition characterised by diversity and breadth in the expertise, experience and backgrounds of the elected members of the Board, and shall also strive to achieve a gender balance.

None of them has received any remuneration for their work in the Nomination Committee.

BOARD OF DIRECTORS

Latour's Board of Directors is comprised of eight members, including the Chief Executive Officer (see page 112). 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. Olle Nordström was elected Chairman of the Board by the 2017 Annual General Meeting. Two members of Latour's Board, Eric Douglas and Carl Douglas, are not independent from the company's principal owner. Together with the family, they control 80 per cent of the company's voting power and 77 per cent of its share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly-owned companies in the industrial operations. They are therefore not represented in the investment company's board.

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

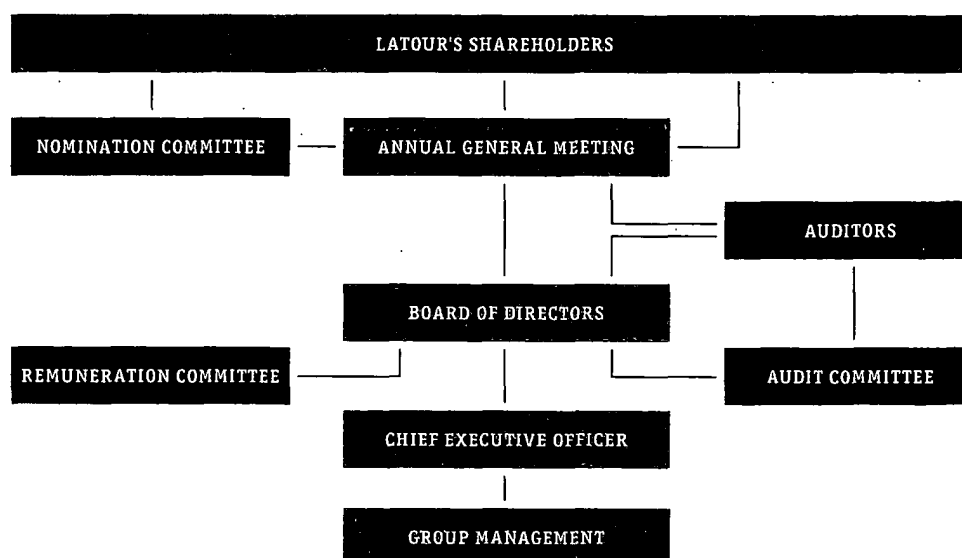
The present Board has had four ordinary meetings to date, not including the inaugural meeting and five additional Board meetings. Two of the Board members were unable to attend on one occasion and one of the Board members was unable to attend on three occasions. Otherwise there has been full attendance. The company's auditor attended two Board meetings and presented reports and observations from the audits performed.

Matters dealt with by the Board include strategic changes in the investment portfolio, acquisitions and sales of subsidiaries, the company's risk exposure, budgets and forecasts for the subsidiaries as well as a financial review of operations. Commitment to sustainability permeates all aspects of the Board's work.

THE COMPOSITION OF THE BOARD OF DIRECTORS, THE NUMBER OF MEETINGS AND ATTENDANCE TO DATE IN THE 2017/2018 FINANCIAL YEAR

Name	Board meetings ¹⁾	Remuneration, SEK 000
Mariana Burenstam Linder	9 out of 10	500
Anders Böds	10 out of 10	500
Anders G. Carlberg	10 out of 10	500
Carl Douglas	7 out of 10	500
Eric Douglas	9 out of 10	500
Olle Nordström	10 out of 10	1,400
Lena Olving	10 out of 10	500
Jan Svensson	10 out of 10	0

¹⁾ Of which one was the inaugural Board meeting.



Latour's corporate governance process from owner to Group management. The Annual General Meeting is the highest decision-making body in the Group where the company's Board of Directors is elected.

Under the direction of the Chairman, the Board has evaluated its work and all Board members have presented their views. The purpose of the evaluation is to develop the day-to-day work of the Board of Directors and establish the direction of its work in the future. It also acts as a check to ascertain that the Board has the requisite skills and competencies and to analyse its current set of skills. The Chairman has compiled the comments that were submitted and has reported them to the Board for discussion. The evaluation also serves as a basis for the Nomination Committee's task of proposing new Board members, which means that the results of the evaluation have been presented to the Nomination Committee.

COMMITTEES

The Board has appointed a Remuneration Committee and an Audit Committee. The Remuneration Committee consists of Olle Nordström (chairman), together with Anders G. Carlberg and Eric Douglas. Chief Executive Officer Jan Svensson participates as an additional member. The Audit Committee is comprised of the entire Board except the Chief Executive Officer.

The Remuneration Committee has held one meeting and all members were present. The Committee presents proposals to the Board concerning remuneration to the Chief Executive Officer and supports him in determining remuneration to the other senior executives. The Board then decides on these matters.

The Chief Executive Officer receives fixed and variable remuneration. Variable remuneration is based on the achievement of individual goals. Remuneration to other senior executives consists of a basic salary and variable remuneration based on a fixed key ratio. The variable remuneration is capped at a certain number of monthly salaries.

The Audit Committee has met twice. All members and the company's auditor were present. The business of the meetings has included the Group's financial risks and the focus of auditing. The auditor also presented observations made during the audit.

AUDITORS

The 2017 Annual General Meeting elected Öhrlings PricewaterhouseCoopers to serve as auditors. Bo Karlsson is the principal auditor. Bo Karlsson has worked at the auditing firm since 1991 and has served as the principal auditor for the audit of Latour's financial statements since 2015. Apart from Latour, he also performs auditing services for ASSA ABLOY, SKF and Scania.

The auditors presented oral and written reports at the Board meetings in December 2017 and March 2018 concerning auditing and internal control, to the extent that it is relevant to the Group's financial reporting.

GROUP MANAGEMENT

Latour's industrial operations are grouped into four business areas. The investment portfolio is managed by the parent company, Investment AB Latour, and the wholly-owned subsidiary Latour Förvaltning AB. The subsidiary Latour-Gruppen AB is the parent company for all the business areas that are part of the wholly-owned industrial operations.

The Group management consists of the Group's Chief Executive Officer and Chief Financial Officer. The business area managers lead operations in the operative parent companies that own shares in the underlying companies and are responsible for business areas' performance and management. The Group's business organisation is built on decentralisation of responsibilities and powers. The business areas are responsible for the respective operation's sustainable development and for meeting financial targets that include return on operating capital, tied-up capital, operating margins and growth.

INTERNAL CONTROL RELATING TO FINANCIAL REPORTING

Internal control relating to financial reporting is based on a control environment that includes the organisation, decision-making channels, authorisation and responsibilities documented and communicated in steering documents, such as the delegation of duties between the Board and the Chief Executive Officer, and instructions for authorisation, accounting and reporting. The risks identified concerning financial reporting are managed by the Group's control structure.

Steering documents have been distributed to the appropriate staff to support complete and correct financial reporting. Follow-up of efficiency and compliance is conducted through programmed controls and manual procedures. All reporting is done in the Group's common reporting system. The Group management conducts regular reviews of the subsidiaries' performance and growth. The financial review of their operations is an important part of this process. It also 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 has been carried out. The majority of the companies have presented a self-assessment concerning the reliability of their procedures. The inadequacies that were noted did not affect the reliability of control over reporting but necessary measures are being taken. This is followed up throughout the year.

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

STRUCTURED PROCESS FOR RISK MANAGEMENT

Latour makes an annual structured analysis of the risk exposure in the company and the aggregate investment portfolio. This analysis assesses each business area on the basis of a number of external and internal factors. External factors are business cycles, environmental impact and political decisions. Internal factors are financial risk and risks connected to IT structure and management as well as customer, competition and supplier trends and developments, and analysis of alternative technologies that may pose a risk in the future.

Latour's investment portfolio companies are analysed from financial, industrial and geographic perspectives. When both of the portfolios have been analysed, a balanced risk assessment is performed for Latour's total portfolio.

An important risk exposure that was identified from an investment portfolio perspective is the fact that many holdings have customers in construction-related sectors. However, construction-related sectors have multiple dimensions as described in the Directors' Report.

From a financial perspective, another potential risk is the need for new share issues in the larger listed holdings. However, the risk for defensive new share issues or crisis issues is considered low at present. Offensive new share issues for expansion are not considered a risk. They are considered the same as any other investment opportunity.

An account of how Latour manages financial risks is presented in Note 34 on pages 94–96.

Latour's policy concerning wholly-owned industrial operations is that Latour will own high-quality companies with long-term, sound profitability, and minimise risks by investing in product development, focusing on quality in internal processes, maintaining cost awareness and ensuring access to competent employees and managers.

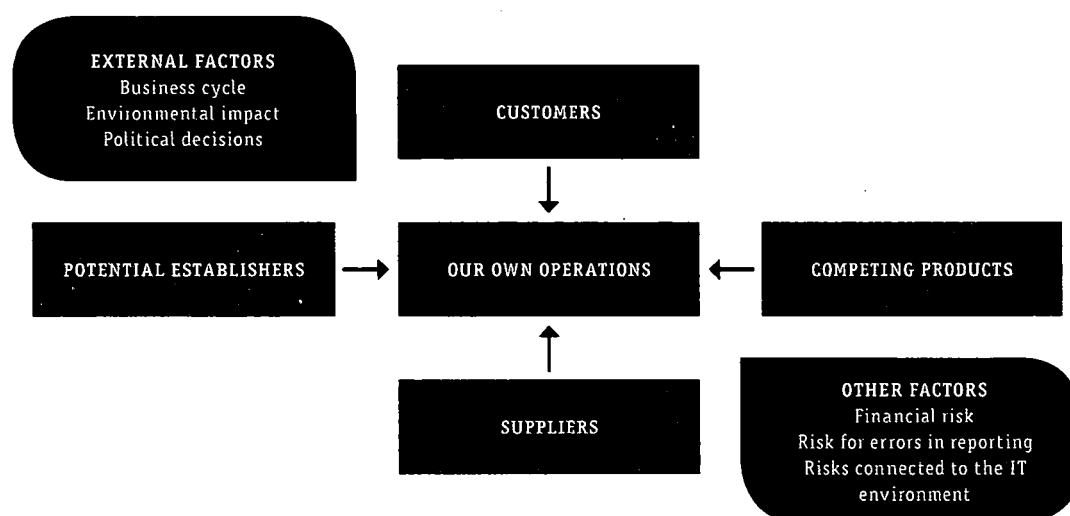
The Board is of the opinion that, from a business perspective, the Group has a well-balanced spread of risk in line with the comprehensive and communicated company policy.

APPLICATION OF THE SWEDISH CODE OF CORPORATE GOVERNANCE

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

The special auditing function in the form of internal auditing does not exist in the Latour Group. Discussions with the company's external auditors concerning the focus of auditing, together with the controls performed by Group management and existing control functions in the various business areas, are considered to be of an acceptable level.

Gothenburg 16 March 2018
Board of Directors
Investment AB Latour (publ)



Latour analyses risk exposure in the company and the investment portfolio every year. The assessment of each business area is based on a number of critical factors shown in the diagram.

Auditor's opinion on the Corporate Governance Statement

To the Annual General Meeting of shareholders of Investment AB Latour (publ) Corporate identity number 556026-3237

DUTIES AND RESPONSIBILITIES

The Board of Directors is responsible for the Corporate Governance Statement for 2017 on pages 108–110 and for ensuring that it has been properly prepared in accordance with the Swedish Annual Accounts Act.

SCOPE AND APPROACH OF THE REVIEW

We conducted our review in accordance with FAR's auditing standard RevU 16 Review of the Corporate Governance Statement Performed by the Auditor. This means that our review of the Corporate Governance Statement has a different approach and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and Generally Accepted Auditing Practices in Sweden.

We believe that this review provides sufficient appropriate evidence on which to base our opinion.

OPINION

A Corporate Governance Statement has been prepared. Disclosures in accordance with Chapter 6 Section 6 Paragraph 2 Items 2–6 of the Swedish Annual Accounts Act and Chapter 7 Section 31 Paragraph 2 of the same Act are consistent with the Annual Report and the consolidated financial statements, and are in compliance with the Swedish Annual Accounts Act.

Gothenburg 16 March 2018
Öhrlings PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Principal Auditor

Inger Kollberg
Authorised Public Accountant

Board of Directors



From the left: Anders G. Carlberg, Jan Svensson, Lena Ölvig, Olle Nordström, Anders Böös, Carl Douglas, Mariana Burenstam Linder and Eric Douglas.

Olle Nordström born 1958. Chairman of the Board since 2016. Bachelor of Science (Econ.). Chairman of the boards of Besqab AB, Skirner AB and Skirner Förvaltning AB. Member of the boards of SaltX Technology Holding AB, Teletec Connect Aktiebolag and The Swedish Corporate Governance Board.
Shares in Latour*: 800,000 class A and 1,737,320 class B (with family and companies).

Mariana Burenstam Linder born 1957. Board member since 2011. Bachelor of Science (Econ.). Chairman of the board of the Sweden America Foundation. Member of the boards of BTS AB and Resurs AB.
Shares in Latour*: 69,844 class B.

Anders Böös born 1964. Board member since 2005. Former CEO of H&Q AB and Drott AB and Chairman of the boards of IFS AB and Cision AB. Member of the boards of Securitas AB, Stronghold Invest AB and others.
Shares in Latour*: 120,000 class B (through companies).

Anders G. Carlberg born 1943. Board member since 2011. Bachelor of Science (Econ.). Chairman of the boards of Herenco AB and Gränges AB. Member of the boards of Axfast, Recipharm, Beijer-Alma and Sweco AB.
Shares in Latour*: 116,400 class B (with family).

Carl Douglas born 1965. Board member since 2008. BA (Bachelor of Arts), D. Litt (h.c.) (Doctor of Letters). Entrepreneur. Vice chairman of ASSA ABLOY AB and Securitas AB.
Shares in Latour*: 1,536,000 class B and through related companies: 39,740,000 class A and 444,538,000 class B.

Eric Douglas born 1968. Board member since 2002. Economic college graduate and three years studies at the University of Lund in "Economy for Entrepreneurs". Entrepreneur since 1992. Chairman of Pod Investment AB and Sparbössan Fastigheter AB. Vice chairman of AB Fagerhult.
Shares in Latour*: 1,816,000 class B and through related companies: 39,740,000 class A and 444,538,000 class B.

Lena Ölvig born 1956. Board member since 2016. M.Sc. Mechanical Engineering. President and CEO of Mycronic AB. Member of the boards of Munters AB, Teknikföretagen and The Swedish Corporate Governance Board. Former Vice President and Operations Manager of SAAB (publ), executive positions in the management of Volvo Personvagnar AB, CEO of Samhall Högland AB.
Shares in Latour*: 1,200 class B.

Jan Svensson born 1956. Board member since 2003. Mechanical engineer and Bachelor of Science (Econ.). President and CEO of Investment AB Latour. Chairman of the boards of AB Fagerhult, Nederman Holding AB, TOMRA Systems ASA and Troax Group AB. Member of the boards of Alimak Group, ASSA ABLOY AB and Loomis AB.
Shares in Latour*: 931,000 class B and 130,000 call options class B that give the right to buy 310,000 class B shares (with family).

Except for Jan Svensson, everyone is independent from the company and the company management.

Except for Carl Douglas and Eric Douglas, everyone is independent from the company's major shareholders.

*Ownership at the end of 2017.

Latour



From the left: Jonas Davidsson (Group Controller), Maria Asterholm (Accountant), Torbjörn Carlén (Cash Manager), Jens Eriksson (Business Development), Jan Svensson (President and CEO), Katarina Rautenberg (Controller and Compliance Manager), Angelica Pavlic (Accountant), Anders Mörck (CFO), Gustav Samuelsson (Business Development), Mikael Johnsson (Business Development)

Just as Latour's principal owners are represented in Latour's Board, Latour is likewise an engaged principal owner in all of its investments. Corporate governance of the listed holdings is performed efficiently by its own representatives and a network of experienced Board members.

CLEAR AND DELEGATED RESPONSIBILITIES

The wholly-owned companies are managed with clear and delegated responsibilities. Leadership plays a central role in Latour's corporate governance and close collaboration with the management teams in the wholly-owned companies is of great importance. Latour's company culture is characterised by the fact that we are a small, flexible organisation with short decision-making channels. The parent company consists of ten 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 business 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.

GOOD RELATIONSHIPS WITH STAKEHOLDERS

Latour is committed to maintaining good relationships with representatives in the company's network and other stakeholders with long-term, substantial influence on the company. External stakeholders should feel that the company's communication with the wider community is open and maintains a high standard of quality and that contact with Latour is easy and straight-forward.

GROUP MANAGEMENT

Jan Svensson born 1956

President and CEO since 2003.

Mechanical engineer and Bachelor of Science (Econ.).

Shares in Latour: 931,000 class B and 130,000 call options class B that give the right to buy 310,000 class B shares (with family).

Anders Mörck born 1963

CFO since 2008.

Bachelor of Science (Econ.).

Shares in Latour: 180,000 class B and 69,000 call options class B that give the right to buy 156,000 class B shares.

AUDITORS

Öhrlings PricewaterhouseCoopers AB

Bo Karlsson born 1966.

Authorised public accountant, Principal auditor.

Inger Kollberg born 1968.

Authorised Public Accountant.

Information by quarter

SEK m	2017					2016				
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
INCOME STATEMENT										
Net sales	9,930	2,699	2,423	2,538	2,269	8,344	2,315	2,033	2,179	1,818
Cost of goods sold	-5,885	-1,600	-1,445	-1,512	-1,327	-4,859	-1,361	-1,182	-1,262	-1,055
Gross profit	4,045	1,099	978	1,026	942	3,485	954	851	917	763
Costs etc. for the operation	-2,920	-802	-669	-747	-702	-2,464	-723	-579	-606	-373
Operating profit	1,125	297	309	279	240	1,021	231	272	311	390
Total equity investment	1,998	506	454	597	431	2,761	526	579	385	1,271
Profit before financial items	3,123	803	763	876	671	3,782	757	851	696	1,661
Net financial items	-54	-22	-11	-11	-10	-28	-18	15	-13	-12
Profit after financial items	3,069	781	752	865	661	3,754	739	866	683	1,649
Taxes	-281	-83	-70	-68	-57	-267	-87	-72	-61	-47
Profit for the period	2,788	698	682	797	604	3,670	652	794	622	1,602
KEY RATIOS										
Earnings per share, SEK ^a	4.37	1.09	1.10	1.25	0.98	5.75	1.03	1.24	0.98	2.51
Cash flow for the period	697	160	135	241	261	420	206	203	-895	905
Adjusted equity ratio, %	388	388	388	390	392	91	91	90	90	91
Adjusted equity	51,758	51,758	51,758	51,758	51,758	47,208	47,208	47,319	43,272	41,546
Net asset value	60,521	60,521	60,521	60,521	60,521	55,500	55,500	55,673	51,083	48,665
Net asset value per share ^a	95	95	95	95	95	87	87	87	80	76
Listed share price ^a	101	101	110	105	99	86	86	88	79	84
NET SALES										
Hultafors Group	1,901	542	457	460	444	1,698	498	395	422	383
Latour Industries	2,957	706	601	571	479	1,671	477	419	421	354
Nord-Lock Group	1,114	268	277	286	283	927	240	229	234	224
Swegon	4,378	1,130	1,043	1,177	1,029	3,913	1,063	947	1,070	833
Other companies and items	9,750	2,646	2,375	2,494	2,235	8,209	2,278	1,990	2,147	1,794
	180	53	45	44	34	135	37	43	32	24
	9,930	2,699	2,423	2,538	2,269	8,344	2,315	2,033	2,179	1,818
OPERATING PROFIT										
Hultafors Group	287	92	68	64	52	264	95	56	60	52
Latour Industries	173	55	49	35	33	167	35	45	51	36
Nord-Lock Group	340	76	88	86	89	270	61	69	72	68
Swegon	381	98	104	110	68	351	81	101	124	45
Other companies and items	1,181	321	309	297	252	1,052	272	271	307	201
Gain/loss from sale/purchase of businesses	30	10	5	10	5	-21	-24	-4	-1	191
Other companies and items	26	14	5	6	7	-10	-17	5	5	-2
	1,125	297	309	279	240	1,021	231	272	311	390
OPERATING MARGIN (%)										
Hultafors Group	15.1	17.0	15.0	14.0	14.0	15.6	19.1	14.3	14.2	13.7
Latour Industries	7.4	7.8	8.2	8.3	6.9	10.0	7.2	10.7	12.2	10.3
Nord-Lock Group	30.5	28.0	31.0	30.2	31.5	29.2	25.6	30.1	30.9	30.1
Swegon	8.7	8.7	10.0	9.4	6.6	9.0	7.6	10.6	11.6	5.4
	12.8	11.9	13.1	11.9	11.3	12.8	11.9	13.6	14.4	11.3

^a Comparative prior-year figures restated to take account of the 4:1 share split in June 2017.

Ten-year overview

SEK m	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
PARENT COMPANY										
Dividends paid	1,437 ¹⁾	1,277	1,077	957	877	796	957	491	360	491
Adjusted equity ratio ²⁾ (%)	100	100	99	95	95	96	96	100	98	98
GROUP³⁾										
Dividends received	862	737	671	606	560	499	430	279	292	320
Return on equity (%)	14	21	28	15	13	13	18	6	6	16
Return on total capital (%)	13	17	22	13	12	12	17	6	6	14
Adjusted equity ratio ²⁾ (%)	88	91	89	85	88	86	84	85	82	75
Adjusted equity ²⁾	351,758	47,208	43,161	33,015	26,830	20,223	16,709	13,783	11,051	8,524
Net debt/equity ratio ²⁾ (%)	18	3	5	11	7	8	7	2	7	15
Net asset value ²⁾	60,521	55,500	50,572	39,859	33,799	25,726	22,653	20,536	15,850	10,527
DATA PER SHARE⁴⁾										
Profit after tax ²⁾	437	5.75	6.45	2.94	2.33	2.12	3.53	1.34	1.05	2.79
Listed price 31 December	101	86	78	51	43	31	27	31	25	16
Net asset value per share ⁴⁾	95	87	79	63	53	41	36	39	31	20
Listed price as a percentage of net asset value ⁴⁾ (%)	106	98	98	81	81	77	75	79	81	78
Basic earnings per share	437	5.75	6.45	2.94	2.33	2.12	3.53	1.34	1.05	2.79
Diluted earnings per share	436	5.73	6.43	2.93	2.32	2.11	3.53	1.34	1.05	2.79
Management cost as a percentage of portfolio value (%)	0.04	0.04	0.04	0.05	0.06	0.08	0.11	0.07	0.08	0.16
Operating cash flow per average number of shares	115	1.3	1.2	0.8	1.0	1.4	0.7	0.9	1.4	1.1
Equity ⁴⁾	32	30	25	21	18	17	17	24	19	15
Dividends paid	225	2.00	1.69	1.50	1.38	5.00	1.50	0.94	0.69	0.94
Direct return (%)	222	2.3	2.2	2.9	3.2	4	5.6	3	2.8	6
P/E ratio	23	15	12	17	18	15	8	23	24	6
Total outstanding shares (000)	638,848	638,544	638,232	637,972	637,512	637,052	638,000	524,000	524,000	524,000
Average number of shares outstanding	638,720	638,416	638,124	637,780	637,428	637,684	579,592	524,000	524,000	524,000
Average number of fully diluted shares outstanding	640,983	640,792	640,716	640,484	639,948	639,692	580,896	524,692	524,268	524,000
Repurchase of own shares (000)	992	1,292	1,612	1,868	2,328	2,788	1,840	1,840	1,840	1,840
Average number of repurchased shares	142	1,452	1,716	2,060	2,520	2,156	1,840	1,840	1,840	1,840

¹⁾ Proposed dividend calculated on the number of shares outstanding at 15 February 2018.

²⁾ Incl. fair value gain in associates.

³⁾ Calculated on the average number of shares outstanding.

⁴⁾ Calculated on the average of the multiple span applied since 2006.

⁵⁾ Calculated on the number of shares outstanding at the balance sheet date.

⁶⁾ Proposed dividend.

⁷⁾ Calculated on the proposed dividend.

⁸⁾ Comparative prior-year figures restated to take account of the 4:1 share split in June 2017.

Shareholder information

ANNUAL GENERAL MEETING

DATE AND LOCATION

The Annual General Meeting will be held at 5.00 p.m. on Wednesday 9 May 2018 at the Radisson Blu Scandinavia Hotel, Södra Hamngatan 59, Gothenburg, Sweden.

ATTENDANCE

Shareholders who wish to participate in the Annual General Meeting must be entered in the share register held by Euroclear Sweden AB by Thursday 3 May 2018, and must notify the company no later than 3.00 p.m. on Thursday 3 May 2018.

NOTICE OF ATTENDANCE

Shareholders may notify the company of their intention to attend either by telephone +46 31 89 17 90, or in writing to Investment AB Latour (publ), Box 336, SE-401 25 Gothenburg, Sweden, or via Latour's website www.latour.se/en.

REGISTRATION

Shareholders whose shares are registered in a nominee name must contact the nominee company well in advance of Thursday 3 May 2018 to ask for their shares to be temporarily re-registered in their own name to be entitled to attend and vote at the Annual General Meeting.

DIVIDENDS

The Board of Directors recommends that the Annual General Meeting of shareholders approve a dividend payment of SEK 2.25 per share and that Monday 14 May 2018 be set as the record date. Subject to shareholders approving this recommendation at the Annual General Meeting, the dividend is expected to be issued on Thursday 17 May 2018 by Euroclear Sweden AB to shareholders on the share register on the record date.

INFORMATION DATES

26 April 2018	Interim report at 31 March 2018
9 May 2018	Annual General Meeting
21 August 2018	Interim report at 30 June 2018
6 November 2018	Interim report at 30 September 2018
February 2019	Year-end report 2018
March 2019	Annual report 2018

All new shareholders are sent a printed annual report the year they become shareholders, without any need to register. After the first year, the annual report is distributed to those who notify the company that they wish to receive a printed copy. Please register for an electronic subscription to interim reports, year-end reports and press releases at www.latour.se. A hard copy of the Annual Report can be ordered via www.latour.se, by telephone +46 31 89 17 90, by email to info@latour.se, or upon request to Investment AB Latour (publ), Box 336, SE-401 25 Gothenburg, Sweden.

Latour is a mixed investment company that makes long-term investments in sound companies which have their own products that meet growing international demand. Its operations are primarily carried out in two business lines; a wholly-owned industrial operation and a portfolio of ten listed holdings of which Latour is the principal owner or one of the principal owners.

Investment AB Latour (publ)

Corporate ID no. 556025-3237

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