

2015

ANNUAL REPORT

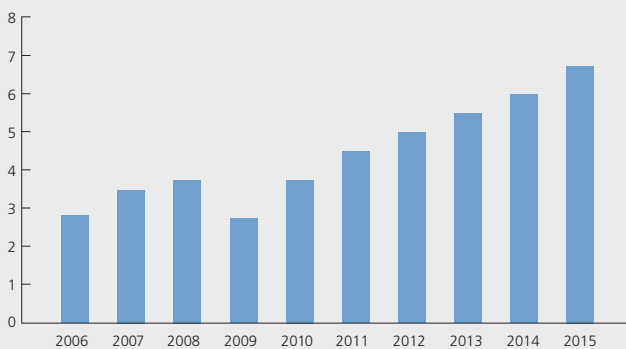


 LATOUR

LATOUR AT A GLANCE

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. Latour's management cost amounts to approximately 0.1 per cent of the managed capital, and the total return since the start is 75,700 per cent, compared with 4,000 per cent for SIXRX. At the end of 2015, Latour's market value was SEK 49.8 billion.

DIVIDEND GROWTH, SEK/SHARE



“ 2015 was Latour's best year ever, with record earnings and a significant increase in value of the investment portfolio and the net asset value.

Jan Svensson, Comments from the CEO.
More details can be found on pages 4 and 5.

THE INDUSTRIAL OPERATIONS' sales rose 17 per cent to SEK 2.0 billion and operating profit rose 67 per cent to SEK 207 m, giving an operating margin of 10.2 per cent.



THE INDUSTRIAL OPERATIONS' sales rose 12 per cent to SEK 2.2 billion. Operating profit rose 19 per cent to SEK 246 m. The operating margin was 11.4 per cent.

LATOUR ACQUIRES 30.1 per cent of the shares in Troax, which was launched on the Nasdaq Stockholm shortly after the acquisition.

ACQUISITION OF 18 PER CENT of the shares in Steelwrist, a leading supplier of tiltrotators and quick couplers for excavators.

LATOUR SELLS its entire shareholding of Academic Work. A capital gain of approximately SEK 300 m on the sale was reported in the consolidated financial statements. The total return for the investment, including dividends during the holding period, was 442 per cent.

ACQUISITION OF PRODUAL via the Latour Industries business area. Finnish Produal is a leading manufacturer of equipment for building automation measurement technology.

Q1

Q2

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HIGHLIGHTS OF THE YEAR

INDUSTRIAL OPERATIONS

Net sales increased to SEK 8,555 m (7,581), representing an overall increase of 13.2 per cent. Organic growth was 2 per cent for comparable entities when adjusted for foreign exchange effects. Profit increased to SEK 972 m (796) before restructuring costs.

INVESTMENT PORTFOLIO

The dividends from the portfolio companies to Latour for 2015 (distributed to Latour in the spring of 2016) increased by 11 (14) per cent for comparable portfolios to SEK 767 m (688), which was yet another record high. The value of the

investment portfolio increased by 31.6 per cent, adjusted for dividends. The comparable index (SIXRX) increased by 10.4 per cent.

NET ASSET VALUE

Latour's estimated net asset value was SEK 317 (250) per share at the end of 2015. This is an increase of 29.9 per cent, adjusted for dividends. The comparable index increased by 10.4 per cent. Information on the calculation of the net asset value is presented on pages 16–17.

TOTAL RETURN

In 2015, the total return on the Latour share was 57.2 per cent, while the benchmark index (SIXRX) rose 10.4 per cent. The total return on the Latour share for the past five years, 2011–2015, was 193.5 per cent. The development of SIXRX was 64.8 per cent over the same period.

DIVIDENDS

The Board proposes to increase the ordinary dividend to SEK 6.75 (6.00) per share. Calculated on Latour's listed price at the end of 2015, this is a return of 2.2 (3.0) per cent.



THE INDUSTRIAL OPERATIONS' sales rose 11 per cent to SEK 2.1 billion. Operating profit rose 6 per cent to SEK 250 m. The operating margin was 12.0 per cent.

LATOUR ANNOUNCES its intention to sell the Specma Group, one of the business areas within the wholly-owned industrial operations.

LATOUR ACQUIRES Boltight Limited in the UK via the Nord-Lock business area. Boltight is a leading manufacturer of hydraulic bolt tensioning equipment.

THE INDUSTRIAL OPERATIONS'

sales rose 13 per cent to SEK 2.3 billion. The operating profit rose 18 per cent to SEK 270 million, giving an operating margin of 11.8 per cent.

ACQUISITION OF MAJORITY STAKE

in the German manufacturer Neuffer, which sells windows online. The acquisition will contribute valuable e-commerce expertise to the other businesses over time.

AN AGREEMENT IS CONCLUDED for the sale of the Specma Group to Danish Hydra-Grene for an EV value of SEK 780 m. Large blocks of the investment portfolio's holding of shares in Nobia were also sold during the quarter.

Q3

Q4

VISION

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

LATOUR'S MAIN BUSINESS CONCEPT

Latour's main business concept is to invest in sound companies with proprietary products, strong growth potential and good future prospects. The long-term vision is to create growth and added value in its holdings through active ownership. In turn, this should be reflected in the company's share.

CORE VALUES

Latour's core values are:

- Long-term perspective
- Professionalism
- Development

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

VALUE-ADDING CORPORATE GOVERNANCE

The work of the Board is a platform for the creation of value in the wholly-owned industrial operations and in the investment portfolio. A structured approach is used for the work performed by the Board and in acquisition and integration processes. Leadership plays a central role in Latour's corporate governance. The Group's leaders must maintain high integrity, act as role models and assume accountability for the performance and well-being of the organisations.

This is Latour

Active ownership

Latour's operations are primarily carried out in two business lines; a wholly-owned industrial operation and a portfolio of listed holdings. In addition, Latour also owns a number of part-owned unlisted operations with good future prospects.

Latour is an active principal owner in the companies, regardless of whether the holdings are listed, wholly-owned or part-owned.

LATOUR	
WHOLLY-OWNED OPERATIONS	INVESTMENT PORTFOLIO
HULTAFORS GROUP	ASSA ABLOY
LATOUR INDUSTRIES	FAGERHULT
NORD-LOCK	HMS NETWORKS
SWEGON	LOOMIS
PART-OWNED OPERATIONS	NEDERMAN
DIAMORPH	NOBIA
NEUFFER	SECURITAS
OXEON	SWECO
STEELWRIST	TOMRA
	TROAX

Low debt

Latour's total debt cap is set at 10 per cent of the investment portfolio's value and 2.5 times the wholly-owned industrial operations' EBITDA, measured as an average for the last three years and adjusted for acquisitions and divestitures.

Corporate governance worth its price

Latour's shareholders are offered active governance for a management cost of approximately 0.1 per cent of the managed market value.

Financial targets for wholly-owned industrial operations

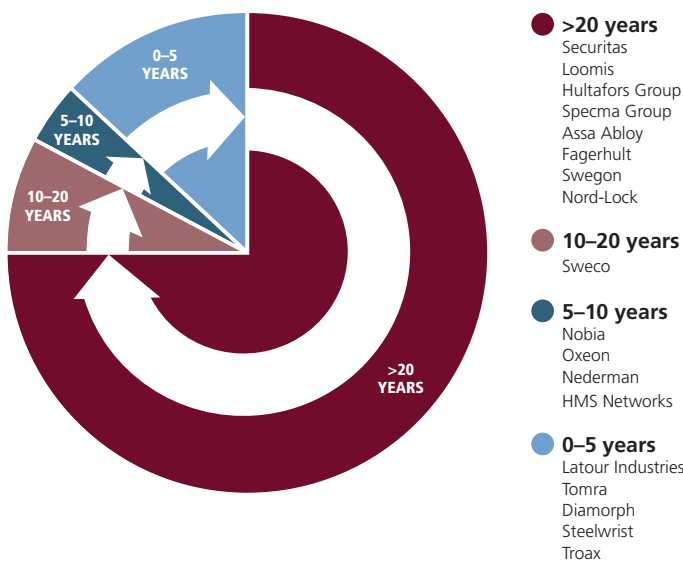
Average annual growth over a business cycle	>10 per cent
Operating margin over a business cycle	>10 per cent
Return on operating capital over a business cycle	15–20 per cent

Dividend policy

Dividends received from listed holdings	100 per cent
Profit after tax in wholly-owned companies	40–60 per cent

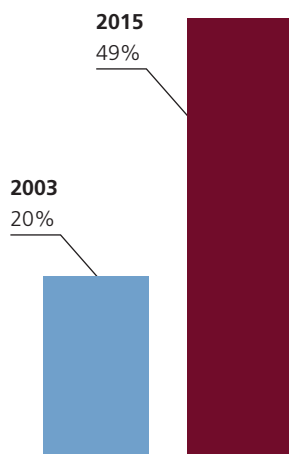
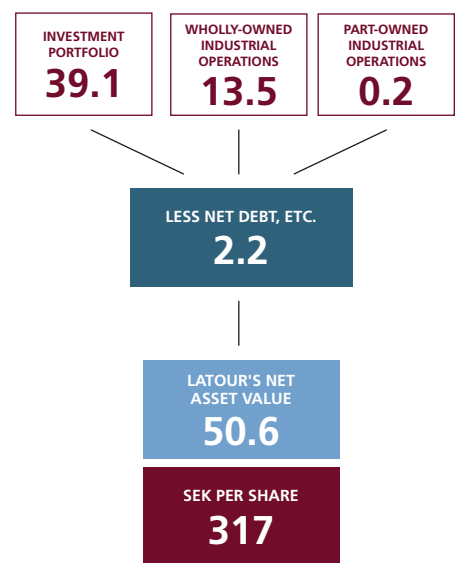
Creation of long-term value

Latour is a long-term investor. The diagram shows that 75 per cent of the total net asset value comes from companies that have been in the portfolio for more than 20 years.



The net asset value and its components

Latour's net asset value is dominated by the portfolio companies and the wholly-owned industrial operations. A description of the method used to calculate the value of the wholly-owned industrial operations can be found on page 17.



Growing internationally

Latour's holdings have a solid foundation on which to grow with their own products and through international expansion. The wholly-owned operations' sales outside the Nordic countries have increased from 20 per cent in 2003, when the new strategy was adopted, to 49 per cent in 2015.



75,700 per cent total return

Since the start in 1985, the Latour share has had a total return of approximately 75,700 per cent. This can be compared with 4,000 per cent for the SIXRX. Latour's market value was SEK 49.8 billion (32.4) at the end of 2015.

Latour's best year ever

– record earnings and significant increase in value

2015 was the best year ever for Latour. The net asset value rose significantly, the total return on the investment portfolio was once again far better than that of the Stockholm Stock Exchange and the industrial operations reached a new record high in profitability.

Important events in 2015

All the portfolio companies reported strong growth during the year, which is reflected in a substantial increase in each company's share price. Overall, the value of the portfolio rose 31.6 per cent and all our shares did better than the Stockholm Stock Exchange's total return index (SIXRX) which reached 10.4 per cent.

A look at the wholly-owned industrial operations shows an overall improvement in performance despite weak organic growth and further major investments in product development, sales and marketing, all of which were charged to the income statement.

We have also concluded several important business deals that are worth a mention.

Strategic acquisitions during the year

Our investment portfolio has been expanded with the purchase of Troax, the leading global supplier of indoor perimeter protection. It is an excellent company that has also developed strongly during the year. We took over as its principal owner shortly before it was floated on the stock exchange in the spring of 2015.

Several key, strategic acquisitions were made in the industrial operations. Produal, a leading Finnish manufacturer of measurement and room control equipment for use in building automation, was purchased by Latour Industries. Produal operates in an area that is related to Kabona, Bastec and Elvaco, our holdings in the field of energy efficiency in buildings.

We have also acquired Neuffer Fenster, a German manufacturer, which sells windows online. The additional knowledge of e-commerce and digitalisation that

this brings to Latour will be of long-term benefit to all the industrial operations.

Also worth a mention is Nord-Lock's acquisition of the British company, Boltight, which is a leading manufacturer of hydraulic bolt tensioning equipment. This broadens and enhances Nord-Lock's portfolio of products and position as a global partner for reliable bolt-securing solutions.

Strategic disposals during the year

The Specma Group was sold during the year. Our investment criteria have become more clearly defined and the sale was a natural consequence of this. We are looking for businesses with their own products and the potential to expand internationally. We are very pleased with the deal and that the Specma Group's new owner is the Danish industrial company Hydra-Grene.

Based on the same logic, we have also sold our holding in Academic Work and most of our holding in Nobia during the year.

Record earnings in the industrial operations

The industrial operations are continuing to report good earnings growth. The operating profit rose 29 per cent to a new record high of SEK 972 m, which our employees have reason to be proud of. I am also pleased that sales of our own products are continuing to expand internationally. Sales generated outside the Nordic region increased from 48 to 49 per cent of total sales.

If we look at what's been happening in individual companies, I'd like to highlight Hultafors Group's very successful European launches of its new, innovative trousers in the workwear assortment and high-quality work shoes. Swegon's

launch of its GOLD concept in North America was a great success too.

The fact that we have taken a major step in building automation and energy efficiency in buildings is also very pleasing. This area has quickly grown to produce sales of almost half a billion Swedish kronor pro forma. The aim is to double that figure within a few years.

Growth in the industrial operations amounted to 13 per cent for the full year. If we exclude acquisitions and foreign exchange effects, we are left with 2 per cent organic growth. This figure is too low and we make that clear.

The Hultafors Group and Latour Industries accounted for most organic growth, while Swegon and Nord-Lock reported slightly weaker growth, even if a step in the right direction was noted in the last quarter.

Impressive growth in the portfolio companies

Latour is an active owner that is committed to the long-term profitable growth of all its holdings, whether they are part of the investment portfolio or the wholly-owned industrial operations. Against this background, it is difficult not to be impressed by how well the investment portfolio and its companies have developed. This is largely due to the fact that we have strong management teams that are given plenty of scope to shape and develop the companies.

The companies' strong growth is reflected in the increase in value and total return on the investment portfolio. In spring 2016, Latour is expected to receive SEK 767 m in dividends from its portfolio companies, which is a SEK 79 m increase.

In the future, we may well add more companies with attractive products and



We are now established at a higher level of profitability in the industrial operations. In the future, we will maintain profitability as we grow and thus generate substantial value for our shareholders.

strong international growth prospects to our investment portfolio. We could also be an anchor investor in connection with company listings, as we were when shares in Troax were acquired shortly before it was floated on the stock exchange.

We also provide strong strategic and financial support in connection with major acquisitions. This became very evident when Sweco acquired Grontmij, a Dutch company, during the year. Sweco moved in one fell swoop from having a strong foothold in the Nordic region to being one of the major players in Europe.

The European market is slowly moving in the right direction

It is still difficult to assess the global marketplace. However, contrary to the general opinion, we feel that the European market, which is so important for us, is slowly moving in the right direction. Perhaps the niches in which we operate are growing more strongly than the market in general.

Whatever the reason, we are confident that our firm footing will allow us to continue to report strong earnings, despite relatively weak market growth. We are maintaining the pace of our efforts in product development, marketing and

sales where digital solutions are expected to play a key role in the future. This is perhaps particularly important, and also challenging, in the traditional industries where we are most active.

Excellent position for acquisitions

Latour is in a strong financial position and we see no reason to slow our rate of growth through acquisitions, even if the market were to become more uncertain. Instead, we believe that the chances of finding well-managed companies that meet our investment criteria ought to be higher in such as scenario.

Opportunities and challenges in the years ahead

As we grow in the future, we will maintain the high level of profitability that we have established in the industrial operations and thus generate substantial value for our shareholders. This presents both a challenge and an opportunity and to succeed we need to give priority to organic growth. We'll do this by investing in product development, increasing sales activities in existing markets and extending our geographic reach. One example is Swegon's launch in North America during the year, which bodes well for the future.

I believe we have stepped into the North American market at exactly the right time.

At the same time, we want and need to grow by making acquisitions. We work systematically to identify industries, niches and companies that are interesting from a long-term viewpoint. The companies we have acquired that operate in the fields of building automation and energy efficiency in buildings are examples of this.

Focus in 2016

Latour will maintain its level of profitability while growing organically and through acquisitions that complement our existing business areas. I also hope that in 2016 we will be able to make an acquisition that is large enough to become a separate business area immediately.

We are moving into a new year with a highly efficient organisation and an excellent level of earnings supported by a clear vision of our aims and objectives. That makes me feel optimistic about our prospects for the year ahead.

Gothenburg, March 2016

Jan Svensson
President and CEO

Main trends

in long-term investments

Latour is a long-term investor. This means that the company needs to make long-term assumptions about which technologies and companies have particularly good prospects. These are made on the basis of overall trends that are expected to lead to new and growing needs in the future. The illustration shows the four trends that Latour uses in its analysis. It also shows that the trends are interrelated and are affected by each other.



DEMOGRAPHIC DEVELOPMENT

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



SUSTAINABILITY

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



GLOBALISATION

Competition between companies is no longer just local, regional and national, it is global too. This increases the need for efficiency along the entire chain, from development and production to distribution and after sales.



INCREASING LACK OF RESOURCES

Competition for resources is growing as globalisation gathers pace, the world population expands and prosperity increases. It is becoming increasingly important to obtain the most output that will benefit the end user from a given amount of input, by improving both productivity and distribution. Increased digitalisation is a possibility in this regard.

NEW TECHNOLOGIES OFFER A MEANS

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

The technology might be of interest to Latour if it addresses a trend or meets a customer's needs in an efficient way. For Latour, new technologies don't necessarily mean high-tech innovations and brand new areas of application.

In fact it's often a product development or an innovation which, although it creates an enormous benefit for one particular customer and society in general, seldom receives attention in a wider perspective. Nord-Lock's locking washers, which are used all over the world to enhance safety, are one example of this. Another example are Latour Industries' companies that offer energy-saving solutions for building management, which make it possible to achieve significant environmental and economic benefits.

Criteria for investing in new technologies

Latour may be interested in investing in new technologies if:

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

Value-adding acquisitions

using a systematic process

In 2015, five acquisitions were made in the wholly-owned industrial operations. Combined, they add approximately SEK 350 m in annual sales. Latour also acquired a major share of the listed company Troax, making it the company's main shareholder, and 18 per cent of the shares in the unlisted company Steelwrist.

"The acquisitions are based on a proven and systematic process that helps to create long-term value. That applies whether it's an acquisition within the wholly-owned industrial operations or the investment portfolio," says Teresa Enander, Director of Business Development at Latour.

DIFFERENT TYPES OF ACQUISITION

- Acquisitions that complement existing operations.
- Medium-sized companies that can be part of Latour Industries as separate companies (SEK 50–500 m in sales).
- Larger companies that can immediately form their own business areas (SEK 500–2,000 m in sales).
- Listed companies of which Latour has the possibility to become the principal owner.



Since the new strategy for Latour was approved in 2003, 72 acquisitions and 27 disposals have been made in the wholly-owned industrial operations.

"Together, these transactions have contributed a SEK 5.2 billion net increase to our sales," says Teresa Enander.

On the lookout for well-managed companies

The companies that Latour acquires have a number of common denominators. They must be well-managed with strong products or brands, that can achieve international sales success. Furthermore, the products should have high added value and offer a benefit that the customers pay extra for.

"The companies should not be dependent on individual suppliers or customers and they should be large enough to be able to develop and operate on their own," explains Teresa Enander.

However, there may be exceptions where it is not necessary that all the criteria are met. The majority of Latour's acquisitions are made to supplement existing holdings and when this type of acquisition is made the focus is on how the company complements the original activities of the business.

Long-term focus

The acquisition process in the wholly-owned industrial operations begins in the long-term strategy in each business area and company, which in turn is based on Latour's core values – Long-term perspective, Professionalism and Development.

The presence of a long-term perspective is very evident from Latour's aggregate net asset value. More than three quarters comes from companies that have been part of Latour's portfolio for twenty years or longer. Under Latour's management, they have grown both organically and through acquisitions – and with a higher profitability.

"That's something we're very proud of," Teresa Enander says.

Companies continuously identified and monitored

Each business area in the wholly-owned industrial operations and each company in Latour Industries has a long-term strategy and an action plan that identify clear development needs. The process also involves generating a list of potential acquisition targets with which a dialogue is usually established.

"If and when it seems logical to meet a development need with an acquisition, Latour goes ahead according to the structured acquisition process," says Teresa Enander.

Takes excellent care of its acquisitions

The integration activities are a key part of the acquisition process. This is based on years of experience and Latour focuses strongly on the specific needs of each of the acquisitions. This allows the companies to be developed in a long-term, professionally-sound way.

NUMBER OF
ACQUISITIONS 2003–2015

72

NUMBER OF DISPOSALS
2003–2015

27

NET CONTRIBUTION
SALES SEK BILLION

5.2

INVESTMENT CRITERIA

Prospects for the niche

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

Potential in the companies

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

The companies must also satisfy the following criteria

- Development, manufacture and marketing of their own products under their own brands.
- The products must have high added value and offer a benefit that the customers are willing to pay for.
- The company must not be dependent on a handful of suppliers or customers.

Balance in the portfolio

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

The product offerings of several of the operations are either partly or wholly aimed at companies in the construction and real estate sectors today. However, it is important to point out that they are operating within carefully selected niches in attractive parts of the value chain.

One example of this is that in 2014/2015, Latour created a strong offering in the niche of energy-efficient solutions for building management through its companies Kabona, Bastec and Elvaco and this year's acquisition, Produal. These are addressing a growing demand and account for higher profitability than construction-related companies in general.

Driving sustainability through the holdings and their products

Latour has ten employees at its head office. Approximately 400,000 employees work in the company's holdings. The greatest impact within sustainability issues does not therefore occur at the head office but by operating as a distinct principal owner of the respective holdings.

Sustainability issues play a central role in Latour's analyses of investment opportunities and when corporate governance is implemented in the holdings. As a matter of fact, issues of this kind were part of the company's DNA long before sustainability became a widespread concept.

This is especially reflected in the holdings that have been in the company's portfolio for years. Many of them are associated with energy-saving, safety and the environment.

Focus on expectations and performance

Latour shall participate actively in the work of the Board of all the companies of which it is the principal owner and, through its representatives, drive the company's sustainability initiatives.

Latour chooses not to give priority to crafting numerous, well-articulated policies. It prefers to express itself concisely and clearly and, most important of all, to have high expectations that are expressed through the work of the boards in the companies. The companies shall work systematically to minimise adverse impacts on the environment, pursue greater resource efficiency, promote decent working conditions, take measures to prevent corruption and unethical business conduct and

strive to ensure equal work opportunities at all levels in the companies.

Greatest impacts from the products

Latour does not consider sustainability efforts to be a detached part of a company's development. Rather the opposite. It is essential to integrate sustainability activities into all the business processes of a company to ensure it achieves long-term success.

Latour is convinced that the main sustainability effect that Latour and its holdings create for customers and society in general comes from the use of the holdings' products.

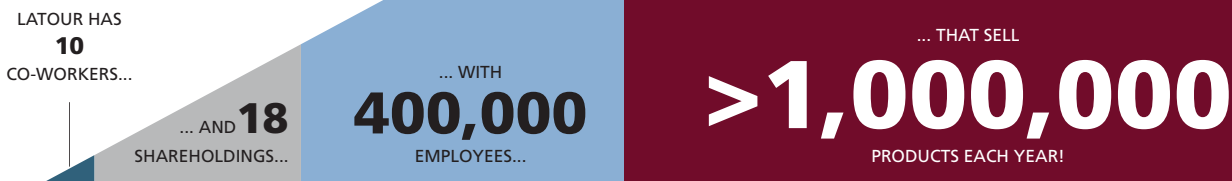
Sustainability through resource efficiency

Latour's holdings have different activities and different conditions for their sustainability practices. An important insight, as with any resource efficiency initiative, is to invest most in the areas where your company can have the greatest effect. Latour therefore refrains from formu-

lating its own policies that the different companies must follow. Instead, the company's policy explicitly requires the holdings to have their own policies that are designed to support their own business operations.

For the same reason, it avoids duplication that wastes resources as far as it possibly can. Latour's employees should thus not spend time trying to solve the same type of questions at owner level that are already being dealt with by far more employees in each respective company.

Instead, Latour can offer all companies a large and powerful knowledge transfer base through its extensive network and insights into multiple different business lines with different conditions.



With regard to sustainability, Latour's greatest impact comes from being an active, long-term owner of 18 companies with nearly 400,000 employees who drive their own sustainability programmes. The holdings have different challenges and offer internationally leading products in the fields of energy efficiency, safety, ergonomics, recycling, waste sorting, sustainable construction, sustainable infrastructure development, workplace health and safety, safe production environments, clean production environments and so on.



Energy efficiency
Safety
Ergonomics
Recycling
Waste sorting
Sustainable construction
Sustainable infrastructure planning
Safe and clean production environments

Digitalisation and energy efficiency in buildings is a growth market for Latour Industries

Buildings account for 40 per cent of total energy consumption in the EU. The greatest energy use is for heating, cooling and ventilation. It's a fact that buildings use far more energy than the whole of the transport sector, including all cars, planes, trains and lorries.

Considerable savings, often between 25 and 40 per cent, can be achieved in a building through better control of its energy systems and by taking its thermal storage capacity, weather forecasts and solar radiation into account.

This can contribute greatly towards achieving the EU climate target for 2020 of lowering energy consumption by 20 per cent. It also brings huge cost savings directly to the property owners and helps to increase market value.

Revolutionary change in technology
Building automation technology is currently undergoing a revolutionary change. Digitisation of traditional control systems is taking place at an increasingly rapid pace. Modern sensors with wireless

communication are installed and interconnected with intelligent systems that collect big data about a property stock.

Sophisticated analytical tools are then used to interpret the data in order to control every aspect of the property's energy system in the most efficient manner and identify other energy-saving measures.

Four companies in the segment

Latour Industries owns four companies in this segment: Produal, Bastec, Kabona and Elvaco. All four produce innovative components and subsystems for the more efficient control of energy systems in buildings. The product portfolio encompasses everything from sensors via wireless communication to intelligent analysis and efficient control of the installed energy systems.

Sharp increase in sales

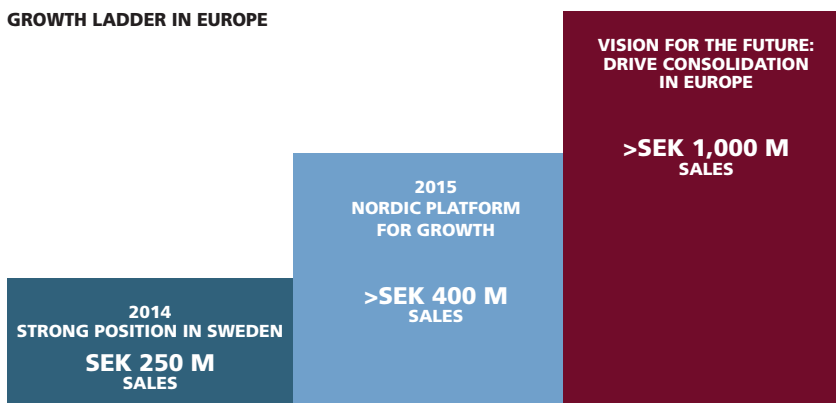
Latour Industries' overall sales in the segment increased from SEK 250 m in 2014 to more than SEK 400 m in 2015. This increase was due to the acquisition of Produal in June and organic growth which remained strong. Moreover, the companies are delivering good profitability.

Focus for the years ahead

In 2016, Latour Industries intends to strengthen the collaborative relationships between the companies still further by coordinating the overall development of technology, accelerating international expansion and, not least, improving the companies' ability to attract key competencies to facilitate further growth in the future.

The long-term objective is to continue its geographic expansion in Europe. Growth will take place both organically and through acquisitions.

GROWTH LADDER IN EUROPE



In 2014, the operations were primarily carried out in Sweden. The acquisition of the Finnish company Produal during the year creates a Nordic platform for expansion in Europe through acquisitions and organic growth.



Flugnummer	Flughafenskizze	Flugnummer	Flughafenskizze	Flugnummer	Flughafenskizze	Flugnummer	Flughafenskizze
2 D 842-847	D1	900	AEOLIN-TEGEL	2044	1 A 050-461	A17	900
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2 D 852-854	E3	554	JOHANNESBURG	2044	1 B 658-887	823	554
2 D 809-811	E6	048	TOKIO NARITA	2044	1 B 676-881	848	048
1 B 538-545	B20	936	SALZBURG	2044	1 A 051-461	87	936
2 E 941-943	E9	706	ZUERICH	2044	1 A 051-461	A34	706
1 A 050-461	A20	982	NUERNBERG	2044	1 A 050-461	A2	982
1 A 051-461	A28	1636	HAMBURG	2044	1 A 050-461	A15	1636
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1 A 051-461	A21	126	BANGKOK	2044	1 B 482-489	B42	126
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2 E 947-948	D25	523	FLORENZ	2144	1 A 050-461	B4	523
2 D 881-885	D5	286	FRIEDRICHSHAFEN	2144	1 A 050-461	A6	286
1 C 716-722	B47	8071	MILANO-LINATE	2144	1 A 050-461	B5	8071
2 D 816-820	D4	408	MUNSTER OSNABRUECK	2144	1 A 050-461	A32	408
1 A 050-461	B32	3416	ATHEN	2144	1 A 050-461	B12	3416
2 D 886-888	D	7850	BILBAO	2144	1 A 050-461	T6	7850
1 A 050-461	A24	4234	KOELN HBF	2144	1 A 050-461	A16	4234
2 E 901-909	D8	913	BARCELONA	2144	1 A 051-461	B	913
1 A 050-461	D25	692	LUXEMBURG	2144	1 A 050-461	A40	692
			LYON	2144	1 A 050-461	A40	



The Latour share

continues its strong growth in 2015

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

The Stockholm Stock Exchange once again showed an upswing in 2015. The growth of the Latour share was 53.3 per cent, compared against OMXSPI (Nasdaq OMX Stockholm) which was 6.6 per cent in the same period. In the last year, the highest price the stock achieved was SEK 321.50 on 9 November and the lowest was SEK 203.60 on 7 January. The final price paid on 30 December was SEK 311.70.

In 2015, the total return (share development including reinvested dividends) for Latour's class B share was 57.2 per cent, compared against SIXRX which increased by 10.4 per cent in the same period. The average annual total return for the Latour class B share has been 20.2 per cent in the last ten years, compared to 9.3 per cent for SIXRX.

IR CONTACT

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

Market value

Latour's total market value, calculated on the number of outstanding shares, amounted to SEK 49.8 billion. This makes Latour the 26th largest of the 288 companies registered on the Nasdaq OMX Stockholm market.

Trading

A total of 8.5 million Latour shares were traded for a value of over SEK 2.2 billion in the last year. On average, 33,939 shares were traded daily, an increase of 57 per cent compared to 2014.

Share capital

As at 31 December 2015, the company's share capital was unchanged and amounted to SEK 133,300,000. Class A shares totalled 11,918,648 and class B shares 148,041,352. Votes totalled 267,227,832 (including 402,500 repurchased, non-voting class B shares).

Own share repurchase

The total number of shares as at 31 December 2015 was 159,960,000, including repurchased shares. As at 31 December 2015, the total number of repurchased shares was 402,500. Call options have been issued to senior executives on all of the repurchased shares. The Board was authorised by the Annual General Meeting on 5 May 2015 to resolve on the repurchase and transfer of the company's own shares.

Shareholders

The number of shareholders increased in 2015 from 12,350 to 15,905. Holdings

of foreign investors amounted to 2.2 (2.1) per cent at the end of the year. The number of institutional owners was 6.6 (6.8) per cent.

Dividends

The Board of Directors proposes an ordinary dividend payout of SEK 6.75 (6.00) per share for the 2015 financial year. The direct return is 2.2 per cent based on the final share price at the end of the year.

Analysts

The following analysts followed Latour at the end of 2015:

Derek Laliberte, ABG Sundal Collier
Mikael Löfdahl, Carnegie
Magnus Råman, Handelsbanken
Elias Porse, Nordea Markets
Rickard Henze, Nordea Markets
Max Frydén, Danske Bank Markets
Oskar Lindström, Danske Bank Markets

Investor meetings

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

"We place great value on this type of meeting with interested investors from all over the country. We know from experience that the commitment is mutual. We have long had many loyal shareholders. Afterwards, a lot of them come and discuss with us or simply comment on some of the activities or industrial development journeys that most of our holdings are taking right now," says Latour's CFO, Anders Mörck.

SHAREHOLDER FACTS

- The number of shareholders increased to 15,905 (12,350).
- 77.4 per cent of the capital is owned by the principal shareholder with family and companies.
- Other Board members own 2.6 per cent.
- Swedish institutional investors own 6.5 per cent of the share capital.
- Foreign ownership accounts for 2.2 per cent.

TYPE OF SHARE

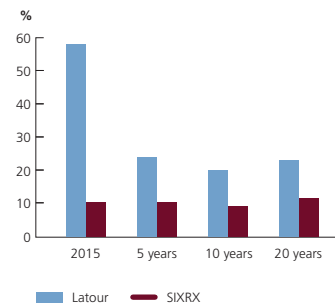
	Number of shares	%	Number of votes	%
Class A (10 votes)	11,918,648	7.5	119,186,480	44.6
Class B (1 vote)	148,041,352	92.5	148,041,352	55.4
Total number of shares	159,960,000	100.0	267,227,832¹⁾	100.0

¹⁾Including 402,500 repurchased, non-voting class B shares.

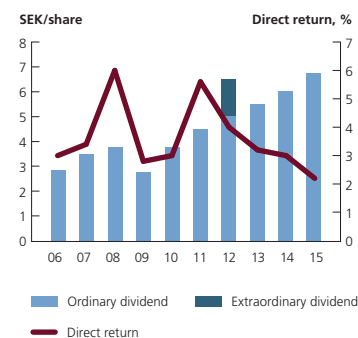
LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2015

Shareholder, thousands	Number A shares	Number B shares	% of share capital	% of votes
Gustaf Douglas, family and companies	9,935	113,876	77.4	79.8
Fredrik Palmstierna, family and companies	1,802	2,120	2.5	7.5
SEB Investment Management		2,435	1.5	0.9
Swedbank Robur Funds		2,364	1.5	0.9
Bertil Svensson, family and companies		1,887	1.2	0.7
Lannebo Funds		1,540	1.0	0.6
Handelsbanken Funds		1,119	0.7	0.4
AMF Försäkring & Fonder		590	0.4	0.2
Spiltan Fonder AB		469	0.3	0.2
Other	181	21,239	13.4	8.6
Investment AB Latour, share buyback		403	0.3	–
	11,919	148,041	100.0	100.0

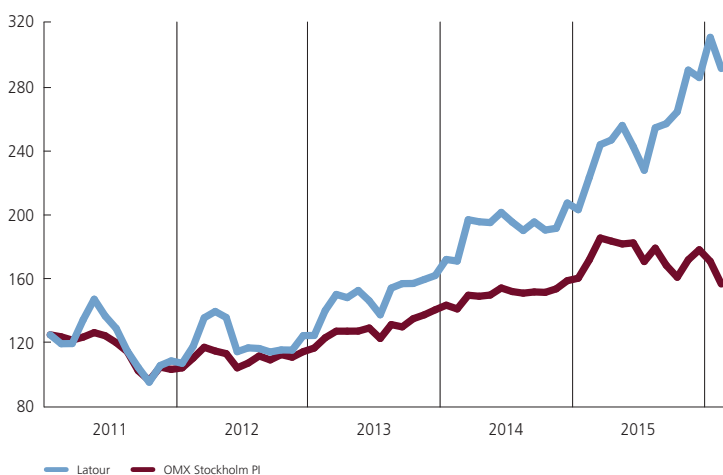
AVERAGE TOTAL RETURN, LATOUR COMPARED AGAINST SIXRX



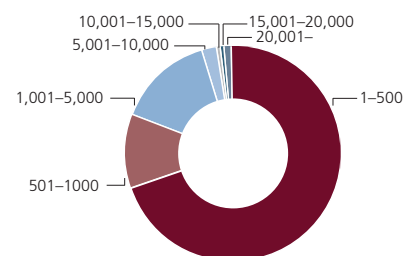
DIVIDENDS THE LAST 10 YEARS



LATOUR SHARE PRICE DEVELOPMENT



DISTRIBUTION OF SHAREHOLDING



Distribution of shareholders in size categories.

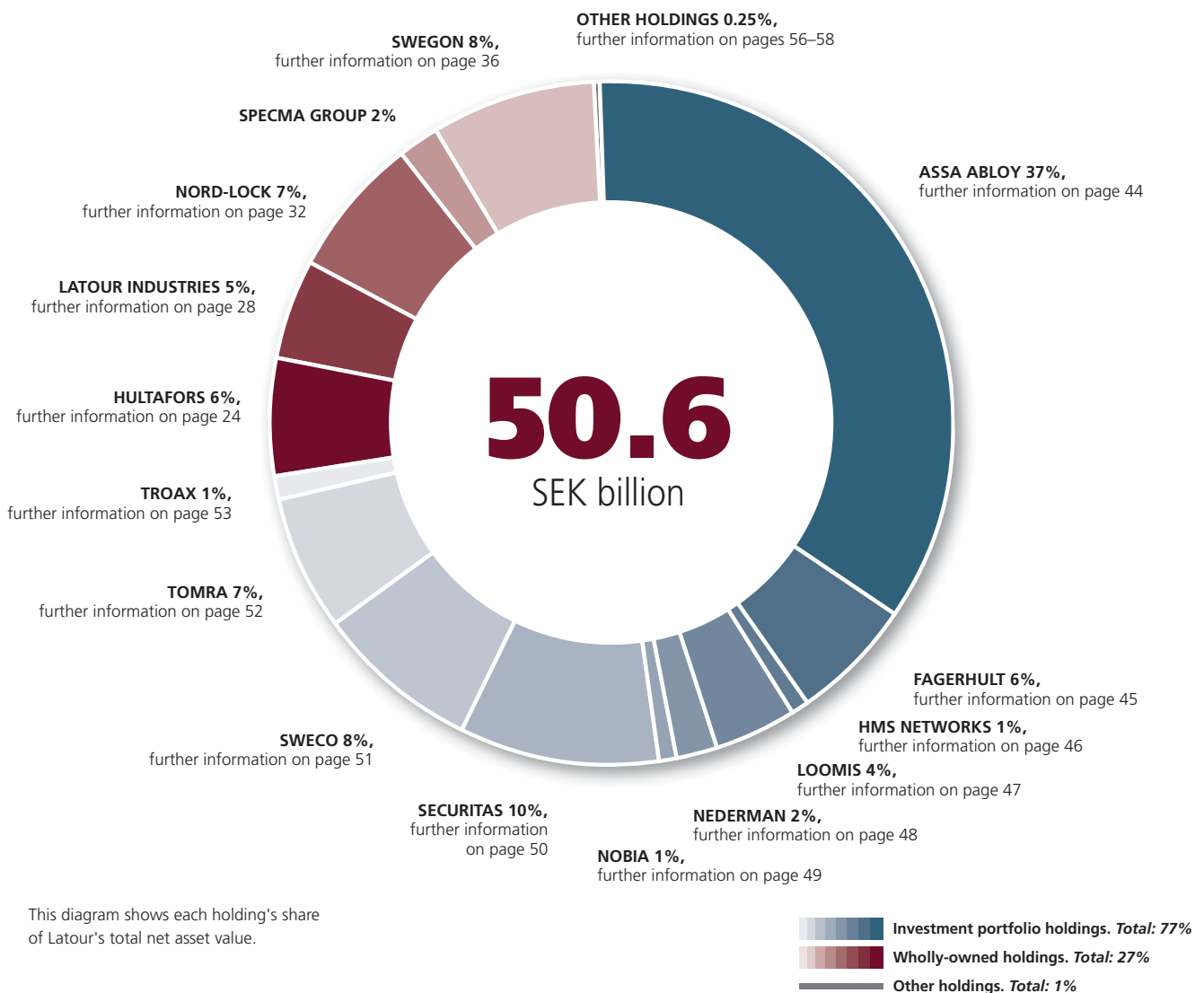
Latour's net asset value increased by 30 per cent in 2015

Latour's net asset value increased from SEK 250 to 317 per share in 2015, which is an increase in value of 29.9 per cent, adjusted for dividend payments. This can be compared against the total return for Nasdaq OMX Stockholm (SIXRX), whose value increased by 10.4 per cent.

Latour primarily consists of two parts; the wholly-owned industrial operations and the investment portfolio. The market

value of the listed holdings is simple to calculate since there is a stipulated market price available. Determining the value of the wholly-owned operations is more complicated. This is because the market value, the price that potential buyers are willing to pay, is not as clearly defined. A description of the method that Latour uses to calculate the value can be found to the right.

Latour's largest holdings, based on net asset value, are Assa Abloy, Securitas, Sweco, Swegon and Tomra. All in all, the wholly-owned industrial operations account for 27 per cent of the total consolidated net asset value, if using the value derived through the chosen calculation method.



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

In addition to the assets presented above the net loan debt is -5%.

NET ASSET VALUE AS AT 31 DECEMBER 2015

SEK m	Net sales ¹⁾	EBIT ²⁾	EBIT multiple or EV/sales multiple Range	Valuation SEK m ²⁾ Range	Valuation ²⁾ average	Valuation SEK/share ³⁾ Range
Hultafors Group	1,549	218	11–15	2,398–3,270	2,834	15–21
Latour Industries	1,390	195	11–15	2,145–2,925	2,535	13–18
Nord-Lock	833	236	12–16	2,832–3,776	3,304	18–24
Swegon	3,559	270	13–17	3,510–4,590	4,050	22–29
	7,331	919		10,885–14,561	12,723	68–91
Specma Group ⁴⁾	1,369	72		780–780	780	5–5
Listed shares (see allocation on page 43)					39,146	245
Unlisted part-owned companies					170	1
Other assets					-42	-1
Net borrowings					-2,205	-14
Estimated value					50,572	317
					(48,734–52,410)	(305–328)

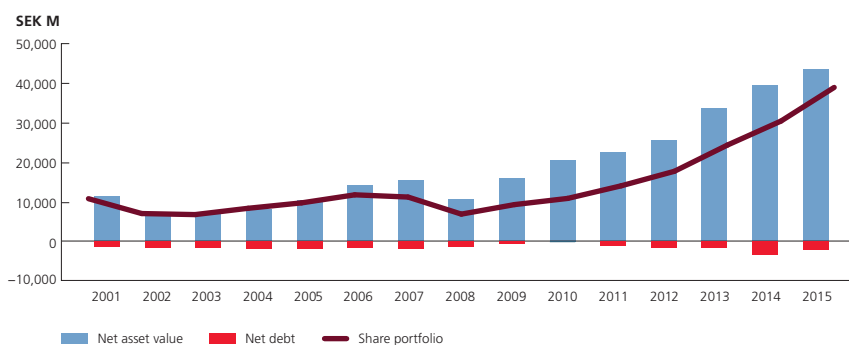
¹⁾ Trailing 12 months for current company structure.

²⁾ EBIT and EV/SALES restated based on the listed share price on 31 December 2015 for comparable companies in each business area.

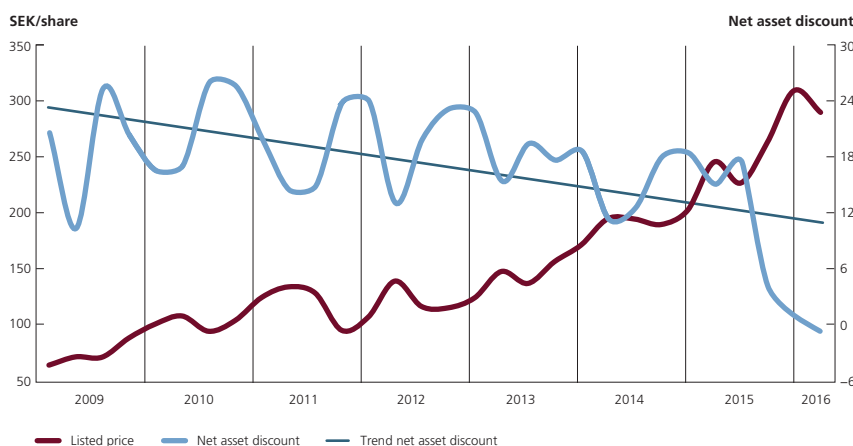
³⁾ Calculated on the number of outstanding shares.

⁴⁾ Valued according to the transaction value in January 2016.

NET ASSET VALUE IN RELATION TO NET DEBT



NET ASSET DISCOUNT RELATIVE TO LISTED PRICE



The diagram shows the net asset discount on the last day of trading of every quarter. The net asset discount shows a certain seasonal variation and the trend is a declining discount.

NET ASSET VALUE
– OUR METHOD**1 IDENTIFICATION OF COMPARATORS**

Latour identifies listed companies operating in industries related to its wholly-owned industrial operations. At the close of 2015, there were 31 listed companies assessed as meeting these criteria.

2 CALCULATION OF EBIT MULTIPLES

When comparators are identified, the companies' EBIT multiples are reviewed. An EBIT multiple is based on the company's EV (Enterprise Value). The EV is calculated by taking the market value and increasing it by the company's net debt (see Definitions, page 95). The EV is then divided by the operating profit (EBIT). A company with a market value of SEK 90 m, a net debt of SEK 10 m and an operating profit of SEK 10 m will have an EBIT multiple of 10.

3 CONVERSION TO MULTIPLE RANGES

When an EBIT multiple has been calculated for each company, they are weighted by group to obtain a multiple range for each business area. The range is due to variations in the values of the listed companies. If, for example, there are two comparators for Swegon, where one has a multiple of 6 and the other has a multiple of 10, then the EBIT multiple, used to calculate the value of the Swegon business area, falls into the 6 to 10 range. The multiples may be adjusted if the range is too large in order to avoid unreasonable values.

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

When the ranges for the EBIT multiples have been established, the value of each business area is measured by first calculating a trailing 12 month operating profit (EBIT) for each business area, based on the company structure at the end of the period of comparison. This figure is then multiplied by the EBIT multiple. Let us say that Swegon shows a trailing 12 month operating profit (EBIT) of SEK 100 m. If the EBIT multiple 6–10 is applied to the profit, the value becomes SEK 0.6–1.0 billion. When these calculations have been made for all the business areas, the result is combined to obtain a total value in the form of one range.

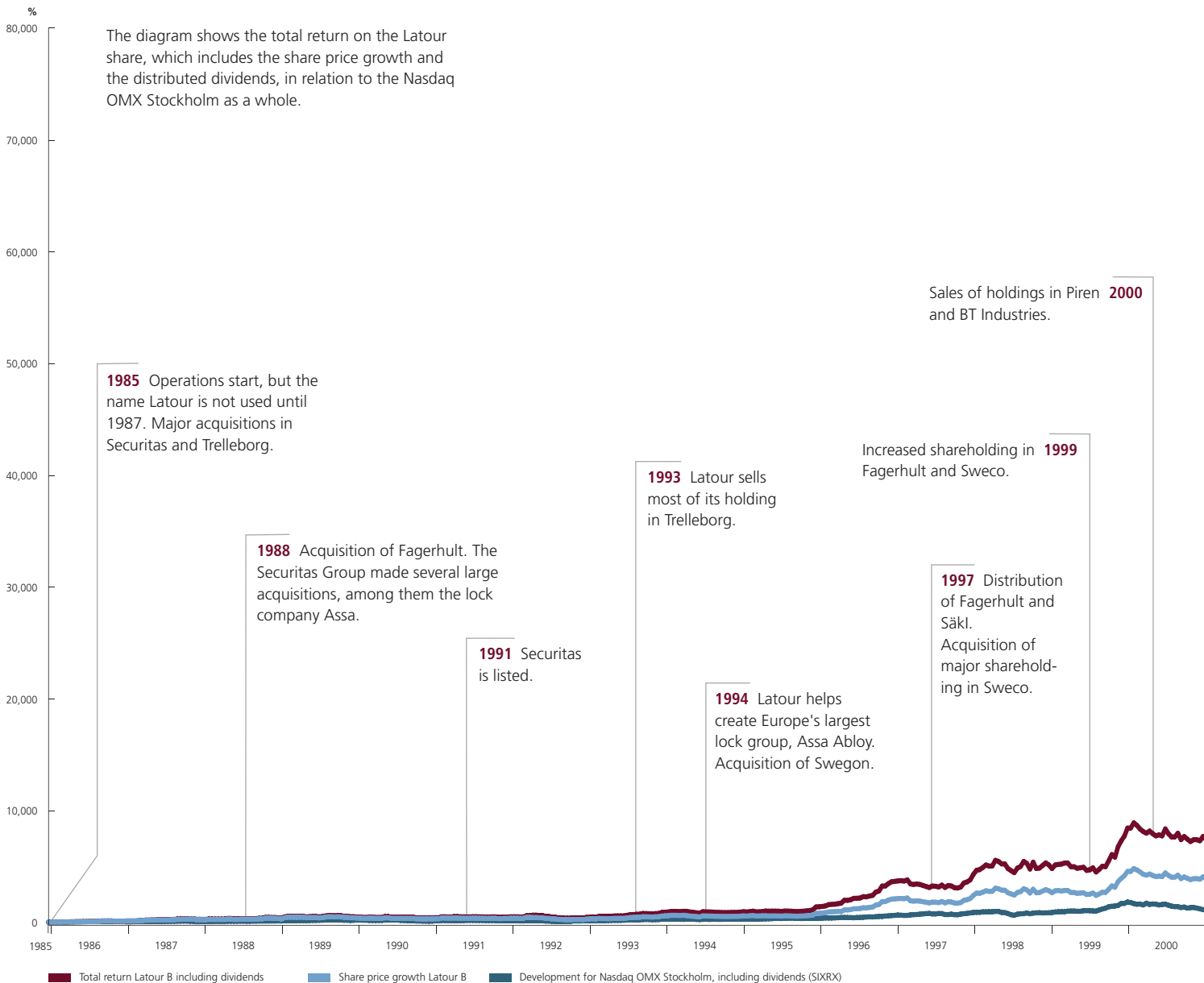
5 COMBINED WITH THE VALUE OF THE LISTED HOLDINGS

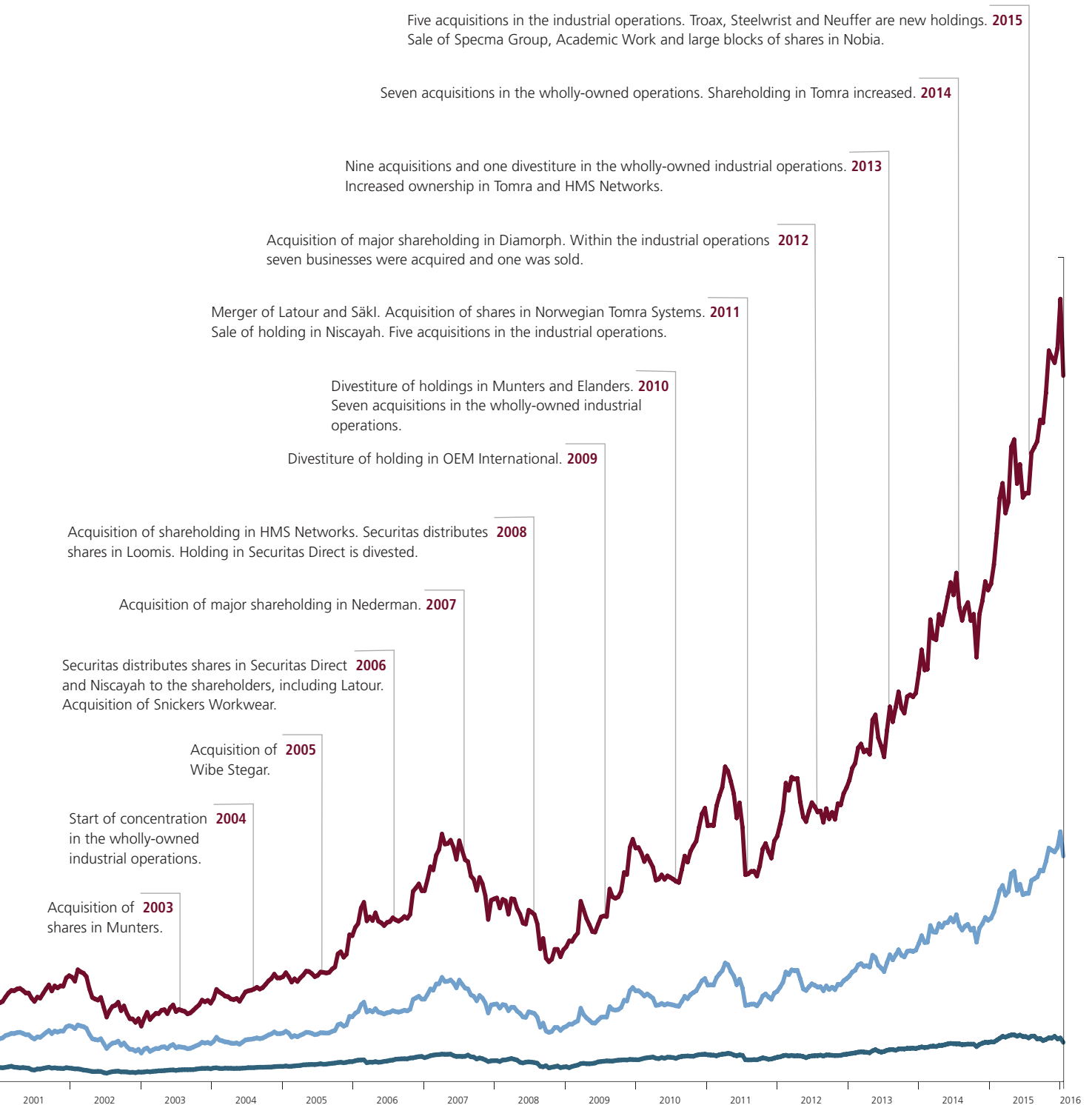
The share price is first established for each individual holding at the end of the period in order to obtain a net asset value for the listed holdings. The share price is multiplied by the number of shares held in each listed company, which gives a net asset value of the investment portfolio. This is combined with the net asset value of the wholly-owned operations, according to steps 1–4. After adding other assets and deducting net debt, the total is a net asset value for Latour, which is also in a range.

The Latour share's total return

75,700 per cent since the start in 1985

Latour's history stretches back to the end of 1985. Since then the total return, including share development and dividends, has been over 75,700 per cent. This means SEK 10,000 invested in Latour at start-up would give a total return of almost SEK 7.6 m at the end of 2015.







INDUSTRIAL OPERATIONS

Hultafors Group 24

Latour Industries 28

Nord-Lock 32

Swegon 36

IMPORTANT EVENTS IN 2015

- » Focus remains on growth of holdings with support from acquisitions, organic growth and product development.
- » Net sales rose 13 per cent and organic growth for comparable units rose 2 per cent when adjusted for exchange rate fluctuations.
- » Continued international growth. Sales generated outside the Nordic region increased from 48 to 49 per cent in 2015.
- » Operating profit increased by 29 per cent and the operating margin for continuing operations increased to 11.4 (10.0) per cent.
- » Five businesses were acquired. These contribute annual sales of approximately SEK 350 m.
- » An agreement for the disposal of the Specma Group to Hydra-Grene was concluded during the year. Hydra-Grene is wholly owned by the Danish industrial conglomerate Schouw & Co. The sale was finalised on 4 January 2016 for an EV of SEK 780 m.

Continued profitable international growth and sale of a business area in 2015

In 2015, Latour's wholly-owned industrial operations were concentrated to five business areas. An agreement for the disposal of the Specma Group was concluded during the year, which means that the industrial operations now comprise four business areas. The goal is for them to achieve profitable international growth with their own products. In 2015, sales generated outside the Nordic region increased from 48 to 49 per cent of total sales. The operating margin rose from 10.0 per cent to 11.4 per cent. The four continuing business areas reported profitability of 12.5 per cent.

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

The operations' financial targets are to achieve a minimum of 10 per cent average annual growth and operating margin and 15 to 20 per cent return on operating capital over a business cycle.

It is essential to show growth in order to create high capacity utilisation and

improved profitability. In order to grow at a faster rate than the general development of the economy, the operations work systematically to enhance their product portfolio, increase their international presence and gain market share in existing markets. Growth takes place organically and through acquisitions.

The operations are at the forefront of product development, which is critical to the achievement of key competitive advantages in the future too.

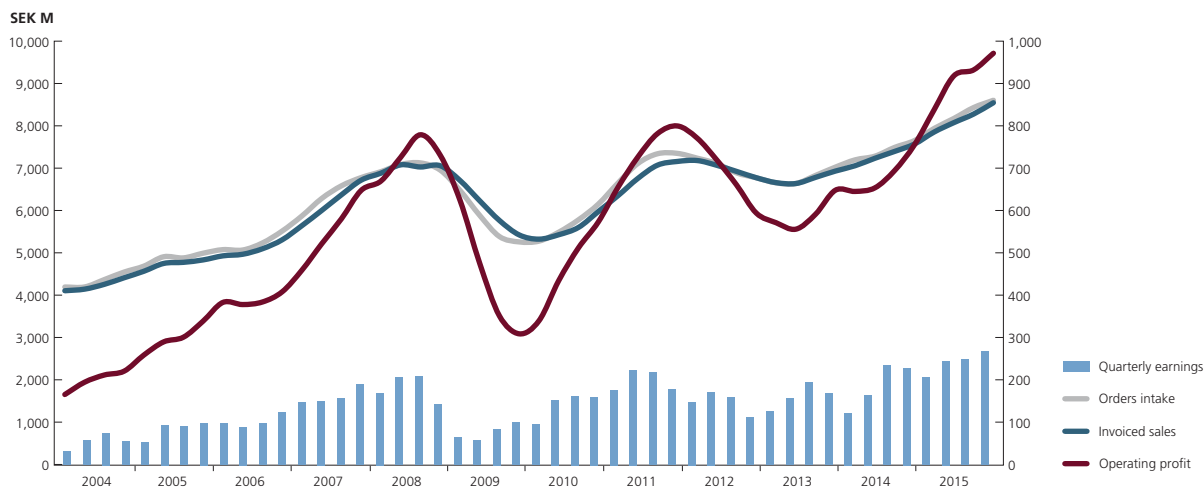
They continued their international expansion in 2015. Sales generated outside the Nordic region increased from 48

to 49 per cent of total sales. The degree of internationalisation remains relatively low. There is still major potential for growth.

In 2015, an agreement was concluded for the disposal of the Specma Group, which had been part of the portfolio since the start. A significant share of the company's operations are trading services and as Latour has been gradually adopting a more stringent strategy, with a focus on propriety products and brands, it was a natural progression to sell the operations. The sale was finalised on 4 January 2016 for an EV of SEK 780 m.



GROUP – TRAILING 12 MONTHS



PROFIT/LOSS BUSINESS AREAS

SEK m	Net sales		Operating profit		Operating margin %	
	2015 Full year	2014 Full year	2015 Full year	2014 Full year	2015 Full year	2014 Full year
Hultafors Group	1,549	1,306	218	177	14.1	13.6
Latour Industries	1,289	1,034	176	68	13.6	6.5
Nord-Lock	797	722	236	211	29.7	29.3
Swegon	3,559	3,209	270	298	7.6	9.3
Eliminations	-8	-5	-	-	-	-
	7,186	6,266	900	754	12.5	12.0
Specma Group	1,369	1,294	72	42	5.2	3.2
	8,555	7,560	972	796	11.4	10.5
Restructuring costs	-	-	-	-41	-	-
	8,555	7,560	972	755	11.4	10.0
Capital gains from divested companies	-	-	-2	-13	-	-
Other companies and items	-	21	5	4	-	-
	8,555	7,581	975	746		

* The comparative year has been adjusted in line with the existing structure.

SEK m	Operating capital ¹⁾		Return on operating capital % ²⁾		Growth in net sales %		
	2015 TTM	2014 TTM	2015 TTM	2014 TTM	2015	Of which acquisitions	Of which currency
Hultafors Group	1,178	851	18.6	20.8	18.6	4.7	3.4
Latour Industries	1,225	866	14.3	7.8	24.7	13.9	0.6
Nord-Lock	701	562	33.7	37.6	10.3	2.0	10.7
Swegon	2,365	1,744	11.4	17.1	10.9	9.2	2.6
	5,469	4,023	16.5	18.7	14.7	8.2	3.4
Specma Group	603	589	11.9	0.1	5.7	2.4	3.0
Total	6,072	4,612	16.0	16.4	13.2	7.2	3.3

¹⁾ Calculated as total assets less cash and other interest-bearing assets and less non-interest-bearing liabilities.

Calculated on the average for the past 12 months.

²⁾ Operating profit as a percentage of average operating capital.

FIVE YEAR OVERVIEW

	2015	2014	2013	2012	2011
Net sales	8,555	7,581	6,944	6,788	7,171
(of which export)	5,691	5,073	4,389	4,258	4,063
Operating profit	975	746	621	635	883
Average operating capital	6,072	4,612	3,780	3,584	3,404
Total assets	8,905	8,415	7,063	6,165	5,817
Number of employees	4,569	4,184	3,908	3,691	3,518
Return on operating capital (%)	16.0	16.4	17.2	16.4	23.2
Operating margin (%)	11.4	10.0	9.4	8.8	11.6

Hultafors Group

Hultafors Group offers a portfolio of leading brands for professional users who demand the very best when it comes to performance, safety and productivity.



Alexander Wennergren Helm, CEO Hultafors Group.

Hultafors Group at a glance

Hultafors Group is one of Europe's largest companies to supply clothing, safety footwear, hand tools, ladders and scaffolding for professional tradesmen. The products are developed, manufactured and sold through its own brands, which are available through distributors in about 40 markets, with an emphasis on Europe and the Nordic region.

Important events in 2015

- Significant growth and continuing increased profitability.
- Launch of new, innovative products. Including a brand-new generation of work trousers from Snickers Workwear and innovative saws from Hultafors Tools.
- Successful launch of Solid Gear safety footwear in Europe.

Target achievement – primary factors

Systematic investment in product development and marketing and international expansion have led to increased sales. Efficiency measures in the areas of production and logistics have helped to cut costs.

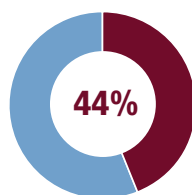
Overall, this resulted in targets for revenue and profitability being exceeded.

Strategy for profitable expansion

Profitable growth will take place in existing and related markets.

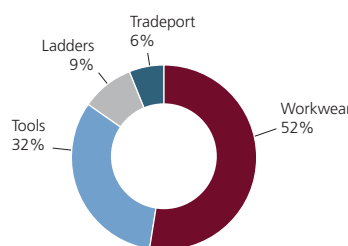
- Organic growth takes place through expanded product lines, the more efficient use of sales and distribution channels, increased investment in marketing and stronger relationships with end users.
- Acquired growth takes place through complementary acquisitions of brands with strong positions among distributors and end users.

DEGREE OF INTERNATIONALISATION

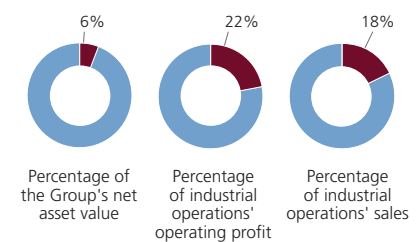


In 2015, sales outside the Nordic countries accounted for 44% of total sales, which is the same as in 2014.

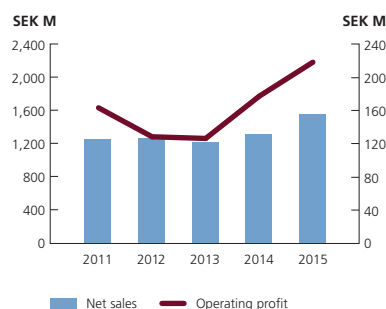
BREAKDOWN OF SALES BY BRAND



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



SALES AND EARNINGS

SEK m	2015	2014	2013	2012	2011	Latour's minimum targets
Net sales	1,549	1,306	1,208	1,257	1,251	>10%
(of which export)	1,081	938	867	899	867	
Operating profit	218	177	126 ¹⁾	128 ¹⁾	163	
Operating capital ²⁾	1,212	1,103	784	773	853	
Operating margin, %	14.1	13.6	10.4	10.2	13.0	>10%
Return on operating capital %	19.0	21.0	16.0	15.0	20.0	15–20%
Investments	11	9	11	15	11	
Number of employees	658	617	642	657	634	

¹⁾ After restructuring costs

²⁾ Average

“Added value for customers creates profitable growth”

Systematic investment in product development and marketing led to higher added value for end users and distributors in 2015. Coupled with internal efficiency measures, this helped boost Hultafors Group's sales and earnings to reach a new record high.

Hultafors Group consists of a portfolio of hand-picked brands that are, or have the potential to become, number one or two in their respective markets.

“The strategy is to offer advantages to both the end users and distributors,” explains Alexander Wennergren Helm, CEO of Hultafors Group.

The aim is to provide end users with innovative products that deliver superior performance, safety, protection and overall productivity. Each brand has unique expertise and insight into the specific challenges that the end users encounter in their daily tasks. Marketing the brands among end users creates pressure on demand, which is attractive to the distributors.

“This way we deserve an obvious position on the shelves of the distributors. Our brands help create better, more popular offerings and improve profitability. The aim is to be a partner to the distributors and ensure that our brands are at the forefront in terms of profitability per square metre in the store,” states Alexander Wennergren Helm.

Growing internationally

Today, the Hultafors Group brands are sold at more than 10,000 outlets in almost 40 countries around the world, with an emphasis on Europe and the Nordic countries. The company has its own sales companies in the key European markets. Other markets are covered by importers.

“In 2015, our marketing activities increased to create greater awareness and demand among end users and distributors. The results have been positive. Sales rose 18.6 per cent during the year.

Growth has been greatest outside the Nordic region. The trend of increased concentration and private labels in the distributor chain has not had an adverse impact on Hultafors Group.

“No, actually the larger chains also want strong brands like ours in their offering, even if they have private labels. They might otherwise lose customers who are looking for our brands,” explains Alexander Wennergren Helm.

Significant economies of scale

The European market for supplies to professional tradesmen is fragmented and is mostly made up of lots of small manufacturers. Being a large company with leading brands, as in Hultafors Group's case, affords excellent opportunities for driving development forward in terms of product innovation and customer preferences.

“Our growth is the result of sustained investment in product development and marketing activities, which is difficult for a smaller player to achieve,” says Alexander Wennergren Helm.

Hultafors Group is also large enough to implement measures that increase the effectiveness of its operations, which the organisation has focused greatly on doing in recent years. Its IT system has been improved, sales offices have increased in number, and efficiency enhancements have been implemented in the logistics departments. This has led to greater control, lower costs, improved lead times and a higher level of service.

A repeat of Snickers Workwear's journey

Hultafors Group may be enjoying strong growth abroad, but the Nordic region still accounts for just over half of the Group's sales. This will change in the future with its current international growth.

The Hultafors Group brand that has made most progress in its international rollout is Snickers Workwear, thanks to its ability to take the leading role in developments in the market segment.

Our growth is the result of investments in product development and marketing activities, with a perseverance and scope that is difficult for a smaller player to achieve.

The brand has also benefited from the exacting standards for safety, performance and quality set by users, businesses and public authorities in the Nordic region. This has given the products a natural advantage with regard to quality over international alternatives. The aim is to make the same journey with all the brands in the future.



“One good example is this year's investment in safety footwear. This is a strategically important product category where international standards and requirements are becoming more stringent. We are now in the process of rolling out our market-leading offering to Europe. The results have been extremely positive to date,” says Alexander Wennergren Helm.

In 2015, it launched its own footwear brand, Solid Gear, via Hultafors Group's existing sales organisation in Europe. It was an instant success. These internationalisation activities will continue in 2016.

Two main segments

The Hultafors Group brands are grouped into two segments: Personnel Protection Equipment and Hardware. Each segment contains a high degree of specialisation via separate business units for the respective product offerings. At the same time, economies of scale in the form of coordination of resources within sales are exploited wherever it offers benefits to customers.

Personal Protection Equipment

This segment includes the Snickers Workwear and Dunderdon brands, which offer professional workwear, and the Solid Gear and Toe Guard brands which offer protective footwear. These brands account for approximately 58 per cent of the Hultafors Group's sales, with Snickers Workwear representing the largest share by far.

Snickers Workwear was established 40 years ago and is Europe's leading brand of high performance work clothing. The brand was available in almost 30 countries at the end of 2015.

Snickers Workwear is at the forefront of developments in the industry, with innovations that are based on real needs in everyday life. This creates benefits that make life easier for the end users and for which they are prepared to pay. Its successful product development over the years has resulted in several Red Dot Awards, the world's largest design contest.

A brand new family of work trousers, launched in 2015, features a number of concepts that are adapted to different work environments. They offer an excellent fit and allow easy movement, taking wearer comfort to the next level. This is the company's largest venture ever.

Hardware

This segment includes hand tools under the Hultafors Tools brand, and ladders and scaffolding under the Wibe Ladders brand. The brands account for approximately 42 per cent of the Hultafors Group's total sales.

Hultafors Tools is number two in the Nordic hand tools market. The brand offers a broad range of products primarily for builders and construction tradesmen who rely on functional, superior-quality tools.

Hultafors Tools' product development demonstrates innovative thinking in an otherwise traditional sector. The launch during the year of innovative handsaws is one example of this. An updated version of Hultafors' spirit level and an extensive range of clamps were also launched.

Just like Snickers Workwear, Hultafors Tools has received Red Dot design awards in recognition of its success in the past.

Wibe Ladders is a leading manufacturer of ladders and scaffolding in the Nordic market. Just as with the other brands, product development is clearly customer focused.

It also offers training courses, inspections and surveys to create as safe a working environment as possible.

Quality, performance and security are watchwords throughout the process. Investments in product development have ensured that the brand is well positioned for the future.

Sustainable and profitable long-term development

Hultafors Group sees sustainable development as essential for creating long-term profitability and credibility. Sustainability-related issues are integrated into daily activities and include the provision of support to suppliers, distributors and end users in their sustainability practices.

Hultafors Group's production facilities have achieved ISO certification for quality and environmental performance. Snickers Workwear's products are regularly certified in accordance with the Oeko-Tex environmental standard.

Focus in 2016

The focus will remain on strengthening the relationships with end users, existing distributors and new customers. The brands are well positioned thanks to increased marketing activities and product development in recent years. There are plans for new, innovative concepts and products and to continue with the internationalisation of the brands.

Strategic acquisitions and partnerships may also materialise.

“As a result of all of this, we expect Hultafors Group and our brands to continue to gain market share in Europe,” says Alexander Wennergren Helm.



Latour Industries

Latour Industries can be described as a miniature Latour, in which active and careful ownership will result in stable and independent development of the holdings. The goal is for them to be able to become independent business areas at some point in the future.



Björn Lenander, CEO Latour Industries.

Latour Industries at a glance

Latour Industries consists of eight business operations with their own products with high technology content and major potential for growth. Each one has its own business concept and business model. The vision is to develop independent entities that will eventually be able to become established as separate business areas within Latour.

Important events in 2015

- Significant improvement in profitability. All the companies reported increased profits.
- Turn-around of AVT.

- The acquisition of Proidual, the Finnish manufacturer that leads the market in the field of building automation measurement technology and room control.
- REAC acquired the Ergolet Group's operations for the manufacture of components for actuators and tilt and lift systems.

Target achievement – primary factors

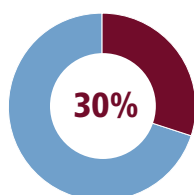
The strong increase in sales was partly due to acquisitions in the area of energy efficiency, which has enjoyed impressive growth in recent years. Profitability rose significantly. The energy efficiency business operations, such as REAC, had a positive

effect here too. This contributed towards the achievement of the targets for sales and profitability.

Strategy for profitable expansion

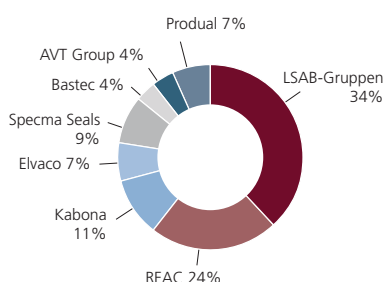
- Broaden the product range and develop the portfolio. Remain on the cutting edge of the product areas with the help of investments in product development and strategic acquisitions.
- Pursue expansion in new markets and markets with low penetration. Expansion will be achieved through acquisitions and existing operations.

DEGREE OF INTERNATIONALISATION

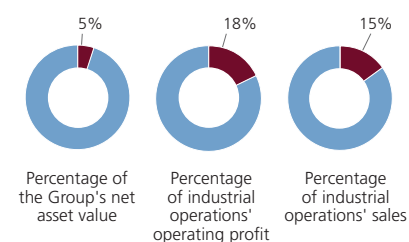


In 2015, sales outside the Nordic countries accounted for 30% of total sales compared with 2014, when the corresponding figure was 28%.

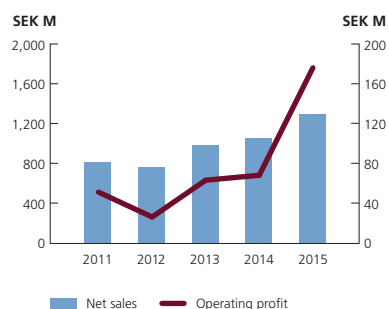
BREAKDOWN OF SALES BY BUSINESS UNIT



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



SALES AND EARNINGS

SEK m	2015	2014	2013	2012	2011	Latour's minimum targets
Net sales	1,289	1,055	982	764	806	>10%
(of which export)	527	393	329	223	203	
Operating profit	176	68	63 ¹⁾	26 ¹⁾	51	
Operating capital ²⁾	1,377	965	735	634	405	
Operating margin, %	13.7	6.4	6.5	3.4	6.4	>10%
Return on operating capital %	14.0	8.0	9.0	6.0	13.0	>20%
Investments	17	10	10	17	18	
Number of employees	938	733	642	461	432	

¹⁾ After restructuring costs
²⁾ Average

“Robust increase in profitability in 2015”

Latour Industries reported a robust increase in profitability for 2015. It also posted a rise in sales. The acquisition of Produal during the year enabled the companies in the rapidly expanding niche of digitalisation and energy efficiency in buildings to achieve sales of SEK 400 m with good profitability.

In the summer of 2015, Latour Industries acquired Produal, a leading Finnish manufacturer of measurement and room control equipment for use in building automation. The acquisition is in line with Latour's ambition to invest in strong companies in this area.

“Produal is a very strong addition to our other companies in this growing niche. The company's wide range of top-quality products is appreciated by systems integrators. We are looking forward to becoming part of its international expansion agenda,” says Björn Lenander, Business Area Manager for Latour Industries.

Produal is already a leading brand in Sweden and Finland today.

“We will be running Produal as an independent company and know it will benefit from the experience that we've gained from our previous investments.”

This is the first acquisition to be made outside of Sweden in the area of building automation, which makes it particularly exciting.

“We will continue to look for suitable acquisition targets in this industry, both inside and outside the Nordic region,” Björn Lenander states.

Conscientious owner

Produal fits in well among the companies in Latour Industries, which take a long-term approach to investment. Nord-Lock was acquired in 1994 and is one such example of this long-term approach. Since its acquisition, it has enjoyed strong growth and enhanced profitability. The company was part of Latour Industries until 31 December

2013 when it became a separate business area. The goal is for more of the holdings eventually to make similar journeys. Latour Industries drives development through proactive, careful ownership, based on industrial experience that encourages entrepreneurship.

Björn Lenander explains, “It's a systematic process that involves ensuring transparency of the operations, giving support to management and providing financial resources to facilitate expansion”.

Latour Industries drives development through proactive, careful ownership, based on industrial experience that encourages entrepreneurship.

Holdings in building management and energy efficiency

Bastec

Bastec has its head office in Malmö. This expansive Swedish company develops and markets systems for building automation.

Its main product is BAS2, which is primarily used to control and monitor ventilation, heating, cooling and other technical systems in more than 3,000 buildings. BAS2 is based on proprietary

hardware and software. BAS2 has been installed in the MAX IV research laboratory in Lund, which came into operation in 2015 and will be officially inaugurated in June 2016. The property received two awards at the 2015 Sweden Green Building Conference. It was the first time ever that a project has been presented with awards in two different categories. Two other buildings in which BAS2 is used and which have received much attention are Malmö Airport Sturup and the Skåne Region's University Hospital in Malmö.

Elvaco

Elvaco has its head office in Kungälv in Sweden. The company develops and markets communication equipment and software for the collection, processing and presentation of metrics data in the energy sector. The company has experienced robust growth in recent years and has enjoyed considerable success with exports. Latour Industries owns 80 per cent of the shares in Elvaco and has an option to acquire the remaining 20 per cent in the first quarter of 2017.

Elvaco's products are used primarily in properties to collect metrics data. Typical customers are utility companies, such as electricity and district heating companies, with metres spread over a wide geographic area, or real estate companies that want to measure the electricity, heating, water and temperature in a property holding.

Kabona

Kabona, with its head office in Borås in central Sweden, is one of the leading Swedish companies in the sales and installation of automated systems for optimising the energy consumption of buildings. By coordinating existing systems in the building and taking its thermal storage capacity, weather forecasts, indoor temperatures and air quality into account, it is possible to raise energy efficiency by 25–50 per cent, thanks to Kabona's Ecopilot system. The company has experienced robust growth in recent years.

Produal

Produal, with its head office in Kotka in Finland, was acquired in 2015. Its product range includes temperature sensors, pressure transmitters, room controllers, transducers and accessories. Its products are sold through subsidiaries in Finland, Sweden, Denmark and France, and partners in other European countries.

In less than three years, Produal has nearly doubled its international business and has achieved sales growth of almost 20 per cent per annum.

"I am delighted that Latour wants to support Produal's growth in existing and new markets based on the company's strengths: customer centricity, delivery reliability and superior product quality," said Ari Mårtensson, CEO of Produal, in connection with the acquisition.

Latour Industries' other holdings AVT Industriteknik

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

LSAB Group

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

countries and Russia. The company is a leading manufacturer of wood-working tools in the Nordic region.

It has a fragmented market which creates opportunities for acquired growth in the future.

REAC

REAC, with its head office in Åmål, develops, manufactures and sells electro-mechanical actuators and lift systems, primarily to customers in the field of medical rehab where REAC is a subcontractor to several of the major manufacturers of electrical wheelchairs. Most of its customers are located in Scandinavia, the rest of Europe and the USA.

It has manufacturing facilities in Åmål in Sweden and in two locations in Poland.

In 2015, REAC acquired the Ergolet Group's operations for the manufacture of components for actuators and tilt and lift systems. Its manufacturing facility is located in Jasien, Poland. This acquisition consolidates REAC's position in the segment of electric wheelchairs.

Specma Seals

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

managers are offered individual training to enhance their skills where most needed, for example in the areas of finance, law and labour law. Latour Industries is also pro-active in identifying and developing talent. Other employees are given training for their current work and as preparation for the future.

High quality and sustainability standards

Latour Industries is comprised of companies whose customers have high standards when it comes to production process and product quality. Measures and products are also needed to minimise harmful impacts on the environment, for example, reducing the consumption of energy, which results in financial savings too.

Björn Lenander explains, "This is especially apparent in our businesses operating in the fields of building automation and energy-efficiency in buildings.

Latour Industries' operations work systematically to achieve improvements in these areas.

Focus in 2016

"We will continue along the chosen path by acquiring and developing existing holdings. When it comes to acquisitions, we are primarily looking for companies that can add strategic value to existing holdings by creating greater product breadth and geographic expansion, which is the case with Produl. Obviously, we are continuing to develop existing operations, with a focus on product enhancement and international expansion with the aim of increasing revenue. We are also implementing cost-saving measures, primarily in the areas of production and logistics, to ensure a high level of cost efficiency," says Björn Lenander.

Efficient product development

Latour Industries aims for its operations to have as many of their own products with their own manufacturing and sales as possible in an international market.

An efficient and effective product development process is central to the success of this aim.

Several new products were launched by the subsidiaries in 2015.

1,000 employees

Latour Industries employs about 1,000 people. The Group places great emphasis on ensuring access to expertise and good leadership in each of its operations.

Development programmes are conducted at management and employee levels to ensure that the entire organisation develops at the same pace. In addition to general management courses,

The Finnish company Produl, which operates in the fields of building management and energy-efficiency in buildings, was acquired in 2015. The company has almost doubled its international operations in the past three years and, overall, its annual growth is nearly 20 per cent.

Nord-Lock Group

The Nord-Lock Group is a world leader in bolt-securing systems. Thanks to its innovative products, Nord-Lock has been providing customers in all major sectors with safe, reliable and effective bolt-securing solutions for over 30 years.



Ola Ringdahl, CEO of Nord-Lock.

Nord-Lock Group at a glance

Nord-Lock focuses on customers in all major industries with high demands on quality and for whom the consequences of faulty bolt joints would be costly and could result in serious accidents. Over 90 per cent of production is exported. Sales are conducted through its own companies and through a global network of retailers.

Important events in 2015

- Continued to grow and deliver good profitability.
- The acquisitions of the British company, Boltight, the Grower Twin-Lock brand

and Nord-Lock's distributor in the important South Korean market.

- Increased investment in product development.

Target achievement – primary factors

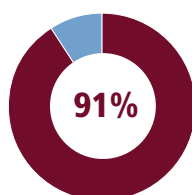
All of the financial targets were achieved in 2015. Strong volume growth, efficiency-improvement measures and exchange rate movements had a beneficial effect.

Strategy for profitable expansion

- Continued focus on innovative product development to consolidate the leading position in the niche of reliable bolt-securing solutions.

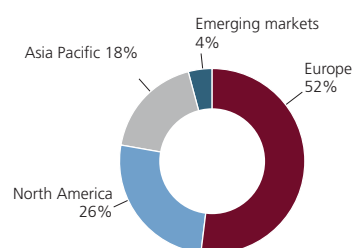
- Strengthen sales and distribution channels. Nord-Lock Group will control its own sales companies in key markets. Further development of capacity and efficiency in production and logistics processes to meet demand in a cost-efficient manner.
- Acquisitions and partnerships may be made and entered into to enhance product portfolios.

DEGREE OF INTERNATIONALISATION

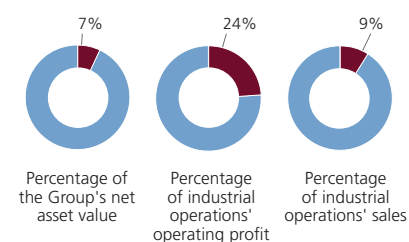


In 2015, sales outside the Nordic countries accounted for 91% of total sales, which is the same as in 2014.

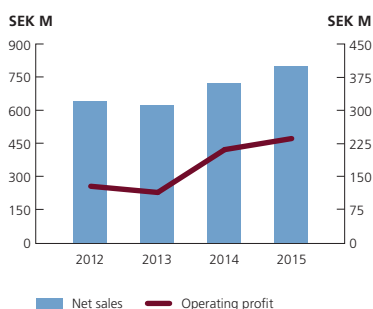
BREAKDOWN OF SALES BY MARKET



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



SALES AND EARNINGS

SEK m	2015	2014	2013	2012	Latour's minimum targets
Net sales	797	722	624	640	>10%
(of which export)	763	689	591	608	
Operating profit	236	211	114 ¹⁾	128	
Operating capital ²⁾	806	590	527	521	
Operating margin, %	29.6	29.3	18.3	20.0	>10%
Return on operating capital %	34.0	38.0	22.0	23.0	>20%
Investments	24	20	18	15	
Number of employees	372	367	382	358	

¹⁾ After restructuring costs

²⁾ Average

“Profitable growth continues in the global marketplace”

2015 was yet another robust year for the Nord-Lock Group. Growth in volumes, strategic acquisitions and investments in product development helped to achieve all the financial targets and lay the foundation for a promising future.

Nord-Lock's mission is to safeguard human lives and the customers' investments by providing products for the most demanding applications in the world.

The Group consists of two of the world's top brands in their respective product categories: Nord-Lock and Superbolt.

“Nord-Lock's wedge-locking products and Superbolt's tensioners are two of the world's most innovative and reliable bolt securing technologies. In combination they offer an impressive range of safe and cost-efficient solutions for customers all over the world,” says Ola Ringdahl, CEO of the Nord-Lock Group.

Nord-Lock: world-leader in wedge-locking products

Nord-Lock's wedge-locking products are known worldwide for their ability to secure bolted joints that are subjected to excessive vibrations and dynamic loads.

“It is not possible for the system to accidentally come loose, because a wedge is created underneath the bolt head or the nut. It's perfect for bolted joints that must not come loose under any circumstances,” says Ola Ringdahl.

In standardised tests, Nord-Lock's wedge-locking products produce far better results than alternative products in the market.

Furthermore, they are quick and easy to assemble and disassemble using standard tools. These are just some of the advantages they offer.

As well as locking washers, the Nord-Lock brand includes wheel nuts and special solutions.

Superbolt: powerful tensioners

Patented, Superbolt multi-jackbolt tensioners (MJTs) are manufactured and marketed under the Superbolt brand and replace hex nuts, capsule nuts, screws, etc. An MJT is assembled together with the existing screw or stud bolt and has been designed to eliminate risky and time-consuming bolt securing methods.

they are safe and easy to use and do not need much space when tightening bolts. The flexibility of the tensioner and the extreme clamping strength that can be generated also ensure a superior joint.

As well as the MJT, the range offers expansion bolts that are used for the coupling of rotating shafts. These facilitate operations, increase safety and reduce overall costs.

Priority given to safety

The Nord-Lock Group has production facilities in Sweden, Switzerland and North America, offering short lead times and high delivery performance. Top priority is given to quality assurance, with rigorous internal controls and full traceability throughout the production process. Nord-Lock's operations have been certified under the ISO 9001 and ISO 14001 standards since 2013.

The safety aspect is an important competitive advantage in all customer markets. The prevention of injury and damage is high priority.

Nord-Lock's wedge-locking products are certified to provide excellent performance in a range of demanding applications, offering customers greater assurance and creating a competitive advantage for Nord-Lock. The Group has received accreditation for demanding applications from ABS, AbP, DIBt, DNV, TÜV and other third party certification companies.

The safety aspect is an important competitive advantage in all customer markets. The prevention of injury and damage is high priority.

“The fact that you only need a hand tool to assemble and disassemble Superbolt tensioners of all sizes is one of the many advantages,” states Ola Ringdahl.

Switching from other traditionally-used methods, such as heating the bolts, saves a great deal of time and increases safety in the workplace. Added to that, MJTs ensure better and stronger joints than conventional hex nuts.

Multi-jackbolt tensioners (MJTs) offer many advantages compared with other standard nuts and screws. For instance,

► Powerful solution for tennis rackets

It is perfectly logical that Nord-Lock's products are used in demanding applications in the fields of infrastructure, transport and heavy industry around the world considering the unique benefits they bring.

There are a great many other areas of application too. Tennis, for example, where the Dunlop Sports Group's new concept for tennis rackets incorporates a Nord-Lock innovation. In simple terms, the concept allows different heads to be combined with different handles to suit the court surface and the player's style and preferences. Nord-Lock's wedge lock is used to safely secure the two parts together. The global launch is scheduled for 2015–2016.

Extensive service and expertise

In addition to the products, customers are offered expertise and service via Nord-Lock Performance Services.

"The customers get help in the initial design phase with simulation and testing of the hardware. On-site support and online training are also available. This way, we can be sure that our customers recoup the cost of the bolt securing system many times over," Ola Ringdahl explains.

CUSTOMERS IN ALL THE MAJOR INDUSTRIES AROUND THE WORLD

- Buildings and bridge construction
- Forestry and agriculture
- Forging presses and other presses
- Machine design and engineering
- Production and processing
- Mining and quarrying
- Oil and gas
- Electrical power/Energy
- Railway
- Shipbuilding and marine
- Steel industry
- Transportation industry
- Other industries

International expansion

Nord-Lock reported 10.3 per cent growth in 2015 including acquisitions. Europe is its largest market, followed by North America and Asia Pacific. The aim is to continue with geographic expansion in key industrial markets, with a focus on Asia Pacific, where sales have risen sharply in recent years.

Nord-Lock Group has more than 20 of its own sales companies worldwide and is also represented in more than 50 countries through distributors and resellers. Export markets account for over 90 per cent of sales.

Strategic acquisitions in 2015

Boltight Limited, a British company, which offers an innovative hydraulic bolt tensioning system was acquired during the year. Its technology provides an excellent complement to Nord-Lock's portfolio. Another acquisition was the Grower Twin-Lock brand from the Italian manufacturer Growermetal. Nord-Lock also acquired its distributor in the important South Korean market during the year.

Forefront of product development

The Nord-Lock Group gives priority to effective innovation and product development in order to consolidate its position as a world market leader. This has led to a number of successful launches. The intensive focus on product portfolio enhancement continued throughout 2015.

The Nord-Lock Group is committed to safety and works in close partnership with its customers to find the best and safest solutions. Incorrect tensioning techniques and inaccurately tightened screws can result in serious injuries and accidents, as well as costly repair bills. Whatever the project, whether a power turbine, oil rig or bridge construction, Nord-Lock's expert assistance and original products will give customers assurance and peace of mind.

400 employees

The Nord-Lock Group has about 400 employees around the world. The Group works systematically to make sure it has access to competent and motivated employees. Its workplace health and safety practices are integrated into

Nord-Lock's fasteners ensure outstanding safety and efficiency, which is of extreme importance in virtually every industry. The stability of this bridge structure is due to Nord-Lock.

everyday operations and development activities, and are aimed at promoting job satisfaction and teamwork, and increasing employee commitment and motivation.

Focus in 2016

“The focus will be on continued innovation and product range enhancement. We will continue to nurture and develop the exciting acquisitions that we made in 2015. An efficient production system, superior quality and world-class delivery performance remain top priority areas.

Nord-Lock is right at the forefront in these areas today. We will also continue to build strong relationships with global and regional customers. We are focusing strongly on organic growth but will also evaluate potential acquisitions or partnerships to enhance our portfolio of offerings,” says Ola Ringdahl.



Swegon

Swegon maintains a clear focus on the user, creating indoor climates with pleasant temperatures and good air quality that promote well-being and comfort.



Hannu Saastamoinen, CEO of Swegon AB.

Swegon at a glance

Swegon supplies the market with products and efficient system solutions that promote a healthy indoor climate and contribute to lower life-cycle costs for all types of buildings. Sales and marketing activities are conducted through the Group's sales companies in 16 countries and through distributors to other markets. The company has production units in Europe, North America and India.

Important events in 2015

- Strong sales in Sweden, in the Home Solutions business area and in North America where the GOLD concept was launched.

- Intensive and successful integration process with the companies acquired in 2014.
- Several long-term initiatives in product development, marketing activities and support processes were initiated, which had an impact on profitability for the full year.

Target achievement – primary factors

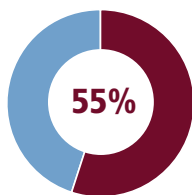
The sales target was partially achieved thanks to good growth in Sweden and North America and a stronger sales trend in the second half of the year. The profitability targets were not fully achieved due to increased investment in product development, marketing activities and support

processes that will create a stable platform for future growth.

Strategy for profitable expansion

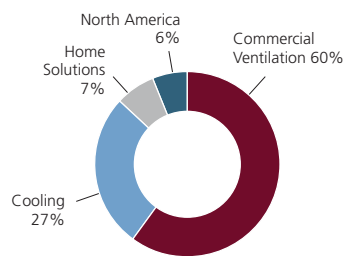
- Differentiation through market-leading, innovative system solutions for the indoor climate sector.
- Continue to develop its strong position in the domestic Nordic markets.
- Consolidate its position in key European markets.
- Create platforms for future growth in expanding geographic markets and customer segments. Expansion will be achieved through acquisitions and the development of existing operations.

DEGREE OF INTERNATIONALISATION

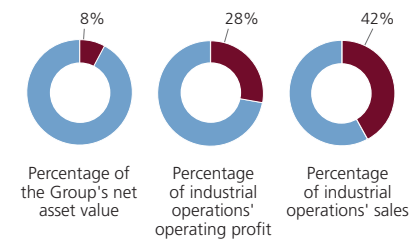


In 2015, sales outside the Nordic countries accounted for 55% of total sales compared with 2014, when the corresponding figure was 54%.

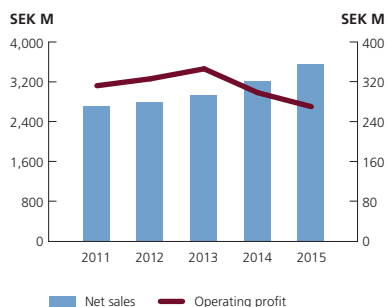
BREAKDOWN OF SALES BY BUSINESS AREA



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



SALES AND EARNINGS

SEK m	2015	2014	2013	2012	2011	Latour's minimum targets
Net sales	3,559	3,209	2,936	2,785	2,706	>10%
(of which export)	2,712	2,498	2,152	2,010	1,940	
Operating profit	270	298	346	326 ¹⁾	312	
Operating capital ²⁾	2,242	2,363	1,177	987	1,095	
Operating margin, %	7.6	9.3	11.8	11.7	11.5	>10%
Return on operating capital %	11.0	17.0	30.0	30.0	27.0	>20%
Investments	53	65	56	34	71	
Number of employees	1,840	1,674	1,461	1,340	1,288	

¹⁾ After restructuring costs
²⁾ Average

“Future investments in new products, segments and geographic markets”

In 2015, Swegon's successful GOLD concept was launched in North America where it was enthusiastically received and sales in Sweden hit a new all-time high. In addition, further investments were made in product development, marketing activities and support processes which had an impact on profitability in the year.

Since 1 January 2016, Swegon's operations are grouped into five business areas – Home Solutions, Light Commercial, Commercial Ventilation, Cooling and North America – to reflect specific customer needs.

The determination to satisfy customer needs and deliver more than just a product is one of the strongest traits of Swegon, all the way from innovation and product development to sales and service.

The internationally cutting-edge technology that Swegon creates is always centred on the needs and perspectives of the property owners and the users – it's not done just for the sake of it. One of Swegon's core values is customer empathy.

“Why we provide more than just a standard product. We provide customers with a complete system that optimises operation, energy consumption and the indoor climate according to the specific needs of the customer. This is our long-term market approach,” says Hannu Saastamoinen, CEO of Swegon.

Growing interest in a good indoor climate – a strong impetus

We've seen an increasing demand for good indoor climate in recent years, and that's hardly surprising considering how much time is spent indoors and the consequences that a poor indoor climate can have.

Research shows that the risk of injury increases and productivity is lower if the temperature in the workplace deviates from its optimal level by just a few degrees.

If, in addition, the quality of the air is poor, it could have even greater negative consequences. The fact that poor air is

injurious to health and that inadequate ventilation can lead to allergies, fatigue and illness is of great concern considering the amount of time we spend indoors.

Radon in homes and buildings is the second leading cause of lung cancer. In Sweden alone, 400,000 buildings have high levels of radon. Swegon's ventilation solutions reduce the problem.

“There is plenty of information about how important food, exercise and sleep is for our health.

But not many people know that we breathe about 30,000 litres of air a day and what poor ventilation can lead to,” says Hannu Saastamoinen.

Savings for the environment and economy

As well as providing positive health effects and improving workplace productivity, efficient systems for indoor climate help reduce energy consumption and impacts on the environment.

The fact is that properties account for 40 per cent of the annual energy consumption in Europe, which far exceeds the energy consumption of cars. Swegon's solutions offer huge potential here for helping the environment and the economy in the long run.

Already in the first year of using Swegon's products, the energy savings are significantly higher than the total environmental impact from production and transportation. Each year of operation after that leads to considerable environmental savings. These can be translated into economic gains for the property owners.

“We can deliver many long-term benefits to both the environment and the economy,” says Hannu Saastamoinen.

Focus on system concepts

Swegon's product portfolio contains industry-leading air handling units, water and air borne climate systems, chillers and

Why we provide more than just a standard product. We provide customers with a complete system that optimises operation, energy consumption and the indoor climate according to the specific needs of the customer. This is our long-term market approach.

heat pumps, flow control and acoustics products for all kinds of buildings.

By linking these “intelligent products” together, the focus is increasingly targeted at the creation of system concepts that are simple to design, install and operate and which work best in different environments.

Over the years, Swegon has received numerous awards for its initiatives, including the Big Indoor Climate Award in Sweden. In 2015, the company was presented with the award for the best new product in the category of “Heating and/or cooling hydronic appliances” at MCEE, Canada's largest trade fair for mechanical engineering and electronics.

▶ **Linked to the business cycle of the construction industry**

Swegon's market is generally linked to trends in the construction industry, which is usually defined as late cycle. This means that the ups and downs in demand occur slightly later than in the national economy as a whole.

"In general, however, indoor climate solutions have experienced a slightly higher rate of growth than the construction industry," comments Hannu Saastamoinen.

One key factor here is the urgent need to upgrade to high-quality ventilation systems in renovation projects, which is taking place in parallel with new builds. What's more, modern ventilation is still only used to a limited extent outside the Nordic regions, which means there is good, long-term potential for international growth.

Continued geographic expansion and establish presence in new customer segments

In 2015, further investments were made in product development and marketing activities to ensure that sales continue their upward trend in the future.

Swegon is focusing on creating a strong position in Europe as part of its strategy of continued expansion. And outside of Europe, it has embarked on a long-term effort to establish a position in North America. In 2015, 55 (54) per cent of the company's sales were generated outside of the Nordic region.

The increased degree of consolidation which characterises the industry is expected to continue over the coming years. Swegon made three international acquisitions in Belgium, Canada and Germany in 2014 and these operations were integrated in 2015. The Canadian company, Vibro-Acoustics, posted very strong growth in North America during the year. The GOLD air handling unit has been launched and local production has begun.

Swegon's presence in the huge North American market for indoor climate products in buildings has so far been limited. The successful integration of Vibro-Acoustics and impressive sales achievements in the North American market during the year bode well for the future.

The Home Solutions business area had a successful year in 2015 with its house and home concept. Home Solutions also includes Wise Apartment Solutions which optimise running costs in apartment buildings. The demand for this type of system is expected to increase in the future as the environmental and economic benefits become

more widely recognised among property owners and as regulations for energy efficiency become more stringent.

Datacenter Cooling is a new growth segment in the Cooling business area and is considered to have good growth potential thanks to a constantly increasing need for server capacity and data storage. This is a demanding application area for which Swegon offers added value via high-quality air-conditioning systems in server halls and data centres. Swegon's systems offer efficient heat evacuation and accurate temperature and humidity control, thus providing the greatest level of operating reliability. The product offering was expanded and investments in business development and sales resources were made during the year.

Customer and user in focus in the product development process

Several other new products were introduced and were well received in the market during the year.



These include a new generation of the PARAGON waterborne comfort module whose high capacity makes it even simpler to create the perfect indoor climate in hotel rooms, care homes, hospitals and other settings. The increased cooling and heating capacity enables investment costs to be reduced by choosing a smaller product or saving energy when producing heating and cooling.

Another good example is the new series of Blue Box chillers with natural refrigerants which Swegon was first to bring to market. The products do not contain any ozone-depleting substances and do not contribute to the greenhouse effect. The launch of the chillers has been a great success.

Swegon always focuses on the user in its product development process.

"That is why we are increasingly heading towards distinct system concepts based on their specific needs," says Hannu Saastamoinen.

It conducts development activities in its own laboratories using state-of-the-art methods. Its laboratories also conduct customer-specific projects in the form of so-called full-scale tests.

Production at eleven facilities

Swegon's development and manufacturing operations are carried out at eleven facilities in Sweden, Finland, Italy, India, Belgium and North America. Production is highly automated and divided into different product areas for each factory. All the factories apply modern principles of lean management.

High quality standards are maintained in Swegon's production processes. Swegon's operations are certified under the ISO 9001 standard for quality management. Moreover, the company's GOLD air conditioning unit, cooling and climate baffles and chillers are certified under the Eurovent "Certify All" programme.

This further guarantees that our products and production processes meet the highest quality standards," Hannu Saastamoinen says.

1,840 employees

At the end of 2015, Swegon had 1,840 employees. The company works conscientiously to create a good, stimulating workplace environment and ensure that relevant expertise is available. One of the ways the company does this is through regular courses for its employees at the Swegon School of Indoor Climate. Moreover, Swegon runs the Swegon Air Academy, which is an independent knowledge platform for indoor climate, and promotes leadership development via its Swegon Leadership Academy.

Focus in 2016

"During the year, we have increased our investment in product development and marketing based on the company's new customer-centric structure. This creates a stable platform of growth for Swegon, which means we are aiming to increase market share in existing markets and to expand geographically. By further investing in essential support processes and tools, this will be performed with a high level of efficiency that will promote profitability," says Hannu Saastamoinen.

Properties account for 40 per cent of the annual energy consumption in Europe, which far exceeds the energy consumption of cars. Swegon's energy-saving climate systems help reduce consumption and create a comfortable and healthy environment.



PORTFOLIO COMPANIES

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IMPORTANT EVENTS IN 2015

- » The investment portfolio had a market value of SEK 39.1 billion (30.5) at year-end.
- » The total return on the investment portfolio was 31.6 per cent. This can be compared to 10.4 per cent for the SIXRX. All the portfolio companies outperformed the index.
- » Income from portfolio management in 2015 totalled SEK 3,430 m (1,368).
- » The dividends from the investment portfolio companies in the spring of 2016 are expected to total SEK 767 m (688).
- » Acquisition of 30.1 per cent of the capital and voting rights in Troax.
- » Disposal of shares in Nobia which reduced Latour's shareholding to 2.8 per cent.

Active majority owner in ten companies in a portfolio worth more than SEK 39 billion

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

More than SEK 39 billion in market value

The market value of Latour's holdings at the end of 2015 was SEK 39.1 billion.

Total return of 31.6 per cent

The return on the investment portfolio was 31.6 per cent in 2015, adjusted for dividends. This can be compared with 10.4 per cent for Nasdaq OMX Stockholm (SIXRX).

Profit of more than SEK 3 billion

Income from portfolio management in 2015 totalled SEK 3,430 m (1,368). Apart from underlying improvements in earnings, this increase is also attributable to capital gains from the sale of large blocks of shares in Nobia and Academic Work.

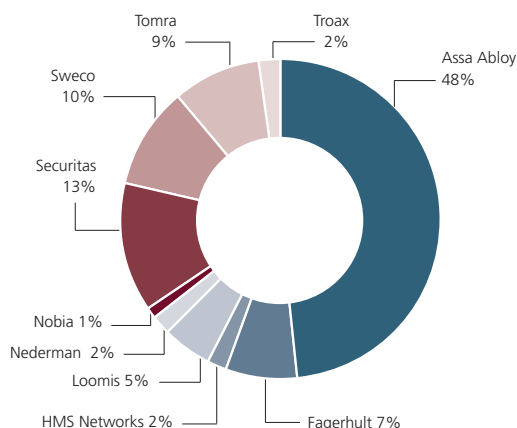
Record level dividends

The dividends from the investment portfolio companies in the spring of 2016 are expected to total SEK 767 m, in accordance with the proposals of each respective board. This means an increase of SEK 79 m.

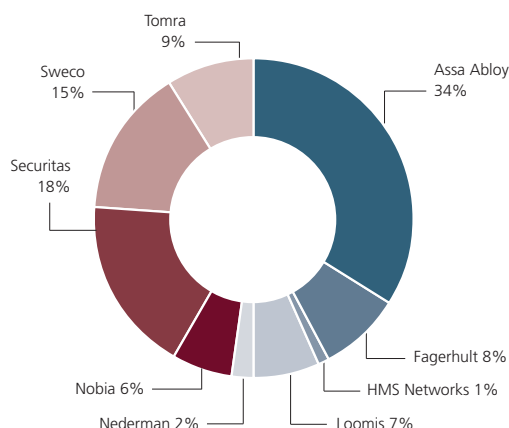
Troax was a newcomer during the year

Shares representing 30.1 per cent of Troax's capital and voting rights were acquired in 2015. Shares in Nobia were sold, reducing Latour's shareholding to 2.8 per cent.

BREAKDOWN OF INVESTMENT PORTFOLIO'S VALUE



PERCENTAGE OF RECEIVED DIVIDENDS



INVESTMENT PORTFOLIO

Share	Number	Market value ¹ SEK m	Listed share price ¹ SEK	Cost SEK m	Dividends SEK m	Share of voting rights %	Share of equity %
Assa Abloy ^{2) 3)}	105,495,729	18,778	178	1,697	229	29.5	9.5
Fagerhult ^{3) 4)}	18,620,400	2,933	158	571	56	48.9	48.3
HMS Networks ³⁾	3,027,322	742	245	250	8	26.8	26.7
Loomis ^{2) 3)}	7,538,328	1,994	265	108	45	28.6	10.0
Nederman ³⁾	3,512,829	898	256	306	14	30.1	30.0
Nobia	4,649,894	493	106	94	40	2.8	2.7
Securitas ^{2) 3)}	39,732,600	5,165	130	1,081	119	29.6	10.9
Sweco ^{2) 3)}	32,622,480	4,053	124	445 ⁵⁾	101	21.0	27.2
Tomra ^{3) 6)}	36,560,000	3,338	91 (NOK)	1,795	58	24.8	24.7
Troax	6,020,000	753	125	397	0	30.1	30.1
Total		39,147		6,745	671		

¹⁾ Latest market price paid.

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

³⁾ Reported as associated companies in the balance sheet.

⁴⁾ At the end of December 2015, 90,000 shares were on loan and are thus not included in Latour's share of voting rights.

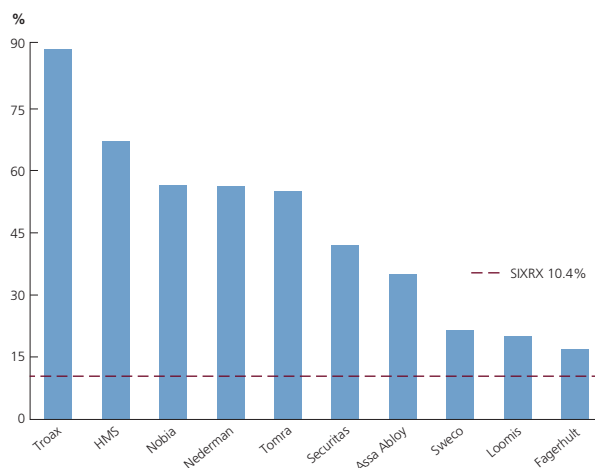
⁵⁾ The cost of the class B shares in the Group are SEK 34 m higher than in the parent company through the use of a call option.

⁶⁾ SEK according to the annual accounts exchange rate of 0.956.

NET CHANGE IN LATOUR'S INVESTMENT PORTFOLIO IN 2015

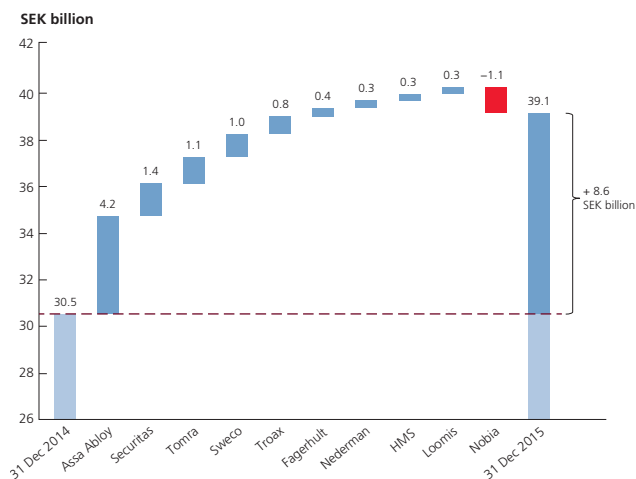
Share	Number 1 Jan 2015	Purchase	Sale	Number 31 Dec 2015
Nobia	23,100,000		18,450,106	4,649,894
Troax	0	6,020,000		6,020,000

TOTAL RETURN OF THE PORTFOLIO COMPANIES FOR 2015



The total return, including share price growth and dividend, for each portfolio company compared with the SIXRX benchmark index in 2015.

MOVEMENTS IN INVESTMENT PORTFOLIO VALUES FOR 2015



Movements in investment portfolio values for 2015 (SEK billion). These figures do not include dividend payments. Movements in value also reflect transactions during the year.

Assa Abloy

Assa Abloy is the world's largest supplier of intelligent lock and security solutions. State-of-the-art technologies and tried-and-tested methods are used to develop innovative solutions that create added value for the customers through enhanced security, reliability and user-friendliness.

Since Assa Abloy was founded in 1994, it has grown from a regional company into an international Group with approximately 46,000 employees and sales of SEK 68.1 billion in 2015. Assa Abloy is represented all over the world and has leading positions across most of Europe, North America, Asia, Australia and New Zealand.

2015 HIGHLIGHTS

Assa Abloy's sales, operating profit and earnings per share for 2015 increased by 20 per cent. Organic growth was 4 (3) per cent. A total of 16 acquisitions with annual sales of SEK 2,500 m were consolidated during the year.

In 2015, sales of electromechanical products increased notably. This is an area in which Assa Abloy has developed an internationally leading position.

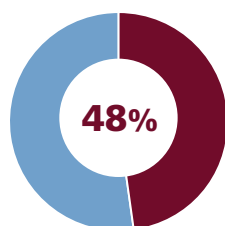
The Board of Directors proposes a dividend payout of SEK 2.65 per share for the 2015 financial year. This represents an increase of 22 per cent.



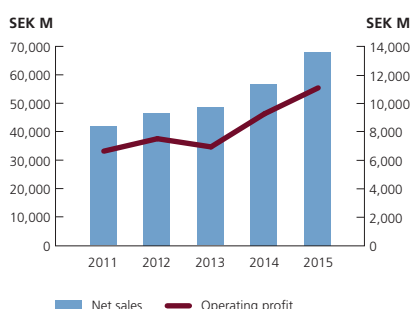
PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE

37%

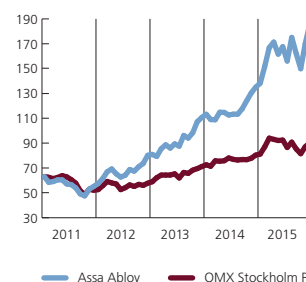
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH ASSA ABLOY



KEY RATIOS

ASSA ABLOY

	Full year 2015	Full year 2014
Net sales, SEK m	68,099	56,843
Operating profit, SEK m	11,079	9,257
Operating margin, %	16.3	16.3
Profit after net financial items, SEK m	10,382	8,698
Earnings per share, SEK	6.93	5.79
Equity ratio, %	48.2	45.1
Earnings per share, SEK ¹⁾	2.65	2.17
Equity per share, SEK	37.37	32.45
Market value on 31 Dec, SEK m	198,039	153,583

¹⁾ Proposed dividend for 2015.

KEY RATIOS FOR MEASUREMENT AND RISK²⁾

EV/sales	3.0
EV/EBIT	18.7
P/E ratio	24.0
Net debt/EBIT	2.0

²⁾ Based on last price paid 23 Feb 2016.

LARGEST OWNERS ON 31 DECEMBER 2015

	A	B	Number Total	% of shares	% of voting rights
Investment AB Latour	41,595,729	63,900,000	105,495,729	9.5	29.5
Melker Schörling AB	15,930,240	26,882,608	42,812,848	3.8	11.4
Capital Group Funds		65,120,395	65,120,395	5.9	4.0
BlackRock Inc.		55,660,998	55,660,998	5.0	3.4
Swedbank Robur Funds		43,894,375	43,894,375	3.9	2.7
Norges Bank		30,300,915	30,300,915	2.7	1.9
Alecta		26,670,000	26,670,000	2.4	1.6
Handelsbanken Funds		23,405,636	23,405,636	2.1	1.4
AMF Försäkring & Fonder		16,985,896	16,985,896	1.5	1.0
Standard Life Investment Fonder		11,410,144	11,410,144	1.0	0.7
Other shareholders		690,819,398	690,819,398	62.1	42.4
Total	57,525,969	1,055,050,365	1,112,576,334	100.0	100.0

Chairman of the Board: Lars Renström

President and CEO: Johan Molin

Board members connected to Latour: Carl Douglas, Jan Svensson

www.assaabloy.com

Fagerhult

Fagerhult is one of Europe's leading lighting groups with subsidiaries in more than 20 countries in four geographic business areas. The company develops, manufactures and markets innovative and energy-efficient lighting solutions for professional settings in three main products areas – Indoor, Retail and Outdoor. The store, brands and customers are usually local and the operations are therefore conducted locally through a number of companies with robust brands. Products are also sold via agents and distributors. Along with local activities, this gives access to about 40 markets. Manufacturing is based in facilities in Europe, Africa, Asia and Australia.

2015 HIGHLIGHTS

2015 was a robust year for Fagerhult. New record highs were reported for the order intake, operating profit, earnings per share and operating cash flows.

Most of the Group's markets enjoyed stable growth during the year. The UK market had the best performance and growth was good in Sweden and Germany too.

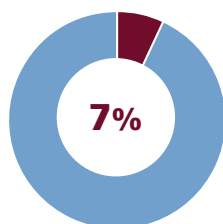
Fagerhult's acquisition of Lighting Innovations marked its entry into a new continent – Africa.



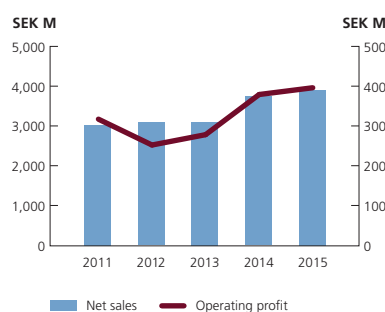
PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

6%

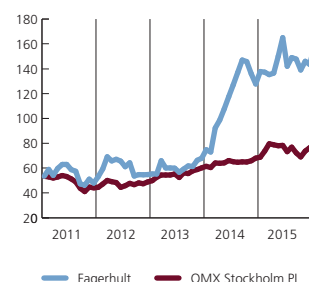
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH FAGERHULT



KEY RATIOS

FAGERHULT	Full year 2015	Full year 2014
Net sales, SEK m	3,909	3,736
Operating profit, SEK m	396	379
Operating margin, %	10.1	10.1
Profit after net financial items, SEK m	377	348
Earnings per share, SEK	7.62	6.90
Equity ratio, %	38.0	38.0
Earnings per share, SEK ¹⁾	3.50	3.00
Equity per share, SEK	37.96	35.13
Market value on 31 Dec, SEK m	6,072	5,310

¹⁾ Proposed dividend for 2015.

KEY RATIOS FOR MEASUREMENT AND RISK²⁾

EV/sales	1.7
EV/EBIT	16.4
P/E ratio	18.9
Net debt/EBIT	2.4

²⁾ Based on last price paid 23 Feb 2016.

LARGEST OWNERS ON 31 DECEMBER 2015

	Number Total	% of shares	% of voting rights
Investment AB Latour	18,620,400	48.3	48.9
Fam Svensson, Family, foundation and companies	2,836,875	7.4	7.5
SSB CL Omnibus AC	2,761,219	7.2	7.3
Lannebo Funds	2,658,014	6.9	7.0
Robur Småbolagsfond	1,582,832	4.1	4.2
SEB Funds	1,264,469	3.3	3.3
Palmstierna Family	1,006,200	2.6	2.7
Nordea Fonder	741,789	1.9	2.0
NTC Fidelity Funds	767,932	2.0	2.0
AP4	476,464	1.2	1.3
Handelsbanken Funds	244,533	0.6	0.6
Other shareholders	5,589,273	14.5	13.2
Total	38,550,000	100.0	100.0

Chairman of the Board: Jan Svensson

President and CEO: Johan Hjertonsson

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

www.fagerhultgroup.com

HMS Networks

HMS Networks AB (publ) is a world-leading supplier of communication technology for industrial automation. Over 90 per cent of its sales are outside of Sweden. Its development operations and some of its production are located at the head office in Halmstad in Sweden and Weingarten in Germany. It has sales offices in Japan, China, Germany, USA, Italy, France, India, the UK and Denmark. HMS Networks produces network cards and gateways that connect networks under the Anybus® and IXXAT® brands as well as products for remote surveillance under the Netbiter® brand. It generated sales of SEK 702 m in 2015 and had approximately 390 employees.

2015 HIGHLIGHTS

Sales rose 19 per cent to SEK 702 m, which is a new record. The operating margin was 14 per cent. Products in all three of the product areas, Anybus®, IXXAT® and Netbiter® are showing strong growth. In 2015, the company achieved a record number of new design-wins, demonstrating that it has an attractive product portfolio and a good platform for future growth.

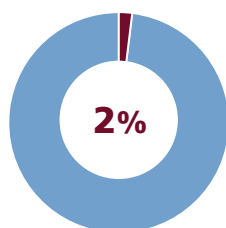
After the end of the year, the Belgian company eWON was acquired. The company is a leader in the market for remote surveillance and control equipment. It generates sales of approximately SEK 140 m with an operating margin of more than 20 per cent.



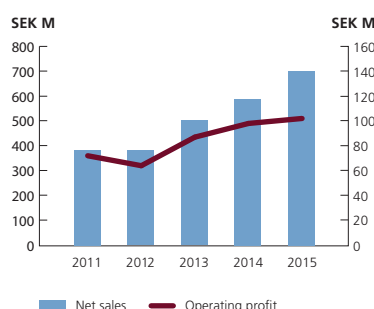
PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

1%

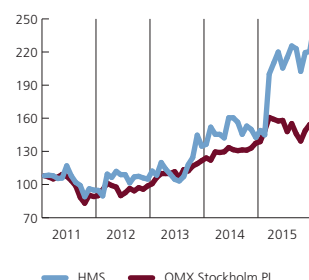
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH HMS



KEY RATIOS

HMS	Full year 2015	Full year 2014
Net sales, SEK m	702	589
Operating profit, SEK m	102	98
Operating margin, %	14.5	16.6
Profit after net financial items, SEK m	88	86
Earnings per share, SEK	5.33	5.59
Equity ratio, %	54.9	50.8
Earnings per share, SEK ¹⁾	2.50	2.50
Equity per share, SEK	38.88	35.43
Market value on 31 Dec, SEK m	2,774	1,687

¹⁾ Proposed dividend for 2015.

LARGEST OWNERS ON 31 DECEMBER 2015

	Number Total	% of shares	% of voting rights
Investment AB Latour	3,027,322	26.7	26.8
Staffan Dahlström with companies	1,617,073	14.3	14.3
Swedbank Robur Funds	1,089,194	9.6	9.6
Lannebo Funds	1,066,418	9.4	9.4
SEB Funds	902,706	8.0	8.0
AP4	493,054	4.4	4.4
Handelsbanken Funds	228,964	2.0	2.0
AMF Försäkring & Fonder	231,414	2.0	2.0
HMS Management	151,234	1.3	1.3
Deka Bank	141,700	1.3	1.3
Other shareholders	2,373,321	21.0	20.7
Total	11,322,400	100.0	100.0

KEY RATIOS FOR MEASUREMENT AND RISK²⁾

EV/sales	3.9
EV/EBIT	26.9
P/E ratio	42.5
Net debt/EBIT	1.7

²⁾ Based on last price paid 23 Feb 2016.

Chairman of the Board: Charlotte Brogren
President and CEO: Staffan Dahlström
Board members connected to Latour: –
www.hms.se

Loomis

Loomis offers secure and efficient end-to-end solutions for the distribution, management, storage and recycling of cash and other valuables. Its customers are banks, distributors and other companies. It offers service solutions for cash in transit, cash management and international valuables logistics. Cash in transit remains its main source of income, but a growing part of its profits is generated through cash management services. Loomis' operations are run through an international network of about 400 operative local offices in more than 20 countries. Loomis employs about 22,000 people and generated sales of SEK 16.1 billion in 2015.

2015 HIGHLIGHTS

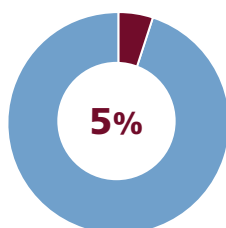
Sales rose 19.1 per cent to SEK 16.1 billion, which is a huge step towards the target of SEK 17 billion in sales by 2017. The group-wide efforts to improve quality and efficiency continued to yield good financial results. The operating margin improved to 10.6 per cent, which is within the target range of 10–12 per cent. The net debt/EBITDA ratio fell to SEK 1.60 which is well below the maximum allowable ratio of 3.0. The proposed dividend for the 2015 financial year increased by 16.7 per cent to SEK 7.00 which is within the target range of 40–60 per cent of profit after tax.



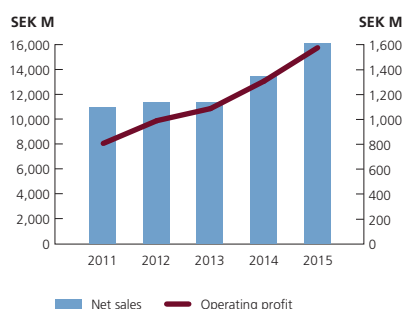
PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

4%

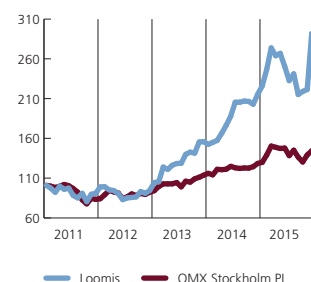
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH LOOMIS



KEY RATIOS

LOOMIS	Full year 2015	Full year 2014
Net sales, SEK m	16,097	13,510
Operating profit, SEK m ¹⁾	1,587	1,306
Operating margin, % ¹⁾	9.9	10.1
Profit after net financial items, SEK m	1,461	1,240
Earnings per share, SEK ¹⁾	14.21	12.10
Equity ratio, %	41.0	38.0
Earnings per share, SEK ²⁾	7.00	6.00
Equity per share, SEK	77.67	65.24
Market value on 31 Dec, SEK m	19,912	17,013

¹⁾ Adjusted for items impacting comparability.
²⁾ Proposed dividend for 2015.

KEY RATIOS FOR MEASUREMENT AND RISK³⁾

EV/sales	1.5
EV/EBIT	15.6
P/E ratio	19.0
Net debt/EBIT	2.8

³⁾ Based on last price paid 23 Feb 2016.

LARGEST OWNERS ON 31 DECEMBER 2015

	A	B	Number Total	% of shares	% of voting rights
Investment AB Latour	2,528,520	5,009,808	7,538,328	10.0	28.6
Melker Schörling AB	900,000	4,647,887	5,547,887	7.4	12.9
Didner & Gerge Funds		5,372,878	5,372,878	7.1	5.1
Swedbank Robur Funds		2,232,725	2,232,725	3.0	2.1
FIM Fonder		2,143,869	2,143,869	2.8	2.0
SEB Funds		2,003,091	2,003,091	2.7	1.9
Handelsbanken Funds		1,991,985	1,991,985	2.6	1.9
Montanaro Fonder		1,607,423	1,607,423	2.1	1.5
Norges Bank		1,504,143	1,504,143	2.0	1.4
CF Ruffer Fonder		917,927	917,927	1.2	0.9
Other shareholders		44,419,573	44,419,573	59.0	41.8
Total	3,428,520	71,851,309	75,279,829	100.0	100.0

Chairman of the Board: Alf Göransson

President and CEO: Lars Blecko

Board members connected to Latour: Jan Svensson

www.loomis.com

Nederman

Nederman is a world leading supplier of environmental technology products and systems with a focus on air filtering and recycling. The company's solutions help reduce environmental impacts from industrial production, create a clean and safe work environment and improve production efficiency.

Nederman's offering includes everything from planning to installation, commissioning and service. Its products are marketed through its own subsidiaries in 25 countries and distributors in a further 30 countries or so. Nederman's development and production activities are conducted in its own manufacturing and assembly facilities in Europe, North America and Asia. Nederman has about 1,900 employees and generated sales of approximately SEK 3.2 billion in 2015.

2015 HIGHLIGHTS

The Group reported a strong profitability performance in 2015. The adjusted operating profit for the full year rose 31 per cent to SEK 263.1 m to give an operating margin of 8.2 (7.1) per cent. Earnings per share were up approximately 60 per cent.

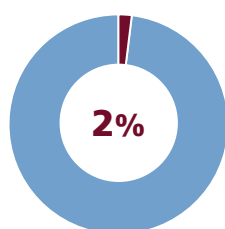
Sales increased to SEK 3.2 billion in 2015. Nederman continued to underpin its position, particularly in the Americas, with 13 per cent organic growth. The APAC operating segment was marked by weaker demand in 2015. Organic growth was 3 per cent in EMEA. This is the first year of growth for EMEA since 2011.



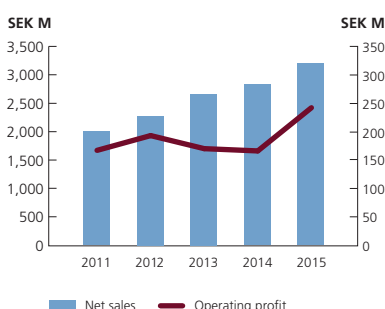
PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

2%

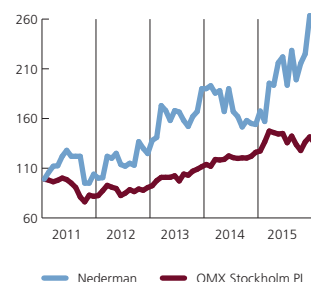
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH NEDERMAN



KEY RATIOS

NEDERMAN	Full year 2015	Full year 2014
Net sales, SEK m	3,198	2,827
Operating profit, SEK m ¹⁾	263	166
Operating margin, % ¹⁾	8.2	5.9
Profit after net financial items, SEK m	215	139
Earnings per share, SEK ¹⁾	13.0	8.0
Equity ratio, %	32.6	30.9
Earnings per share, SEK ²⁾	5.00	4.00
Equity per share, SEK	71.45	62.59
Market value on 31 Dec, SEK m	2,993	1,962

¹⁾ Adjusted for items impacting comparability.
²⁾ Proposed dividend for 2015.

KEY RATIOS FOR MEASUREMENT AND RISK³⁾

EV/sales	1.0
EV/EBIT	13.2
P/E ratio	16.8
Net debt/EBIT	2.4

³⁾ Based on last price paid 23 Feb 2016.

LARGEST OWNERS ON 31 DECEMBER 2015

	Number Total	% of shares	% of voting rights
Investment AB Latour	3,512,829	30.0	30.1
Lannebo Funds	1,757,282	15.0	15.0
Ernstström Kapitalpartner	1,175,000	10.0	10.1
IF Skadeförsäkringar AB	1,160,400	9.9	9.9
Swedbank Robur Funds	958,130	8.2	8.2
Fondita Nordic Micro Cap	400,000	3.4	3.4
AP4	376,235	3.2	3.2
Handelsbanken Funds	282,761	2.4	2.4
Ntc Un Joint Staff	239,505	2.0	2.1
State Street Bank & Trust Com. Boston	122,100	1.0	1.0
Other shareholders	1,731,098	14.8	14.5
Total	11,715,340	100.0	100.0

Chairman of the Board: Jan Svensson

President and CEO: Sven Kristensson

Board members connected to Latour: Jan Svensson

www.nederman.se

Nobia

Nobia is Europe's leading kitchen interiors specialist. The company develops, manufactures, distributes and sells kitchen interiors. The kitchen solutions are sold through 20 or so strong brands and under private labels. Nobia has strong brands, established sales channels and a size that allows it to capitalise on economies of scale in purchasing, production and product development. Its operations are structured in three regions; the Nordic countries, the UK and Central Europe. The Group has about 6,500 employees and generated sales of SEK 13.3 billion in 2015.

2015 HIGHLIGHTS

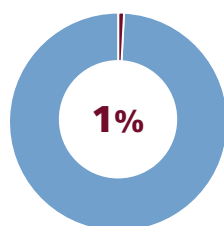
The operating margin improved to 9.3 (8.5) per cent – the highest level ever. The improved profitability is mainly due to increased sales volumes and favourable movements in exchange rates. Sales rose 17 per cent, with 6 percentage points of this increase due to organic growth, 7 percentage points to movements in exchange rates and 4 percentage points to sales of acquired businesses. The French Hygena chain stores were sold on 2 March 2015. In the fourth quarter, Commodore and CIE Kitchens were acquired. These are two kitchen interior companies operating in the UK property development market.



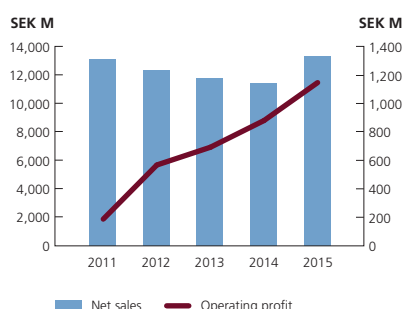
PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

1%

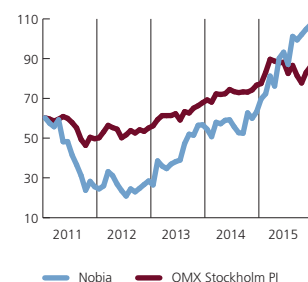
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH NOBIA



KEY RATIOS

NOBIA	Full year 2015	Full year 2014
Net sales, SEK m	13,332	11,411
Operating profit, SEK m ¹⁾	1,241	878
Operating margin, % ¹⁾	9.3	7.7
Profit after net financial items, SEK m	1,087	800
Earnings per share, SEK ¹⁾	5.31	-0.17
Equity ratio, %	47.0	41.0
Earnings per share, SEK ²⁾	2.50	1.75
Equity per share, SEK	21.80	18.23
Market value on 31 Dec, SEK m	18,581	12,227

¹⁾ Adjusted for items impacting comparability.

²⁾ Proposed dividend for 2015.

KEY RATIOS FOR MEASUREMENT AND RISK³⁾

EV/sales	1.1
EV/EBIT	11.9
P/E ratio	15.1
Net debt/EBIT	0.7

³⁾ Based on last price paid 23 Feb 2016.

LARGEST OWNERS ON 31 DECEMBER 2015

	Number Total	% of shares	% of voting rights
Nordstjernan AB	35,147,843	20.1	20.9
IF Skadeförsäkringar AB	17,700,000	10.1	10.5
Lannebo Funds	14,477,666	8.3	8.6
AP4	9,151,457	5.2	5.4
Nobia AB	7,012,153	4.0	4.2
Handelsbanken Funds	6,695,133	3.8	4.0
AMF Försäkring & Fonder	5,335,912	3.0	3.2
Swedbank Robur Funds	5,280,731	3.0	3.1
Investment AB Latour	5,136,325	2.7	2.8
Norges Bank	3,113,639	1.8	1.9
Other shareholders	66,242,599	38.1	35.5
Total	175,293,458	100.0	100.0

Chairman of the Board: Tomas Billing

President and CEO: Morten Falkenberg

Board members connected to Latour: Fredrik Palmstierna

www.nobia.com

Securitas

Securitas is a leading company in the security sector with operations in North America, Europe, Latin America, the Middle East, Asia and Africa. The organisation, which is flat and decentralised, has 330,000 employees in 53 countries.

Securitas can address the unique and specific challenges of each and every customer in the area of safety and security. It has customers in many different industries and segments and they vary in size from street-corner shops to international corporations with sales in the billions. Securitas provides them with specialised surveillance and mobile security services, alarm monitoring, technology solutions and consulting and safety investigation services.

2015 HIGHLIGHTS

Securitas' sales rose 15.1 per cent to SEK 80.9 billion and organic sales growth was 5 (3) per cent. The operating profit before depreciation and amortisation increased by 16.7 per cent and the operating margin saw a marginal increase to 5.1 per cent.

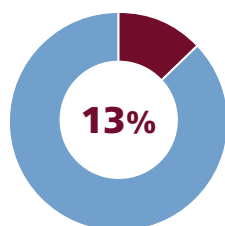
Sales of security solutions and technology increased in 2015 by 38 (28) per cent to SEK 9.3 (6.5) billion. Securitas believes the outlook is good for continued robust growth in this key strategic area in the years ahead and that it will account for a significant percentage of sales in the future.



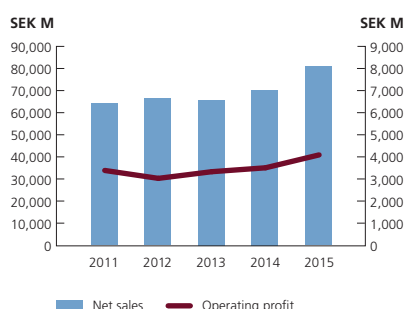
PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

10%

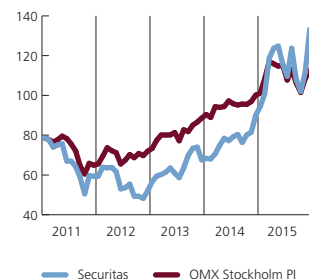
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH SECURITAS



KEY RATIOS

SECURITAS	Full year 2015	Full year 2014
Net sales, SEK m	80,860	70,217
Operating profit, SEK m ¹⁾	4,089	3,505
Operating margin, % ¹⁾	5.1	5.0
Profit after net financial items, SEK m	3,476	2,909
Earnings per share, SEK ¹⁾	7.28	5.67
Equity ratio, %	30.8	27.5
Earnings per share, SEK ²⁾	3.50	3.00
Equity per share, SEK	34.32	30.95
Market value on 31 Dec, SEK m	47,458	34,480

¹⁾ Adjusted for items impacting comparability.
²⁾ Proposed dividend for 2015.

KEY RATIOS FOR MEASUREMENT AND RISK³⁾

EV/sales	0.7
EV/EBIT	13.7
P/E ratio	17.4
Net debt/EBIT	2.6

³⁾ Based on last price paid 23 Feb 2016.

LARGEST OWNERS ON 31 DECEMBER 2015

	A	B	Number Total	% of shares	% of voting rights
Investment AB Latour	12,642,600	27,190,000	39,832,600	10.9	29.6
Melker Schörling with companies and family	4,500,000	15,234,600	19,734,600	5.4	11.6
AMF Försäkring & Fonder		11,558,413	11,558,413	3.2	2.2
Prudential assurance Co Ltd		10,715,591	10,715,591	2.9	2.1
SEB Investment Management		9,954,421	9,954,421	2.7	1.9
Swedbank Robur Funds		9,566,714	9,566,714	2.6	1.8
Banque Internationale, Luxembourg SA		8,001,000	8,001,000	2.2	1.5
Clearstream Banking S.A.		7,653,391	7,653,391	2.1	1.5
Norges Bank		7,090,223	7,090,223	1.9	1.4
Handelsbanken Funds		5,947,910	5,947,910	1.6	1.1
Other shareholders	235,004,034	235,004,034	235,004,034	64.4	45.3
Total	17,142,600	347,916,297	365,058,897	100.0	100.0

Chairman of the Board: Melker Schörling

President and CEO: Alf Göransson

Board members connected to Latour: Carl Douglas, Fredrik Palmstierna

www.securitas.com

Sweco

Sweco plans and designs the communities and cities of the future. Its work produces sustainable buildings, efficient infrastructure and access to electricity and clean water. With 14,500 employees in Europe, Sweco offers its customers the right expertise for every situation. The company carries out projects in 70 countries annually.

Sweco is Europe's leading engineering and architecture consultancy, with sales of approximately SEK 16.0 billion (pro forma 2015).

2015 HIGHLIGHTS

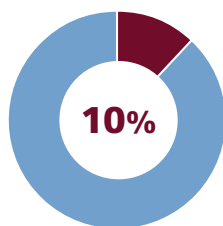
Net sales rose 24 per cent to SEK 11.4 billion. Sweco's original operations had 6 per cent organic growth. It acquired Grontmij, which employs about 6,000 people, in October 2015. This made Sweco Europe's leading engineering and architecture consultancy, with about 14,500 employees and annual sales of approximately SEK 16 billion (pro forma). EBITA rose to SEK 991 m (826) when adjusted for extraordinary costs of SEK 250 m associated with the acquisition. This is the best ever underlying profit for a full year.



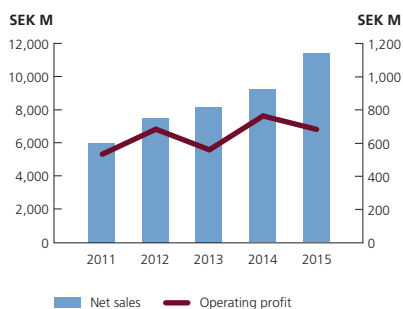
PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

8%

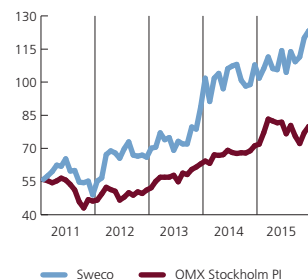
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH SWECO



KEY RATIOS

SWECO	Full year 2015	Full year 2014
Net sales, SEK m	11,389	9,214
Operating profit, SEK m ¹⁾	740	762
Operating margin, % ¹⁾	6.5	8.3
Profit after net financial items, SEK m	640	718
Earnings per share, SEK ¹⁾	5.02	5.74
Equity ratio, %	38.5	31.9
Earnings per share, SEK ²⁾	3.50	3.37
Equity per share, SEK	40.98	19.89
Market value on 31 Dec, SEK m	15,046	9,796

¹⁾ Adjusted for items impacting comparability.

²⁾ Proposed dividend for 2015.

KEY RATIOS FOR MEASUREMENT AND RISK³⁾

EV/sales	1.5
EV/EBIT	22.8
P/E ratio	25.4
Net debt/EBIT	2.5

³⁾ Based on last price paid 23 Feb 2016.

LARGEST OWNERS ON 31 DECEMBER 2015

	A	B	Number Total	% of shares	% of voting rights
G Nordström family	5,498,808	10,255,240	15,754,048	13.1	30.4
Investment AB Latour	1,375,605	31,246,875	32,622,480	27.2	21.0
Stiftelsen J. G. Richerts minne	1,991,260	118,982	2,110,242	1.7	9.3
Lannebo Funds		4,337,700	4,337,700	3.6	2.0
JPMorgan Chase		4,244,780	4,244,780	3.5	2.0
Swedbank Robur Funds		3,842,301	3,842,301	3.2	1.8
Kas bank client ACC		3,354,582	3,354,582	2.8	1.6
Nordea Investment Funds		3,279,390	3,279,390	2.7	1.5
SEB Investment Management		2,725,714	2,725,714	2.3	1.3
Odin Sverige Aksjefondet		2,548,378	2,548,378	2.1	1.2
Other shareholders	1,673,511	43,701,704	45,375,215	37.8	27.9
Total	10,539,184	109,655,646	120,194,830	100.0	100.0

Chairman of the Board: Johan Nordström

President and CEO: Tomas Carlsson

Board members connected to Latour: Anders G. Carlberg

www.swecogroup.com

Tomra

Tomra is a world leading company in sorting and recycling technologies. The company was founded in Norway in 1972. Today it has about 2,600 employees and operations in 80 countries all over the world.

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

Tomra Collection Solutions comprise solutions for automated collection of deposit bottles. Tomra Sorting Solutions offers sensor-based technology for efficient sorting processes, for example in the food industry, mining industry and for recycling purposes.

2015 HIGHLIGHTS

Tomra continued to expand in 2015. Net sales increased by just over 29 per cent. Tomra Collection Solutions grew by 35 per cent while Tomra Sorting Solutions' sales increased by 21 per cent. Growth was approximately 20 and 10 per cent respectively when adjusted for foreign exchange effects.

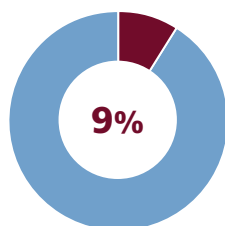
EBITA was up by 38 per cent to NOK 1,015 m and the EBITA margin rose to 17 (16) per cent. The year ended on a strong note with the best operating profit and highest sales figures ever in a single three-month period.



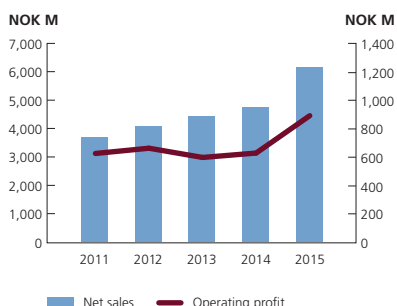
PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE

7%

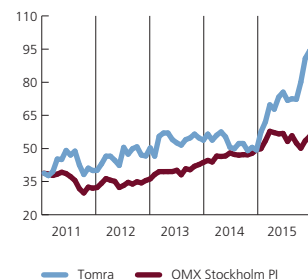
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH TOMRA



KEY RATIOS

TOMRA	Full year 2015	Full year 2014
Net sales, NOK m	6,143	4,749
Operating profit, NOK m ¹⁾	1,015	628
Operating margin, % ¹⁾	16.5	13.2
Profit after net financial items, NOK m	866	603
Earnings per share, NOK ¹⁾	4.69	2.44
Equity ratio, %	54.0	49.0
Earnings per share, NOK ²⁾	1.75	1.45
Equity per share, NOK	26.65	21.92
Market value on 31 Dec, NOK m	13,514	8,511

¹⁾ Adjusted for items impacting comparability.
²⁾ Proposed dividend for 2015.

LARGEST OWNERS ON 31 DECEMBER 2015

	Number Total	% of shares	% of voting rights
Investment AB Latour	36,560,000	24.7	24.8
Folketrygdfondet	12,152,055	8.2	8.2
Skandinaviska Enskilda	9,338,329	6.3	6.3
Nordea Nordic Small	2,995,407	2.0	2.0
The Bank of New York	2,849,428	1.9	1.9
Clearstream Banking	2,793,293	1.9	1.9
JPMorgan Chase	2,684,049	1.8	1.8
Odin Norge	2,246,781	1.5	1.5
Goldman Sachs & Co.	2,102,056	1.4	1.4
JPMorgan Luxembourg Nordea	1,639,255	1.1	1.1
Other shareholders	72,659,425	49.1	49.0
Total	1,478,020,078	100.0	100.0

KEY RATIOS FOR MEASUREMENT AND RISK³⁾

EV/sales	2.1
EV/EBIT	12.6
P/E ratio	17.2
Net debt/EBIT	1.0

³⁾ Based on last price paid 23 Feb 2016.

Chairman of the Board: Jan Svensson

President and CEO: Stefan Ranstrand

Board members connected to Latour: Jan Svensson

www.tomra.com

Troax

Troax is the leading global supplier of indoor perimeter protection. Troax produces high-quality, innovative, metal-based mesh panel solutions for the market areas of machine protection, storage and warehousing, and for the protection of people, property and processes.

Troax has a global organisation with an unparalleled sales force and efficient logistics set-up, enabling local presence and short delivery times in 33 countries.

The Group generated sales of EUR 103.7 m in 2015 and had 440 employees. Its head office is in Hillerstorp in Sweden.

2015 HIGHLIGHTS

Net sales were up by 23 per cent, with 13 percentage points of this increase due to exchange rate movements and acquisitions.

Net sales increased in all market segments in 2015. Three geographic segments posted particularly strong growth; the Nordic region, New Markets and the UK.

The adjusted operating profit rose 49.3 per cent to EUR 22.4 m (15.0), giving an operating margin of 21.6 (17.8) per cent.

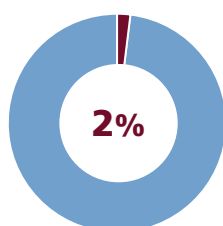
Satech, which was acquired in the previous year, continued to show strong growth.



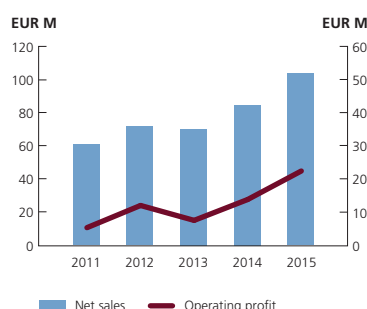
PERCENTAGE OF
LATOUR'S TOTAL
NET ASSET VALUE

1%

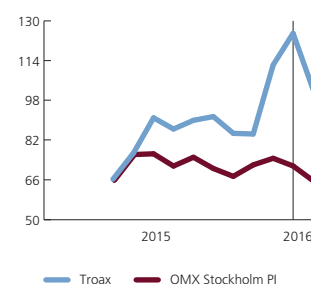
PERCENTAGE OF LATOUR'S PORTFOLIO OF LISTED SHARES



SALES AND EARNINGS



SHARE PRICE GROWTH TROAX



KEY RATIOS

TROAX	Full year 2015	Full year 2014
Net sales, EUR m	103.7	84.5
Operating profit, EUR m ¹⁾	22.4	15.0
Operating margin, % ¹⁾	21.6	17.8
Profit after net financial items, EUR m	18.3	10.3
Earnings per share, EUR ¹⁾	0.69	0.48
Equity ratio, %	41.6	31.7
Earnings per share, SEK ²⁾	3.00	–
Equity per share, EUR	3.00	2.16
Market value on 31 Dec, SEK m	2,500	–

¹⁾ Adjusted for items impacting comparability.

²⁾ Proposed dividend for 2015.

KEY RATIOS FOR MEASUREMENT AND RISK³⁾

EV/sales	2.8
EV/EBIT	13.1
P/E ratio	18.0
Net debt/EBIT	2.0

³⁾ Based on last price paid 23 Feb 2016.

LARGEST OWNERS ON 31 DECEMBER 2015

	Number Total	% of shares	% of voting rights
Investment AB Latour	6,020,000	30.1	30.1
Svolder AB	1,726,081	8.6	8.6
Småbolagsfond Norden Investment Fund	1,234,960	6.2	6.2
Thomas Widstrand	1,149,260	5.7	5.7
Ola Österberg	989,089	4.9	4.9
Nordea Småbolagsfond Sverige	806,536	4.0	4.0
Pareto Nordic return	502,000	2.5	2.5
Handelsbanken Funds	443,555	2.2	2.2
Catella Hedge Fund	430,692	2.2	2.2
Spiltan Equity Fund	396,556	2.0	2.0
Other shareholders	6,301,271	31.5	31.5
Total	20,000,000	100.0	100.0

Chairman of the Board: Lennart Sundén

President and CEO: Thomas Widstrand

Board members connected to Latour: Jan Svensson

www.troax.com



PART-OWNED HOLDINGS

Contents

Diamorph 56

Oxeon 57

Steelwrist 58

IMPORTANT EVENTS IN 2015

- » Acquisition of 18 per cent of capital and voting rights in rapidly-expanding Steelwrist, which designs, manufactures and sells tiltrotators and quick couplers for excavators.
- » Disposal of the holding in Academic Work for a reported capital gain of SEK 300 m. Latour received a further SEK 194 m in dividends and refinancing during the holding period, giving it a total return of 442 per cent during that period.
- » Acquisition of 66.1 per cent of Neuffer Fenster + Türen GmbH in Germany. The company sells and markets windows and exterior doors via its established online sales sites fensterversand.de, fenetre24.com and fönster24.com. As the date for the takeover was 1 January 2016, the company is not recognised further in the 2015 annual report.



Diamorph offers a range of passive fire protection products for a variety of applications. Covers for recessed light fixtures in fire-rated ceilings is one of its many products. In the event of fire, the cover expands and thereby stops the fire from spreading.

Diamorph

Advanced material for demanding applications

Diamorph supplies advanced material solutions for especially demanding industrial applications. The Diamorph Group has a global customer base in some 55 countries and around 270 employees at production facilities in the UK, the Czech Republic and sales teams in six other countries.

Diversified products

Diamorph's advanced material is used in trains, submarines, hydroelectric power stations and buildings around the world, in the form of durable materials and high temperature materials, such as bearings, electrical and thermal insulating materials, fire protection and technical ceramics.

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

Operating in multiple market segments

Diamorph supplies products to a range of industrial segments in the engineering, energy and construction industries. Mature markets – with products that in many cases have become the industry standard – are complemented by

markets on which Diamorph can grow by adding new technologies and products.

Niche products

Based on its technology platform, Diamorph manufactures differentiated products in narrow niches for demanding industrial applications. This requires close working relationships with its customers and long sales cycles, which results in high entry barriers for the company's competitors.

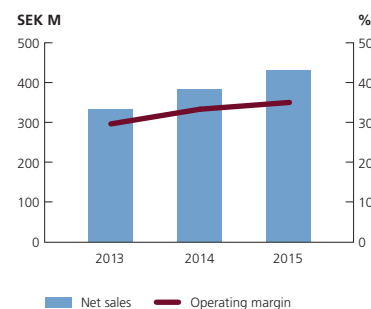
Acclaimed business

Over the years, Diamorph has been awarded for its innovative performance. The Swedish Innovation Award has recognised the company as one of the most innovative in Sweden. Furthermore, its subsidiary Tenmat has been presented with the British Queen's Award for Enterprise in the category of innovation.

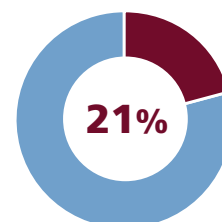
Latour's holding

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

NET SALES AND OPERATING MARGIN



LATOUR'S PERCENTAGE OF DIAMORPH'S CAPITAL AND VOTING RIGHTS





Prince is one of many world-leading companies that chooses TeXtreme® for its products. Its TeXtreme® Collection, successfully launched in 2015, is illustrated here.

Oxeon

Reinforced fabric that creates unique benefits for its users

Oxeon develops, manufactures and markets a spread tow fabric that consists of carbon fibre tows instead of threads. The company, founded in 2003, has four patents in this field.

Oxeon's reinforced fabric is marketed under the brand TeXtreme® and is offered to customers in the composite industry who really need to reduce the weight of their products.

Delivers huge savings

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

Weight reductions at that level lead to substantial savings. This is welcomed by many industries, such as the aviation and transport industries, which try to reduce energy consumption without it impacting safety or performance.

Winners with TeXtreme®

Oxeon's fabric is being used globally in an ever-increasing number of products. In the world of sport, for example, TeXtreme® is used in F1 cars, hockey sticks, surfboards, snowboards and golf club shafts.

The fact is that many of the winners of international competitions use TeXtreme® in their products. This includes the winners of the Daytona 500, F1 for teams and individually, plus the Americas Cup, to name just a few.

It is not only the weight and outstanding performance that makes TeXtreme® attractive. For instance, Stiga's table-tennis rackets increase the contact surface of the blade thanks to TeXtreme®, which is a unique quality compared with other carbon fibre materials.

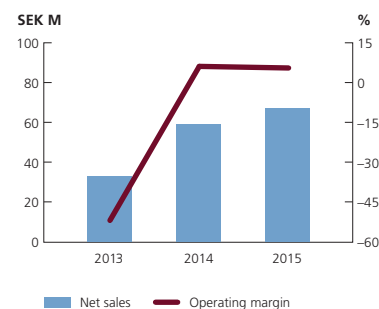
Adapted for large-scale production

Oxeon is clearly focused on international growth. In recent years, the company has strengthened its sales team and modified its operations to increase cost efficiency in large-scale production. This results in the same overall cost as for alternative products but with the advantage that the end product weighs less.

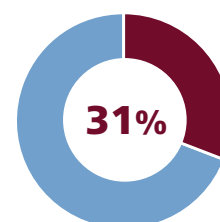
Latour's holding

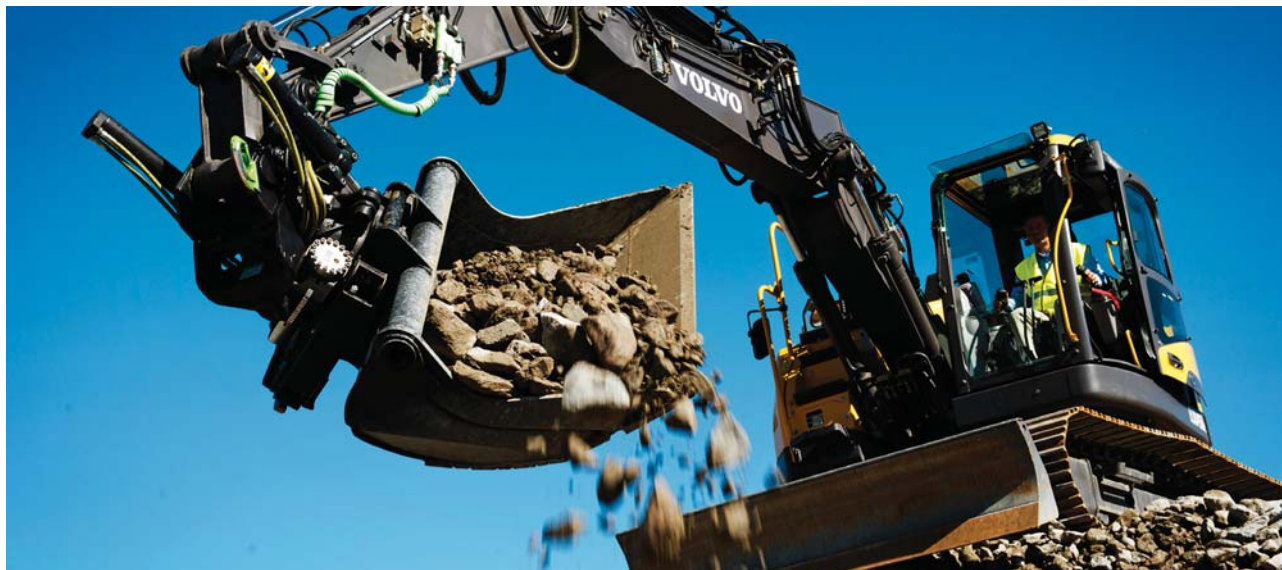
Oxeon is an unlisted company. Latour's holding at the end of the year amounted to a net asset value of SEK 25 m and 31.1 per cent of the capital and voting rights.

NET SALES AND OPERATING MARGIN



LATOUR'S PERCENTAGE OF OXEON'S CAPITAL AND VOTING RIGHTS





Latour became a part-owner of Steelwrist in 2015 through a directed new issue of shares. It is the world's fastest-growing company in the market for tiltrotators and quick couplers for excavators.

Steelwrist

Manufacturer of tiltrotators and quick couplers for excavators with a growing presence

Steelwrist designs, manufactures and sells tiltrotators and quick couplers for excavators. XControl is Steelwrist's market-leading, state-of-the-art control system and the company's innovative front pin lock improves safety.

Steelwrist also sells buckets and other accessories optimised for use with tiltrotators. Steelwrist has its head office and manufacturing facilities in Sollen-tuna, north of Stockholm.

Latour became part-owner in 2015

Latour became a part-owner of Steelwrist in June 2015 through a directed new issue of shares.

"It's excellent news that Latour has become a part-owner of Steelwrist. Latour's long-term investment strategy is extremely important for the future expansion and growth of the Group. We can now start looking more actively for even faster expansion options, both geographically and in terms of products. We already have a very competitive position in our domestic market and we're now aiming to expand internation-

ally too," Stefan Stockhaus, CEO of Steelwrist, announced in conjunction with the new share issue.

Fastest growth in the world

Steelwrist was founded in 2005 and is the fastest growing manufacturer of tiltrotators in the world today. Fast service and a focused investment in robust, state-of-the-art products have aided its growth along.

Huge international potential

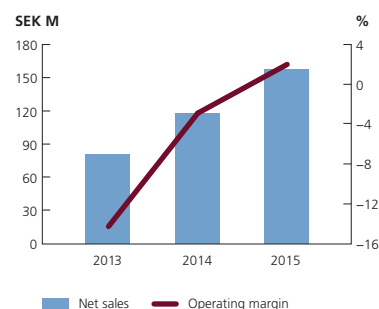
More than 90 per cent of all new excavators sold in Sweden today are equipped with a tiltrotator.

The penetration rate in the large nearby markets of Germany, France and the UK is five per cent lower. This means there is considerable growth potential for the company in the future.

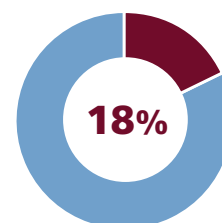
Latour's holding

Steelwrist is an unlisted company. Latour's holdings represented a net asset value of SEK 20 m at the end of the year and 18 per cent of the capital and voting rights.

NET SALES AND OPERATING MARGIN



LATOUR'S PERCENTAGE OF STEELWRIST'S CAPITAL AND VOTING RIGHTS





X20

Underlying profit for 2015

71 per cent is distributed to the shareholders

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

DEVELOPMENTS IN OPERATIONS



Underlying profit increased by 29 per cent.



The dividends from the holdings are expected to increase by 11 per cent in the spring of 2016.

LATOOUR'S ACTUAL INCOME STATEMENT

	2015	2014
Business areas		
Operating profit for business areas	972	755
Capital gains in industrial operations	-2	-13
Other items	5	4
Investment portfolio etc.		
Dividends from investment portfolio and associated companies	767	688
Capital gains in the investment portfolio	1,753	0
Other portfolio management/short-term trading	0	36
Other items	-15	-15
Net financial items for the Latour Group	-35	-50
Reported tax expense	-245	-190
Total underlying operating profit, net financial items and tax	3,200	1,215

COMMENTS: In the above table, remeasured items, shares in associates and similar items are excluded. The table presents considerably simplified accounting and does not claim to be exact. Its aim is to make it easier to understand Latour's earnings performance. The dividends shown in the table for 2015 are proposed for distribution to Latour in the spring of 2016, as they reflect the performance of the investment portfolio in 2015.

EFFECT FOR SHAREHOLDERS

Dividend policy:

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

	SEK m spring 2016	SEK m spring 2015	SEK/share spring 2016	SEK/share spring 2015
Dividends from industrial operations	310	269		
Per cent of underlying profit, %	42	53		
Dividends from investment portfolio/associated companies	767	688		
Per cent of underlying profit, %	100	100		
Total ordinary dividends as stated in the policy	1,077	957	6.75	6.00
Per cent of underlying profit, % (excluding capital gains)	71	79		

ANNUAL REPORT 2015

The Board of Directors and the Chief Executive Officer of Investment AB Latour (publ) herewith present the Annual Report and consolidated financial statements for 2015.

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Directors' report

GROUP

Investment AB Latour is a mixed investment company. Latour's investments mainly consist of a wholly-owned industrial operation and an investment portfolio containing ten holdings in which Latour is the majority owner or one of the majority owners. On 31 December 2015, the market value of the investment portfolio was SEK 39.1 billion.

In addition to the above two business lines, Latour owns a portfolio of other part-owned holdings, consisting of Diamorph AB (21.18 per cent), Oxeon AB (31.08 per cent) and Steelwrist (18.00 per cent). Group operations are run by Latour's subsidiary Nordiska Industri AB and Latour-Gruppen AB. The subsidiary Karpalunds Ångbryggeri AB trades in shares and other securities and the subsidiary Latour Förvaltning AB specialises in the management of securities.

Changes to industrial operations

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

In 2015, five acquisitions were made in the business areas. The acquisitions in aggregate contributed approximately SEK 350 m to sales, of which approximately SEK 109 m is included in the net sales for 2015.

Nord-Lock completed two acquisitions during the year. The British company, Boltight, which is a leading manufacturer of hydraulic bolt tensioning equipment, was acquired in the third quarter. The company has 18 employees and annual sales of approximately GBP 4 m. Thereafter, Nord-Lock acquired its distributor in Korea, with annual sales of SEK 35 m and 10 employees. South Korea has a massive manufacturing industry, making it an extremely important market for Nord-Lock.

In June, Latour Industries acquired Prodeal, a leading Finnish manufacturer of measurement and room control equipment for use in building automation. Prodeal has 95 employees and generates sales of EUR 18 m with a very high level of profitability. It operates in an area that is related to Kabona, Bastec and Elvaco, our holdings in the field of energy efficiency in buildings. In less than three years, Prodeal has nearly doubled its international business and has achieved sales growth of almost 20 per cent per annum.

In the second quarter, REAC AB acquired a smaller business from the Ergolet Group in Poland. This business generates annual sales of approximately SEK 30 m and is based in Jasien in Poland.

Specma Group made a smaller acquisition in June with its purchase of Hydraulikhuset. The company has 26 employees and generates sales of approximately SEK 60 m.

In August 2015, Latour announced its intention to sell the Specma Group business area. An agreement for the sale was concluded on 9 November 2015 with the Danish company Hydra-Greene. The Swedish Competition Authority approved

the sale on 18 December and the new owners took over on 4 January 2016.

Further information about company acquisitions and sales is presented in Notes 45 and 46.

Changes to the investment portfolio

During the year, a total of 6,020,000 shares were acquired in Troax Group AB, representing 30.1 per cent of the company's capital and votes.

The sale of 18,450,106 shares in Nobia during the year meant a reduction in the shareholding to 2.8 per cent.

Changes to other holdings

Latour expanded its portfolio of other unlisted part-owned holdings in December when it signed an agreement for the acquisition of 66.1 per cent of the shareholding in the German company Neuffer Fenster + Türen GmbH, with annual sales of EUR 13 m and 24 employees. Neuffer sells and markets windows via its established online sales sites fensterversand.com, fentere24.com and fönster24.com. The acquisition constitutes an important step into the digital world for Latour and will help increase expertise throughout the industrial operations. The purchase price amounts to EUR 18 m. In 2015, the company delivered an operating margin of 3 per cent in a strong growth phase.

Furthermore, 18 per cent of the company Steelwrist was acquired in the second quarter. The company develops, manufactures and sells tools that increase excavator efficiency, operator-friendliness and safety. The company has 57 employees and had an annual turnover of SEK 116 m in 2014.

Events after the end of the financial year

The acquisition of Neuffer Fenster + Türen GmbH was finalised on 1 January 2016. The disposal of Specma Group was finalised on 4 January. On 15 January, Specma Seals acquired the Norwegian company All Sealing Solutions AS. On 2 March 2016, the entire holding of B shares in Loomis AB was sold. 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 4,299 m (2,064). Profit after tax was SEK 4,117 m (1,874), which is equivalent to SEK 25.81 (11.75) per share. The Group's cash in hand and liquid investments reached SEK 859 m (428). Interest-bearing debt, excluding pension liabilities, was SEK 3,162 m (3,951). The Group's net debt, including pension liabilities, was SEK 2,205 m (3,516). The equity ratio was 89 (85) per cent 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 105.

Investments

During the period, SEK 186 m (197) was invested in property, plant and equipment, of which SEK 151 m (129) was machinery and equipment, SEK 26 m (30) vehicles and 9 m (38) buildings. Out of total investments for the year, SEK 41 m (46) refers to fixed assets in new acquisitions.

PARENT COMPANY

The parent company's profit after financial items was SEK 3,087 m (816). The parent company's equity ratio was 99 (85) per cent.

The Latour share

Not including repurchased shares, the number of outstanding shares on 31 December 2015 amounted to 159,557,500. In 2015, 217,000 repurchased shares were sold through redemption of call options, after which 152,500 shares were repurchased, giving Latour a total holding of 402,500 class B shares. The number of call options issued to senior executives as at 31 December 2015 was 662,500. 149,500 of them were issued during the year according to the resolution of the 2015 Annual General Meeting. 12,630 class A shares were converted to class B shares in December 2015. After this, the allocation of issued shares is 11,918,648 class A shares and 148,041,352 class B shares. Further share information can be found on pages 14 and 15 and in Note 36.

Personnel

The average number of employees in the Group was 4,570 (4,165). Of these, 2,404 (1,984) were employed abroad. Information about salaries and remuneration and a breakdown of the number of employees are presented in Note 9.

Currency exposure

The subsidiaries' sales and purchases in foreign currencies are balanced through the Group's joint financial function. On the balance sheet date, sales covered by forward exchange contracts totalled SEK 581 m. Currency hedging amounted to SEK 411 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 35.

Risks in industrial operations

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

Financial risks

Information concerning financial instruments and risk exposure is presented in Note 35.

Related party transactions

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

Board of Directors

Latour's Board of Directors consists of eight members, including the Chief Executive Officer. There are no deputies. All members are elected for a one-year term. Except for the Chief Executive Officer, no members have a position or assignment in the Group. The secretary of the Board is the Chief Financial Officer of the Group. Fredrik Palmstierna was elected Chairman of the Board by the 2015 Annual General Meeting.

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

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

The Board has had four ordinary meetings during the year to date, not including the inaugural Board meeting and two additional Board meetings. Two of the Board members were unable to attend on one occasion and one of the Board members was unable to attend on two 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 98–101.

Guidelines for remuneration to senior executives

The following guidelines were approved at the 2015 Annual General Meeting: Remuneration to the Chief Executive Officer and other senior executives consists of basic salary, variable remuneration and pension. Other senior executives are the members of Executive management and business area managers. The variable remuneration is based on targeted goals and can amount to 0 to 100 per cent of the basic salary. To promote

a long-term perspective, the Board may decide on compensation, in addition to the annual variable remuneration, related to the long-term development of the business area's value over a period of three years, capped at one-third of the basic salary per year over a three-year period.

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

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

The Board's proposed guidelines for the period up to the next Annual General Meeting will be presented in the summons to the 2016 Annual General Meeting.

Environmental impact

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

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

Proposed dividends and allocation of profits

The Board of Directors proposes that the Annual General Meeting resolves to pay a higher ordinary dividend of SEK 6.75 (6.00) per share, which in absolute terms equates to a payout of SEK 1,077 m.

The Board's proposal for the allocation of profits is presented in full on page 96.

Prospects for 2016

Demand was stable at the end of 2015, although there was no organic growth to speak of. Growth remains relatively slow in European markets, but the picture is not uniform. The UK, Irish and Scandinavian markets are showing good growth. Russia, Finland, France and southern Europe are weak and there are many uncertainties surrounding growth in the all-important German market.

Latour's performance has been stable, however, and the measures and acquisitions undertaken provide favourable conditions for a continuation of the positive earnings trend. However, it is uncertain whether general market developments will offer any other help.

No forecast is given for 2016.

Consolidated income statement

SEK m	Note	2015	2014
Net sales	3, 4	7,186	6,287
Cost of goods sold		-4,213	-3,690
Gross profit		2,973	2,597
Sales costs		-1,425	-1,301
Administrative costs		-534	-464
Research and development costs		-194	-155
Other operating income	12	91	81
Other operating expenses	12	-7	-14
Operating profit	5-11	904	744
Income from interests in associates	13	1,952	1,347
Income from portfolio management	14	1,493	36
Management costs		-15	-15
Profit before financial items		4,334	2,112
Finance income	15	111	81
Finance expense	16	-146	-129
Profit after financial items		4,299	2,064
Taxes	17	-230	-188
Profit/loss for the year from continuing operations		4,069	1,876
Earnings from disposal groups held for sale and discontinued operations	34	48	-2
Profit for the year		4,117	1,874
<i>Attributable to:</i>			
Parent company shareholders		4,117	1,874
Non-controlling interests		-	-
Earnings per share, based on earnings from continuing operations attributable to shareholders of the parent company			
Basic share	36	SEK 25.51	SEK 11.77
Diluted share		SEK 25.40	SEK 11.72
Earnings per share, based on earnings attributable to shareholders of the parent company			
Basic share	36	SEK 25.81	SEK 11.75
Diluted share		SEK 25.70	SEK 11.70
STATEMENT OF COMPREHENSIVE INCOME			
SEK m		2015	2014
Profit for the year		4,117	1,874
Other comprehensive income			
Items that will not be recycled to the income statement			
Restatement of net pension obligations		-2	-3
		-2	-3
Items that may subsequently be recycled to the income statement			
Translation differences		-77	123
Change in fair value reserve for the year		-736	343
Change in hedging reserve for the year		34	5
Share of other comprehensive income from associates		181	383
		-598	854
Other comprehensive income, net after tax	38	-600	851
Comprehensive income for the year		3,517	2,725
<i>Attributable to:</i>			
Parent company shareholders		3,517	2,725
Non-controlling interests		-	-

Consolidated balance sheet

SEK m	Note	2015	2014
ASSETS			
<i>Fixed assets</i>			
Intangible assets	18	3,816	3,576
<i>Property, plant and equipment</i>			
Buildings	19	285	314
Land and land improvements	20	16	18
Machinery	21	217	237
Equipment	22	159	160
Construction work in progress and advances	23	27	12
<i>Financial assets</i>			
Interests in associates	25	11,727	9,917
Listed shares	26	493	1,605
Other long-term securities holdings	27	24	0
Other long-term receivables	28	202	37
Deferred tax asset	38	64	53
		17,030	15,929
<i>Current assets</i>			
<i>Inventories etc.</i>			
Raw materials and consumables	29	306	332
Work-in-progress		81	89
Finished work and goods for resale		618	740
Advance payments to suppliers		1	10
Listed shares – trading	30	46	79
<i>Current receivables</i>			
Accounts receivable	31	1,165	1,291
Tax asset		77	68
Derivative instruments	32	67	41
Other current receivables		69	78
Prepaid expenses and accrued income		85	105
Cash	33	859	428
Assets in disposal groups held for sale	34	871	–
		4,245	3,261
Total assets		21,275	19,190

Consolidated balance sheet

SEK m	Note	2015	2014
EQUITY			
<i>Capital and reserves attributable to parent company shareholders</i>			
	36		
Share capital		133	133
Repurchased own shares		-58	-38
Reserves		417	1,196
Profit brought forward		15,588	12,232
		16,080	13,523
<i>Non-controlling interests</i>			
		0	0
Total equity		16,080	13,523
LIABILITIES			
<i>Long-term liabilities</i>			
Pension obligations	37	32	30
Deferred tax liability	38	206	166
Other provisions	39	50	55
Interest-bearing liabilities	40	675	812
		963	1,063
<i>Current liabilities</i>			
Bank overdraft facilities	41	40	45
Debts to credit institutions	35	2,415	3,074
Advances from customers		29	32
Accounts payable		548	639
Tax liabilities		122	95
Other provisions	39	16	19
Derivative instruments	32	15	21
Other liabilities		168	185
Accrued expenses and deferred income	42	474	494
Liabilities in disposal groups held for sale	34	405	-
		4,232	4,604
Total liabilities		5,195	5,667
Total equity and liabilities		21,275	19,190
Pledged assets	43	2,793	2,230
Contingent liabilities	44	13	18

Consolidated cash flow statement

SEK m	Note	2015	2014
Operating profit		904	744
Depreciation/amortisation		158	148
Capital gains		-4	5
Other adjustments to non-cash items		-21	-16
Paid tax		-178	-119
Operating cash flows before movements in working capital		859	762
<i>Movements in working capital</i>			
Inventories		-77	-117
Accounts receivable		-86	-50
Current receivables		11	30
Current operating liabilities		28	-135
		-124	-272
Operating cash flows		735	490
<i>Investments</i>			
Acquisition of subsidiaries	45	-747	-723
Sale of subsidiaries	46	7	4
Acquisition of fixed assets		-192	-169
Sale of fixed assets		5	21
Investing cash flows		-927	-867
<i>Portfolio management</i>			
Dividends received		671	607
Management costs etc.		-18	-16
Purchase of listed shares etc.		-85	-234
Purchase of shares in associates		-691	-301
Sale of listed shares		1,951	210
Sales of shares in associates		400	0
Cash flow from portfolio management		2,228	266
Cash flow after investments and portfolio management		2,036	-111
<i>Financial payments</i>			
Interest received		2	-1
Interest paid		-53	-78
New borrowings		18	1,102
Repayment by instalments		-555	-153
Dividends paid		-957	-877
Own share repurchase		-9	14
Issued call options		4	2
Cash flow from financial payments		-1,550	9
Cash flows from disposal groups held for sale	34	41	16
Change in cash		527	-86
Cash at the beginning of the year		428	472
Translation difference in cash		-20	42
Cash and cash equivalents in disposal groups held for sale	34	-76	0
Cash at the end of the year	33	859	428

Change in consolidated equity

	Note	Attributable to parent company shareholders				Non-controlling interests	Total
		Share capital	Repurchased own shares	Reserves	Profit brought forward		
Opening equity 1 Jan 2014	36	133	-48	725	10,848	0	11,658
Total comprehensive income				471	2,254		2,725
Issued call options					3		3
Sold repurchased own shares			10		4		14
Dividends					-877		-877
Closing equity 31 Dec 2014	36	133	-38	1,196	12,232	0	13,523
Opening balance 1 Jan 2015	36	133	-38	1,196	12,232	0	13,523
Total comprehensive income				-779	4,296		3,517
Issued call options					4		4
Exercise of call options			17		13		30
Sold repurchased own shares			-37				-37
Dividends					-957		-957
Closing equity 31 Dec 2015	36	133	-58	417	15,588	0	16,080

Change in consolidated interest-bearing net debt

SEK m	31 Dec 2014	Change in cash	Change in loans	Other changes	31 Dec 2015
Receivables	37			167	204
Cash	428	506			934
Pension obligations	-30			-2	-32
Long-term liabilities	-812		-41		-853
Utilised bank overdraft facilities	-45		2		-43
Current liabilities	-3,094		679		-2,415
Interest-bearing net debt	-3,516	506	640	165	-2,205

Specma Group, which is in the process of being discontinued, is included in net debt above.

Parent company's income statement

SEK m	Note	2015	2014
Income from interests in Group companies – dividends		365	330
Income from interests in associates	13	817	464
Income from portfolio management	14	1,898	22
Management costs		–9	–9
Profit before financial items		3,071	807
Interest income and similar items	15	28	48
Interest expense and similar items	16	–12	–39
Profit after financial items		3,087	816
Taxes	17	–	–
Profit for the year		3,087	816

Parent company statement of comprehensive income

SEK m	Note	2015	2014
Profit for the year		3,087	816
Other comprehensive income			
Items that may subsequently be recycled to the income statement			
Change in fair value reserve for the year		–1,091	326
Other comprehensive income, net after tax		–1,091	326
Comprehensive income for the year		1,996	1,142

Parent company's balance sheet

SEK m	Note	2015	2014
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Interests in subsidiaries	24	1,246	1,246
Interests in associates	25	5,332	4,721
Listed shares	26	0	1,529
Receivables from Group companies		2,932	2,362
		9,510	9,858
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		0	10
Prepaid expenses and accrued income		2	2
Cash		5	6
		7	18
Total assets		9,517	9,876
EQUITY AND LIABILITIES			
Equity	36		
<i>Restricted equity</i>			
Share capital		133	133
Other funds		96	1,185
<i>Non-restricted equity</i>			
Profit brought forward		6,091	6,237
Profit for the year		3,087	816
		9,407	8,371
<i>Provisions</i>			
Pension obligations		1	1
		1	1
<i>Long-term liabilities</i>			
Debts to credit institutions		100	100
Other non-interest-bearing liabilities		5	5
		105	105
<i>Current liabilities</i>			
Debts to Group companies		0	1,395
Other liabilities		4	4
		4	1,399
Total equity and liabilities		9,517	9,876
Pledged assets	43	1,219	1,181
Contingent liabilities	44	3,090	3,445

Parent company cash flow statement

SEK m	Note	2015	2014
Current receivables		10	5
Current operating liabilities		0	1
Operating cash flows		10	6
<i>Portfolio management</i>			
Dividends received		537	487
Management costs etc.		-9	-9
Purchase of listed shares etc.		-691	-324
Sale of listed shares		2,696	-
Cash flow from portfolio management		2,533	154
Cash flow after investments and portfolio management		2,543	160
<i>Financial payments</i>			
Interest received		28	48
Interest paid		-12	-39
New borrowings		-1,964	360
Dividends received from subsidiaries		365	330
Own share repurchase		-8	14
Dividends paid		-957	-877
Issued call options		4	3
Cash flow from financial payments		-2,544	-161
Change in cash		-1	-1
Cash at the beginning of the year		6	7
Cash at the end of the year		5	6

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 2013		133	96	765	7,095	8,089
Total comprehensive income				326	816	1,142
Own share repurchase					14	14
Dividends paid					-877	-877
Issued call options					3	3
Closing balance 31 Dec 2014		133	96	1,091	7,051	8,371
Total comprehensive income				-1,091	3,087	1,996
Own share repurchase					-957	-957
Dividends paid					-37	-37
Repurchase of own shares					30	30
Exercise of call options					4	4
Closing balance 31 Dec 2015		133	96	0	9,178	9,407

Notes to the financial statements

(All amounts are in SEK m unless stated otherwise)

NOTE 1 General information

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

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

The Board of Directors and the Chief Executive Officer have approved these consolidated financial statements for publication on 18 March 2016. The Annual Report and consolidated financial statements will be presented to the Annual General Meeting on 3 May 2016 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 49.

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 2015.

None of the new accounting policies that became effective on 1 January 2015 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 2015 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. Early adoption is permitted. The Group has not yet assessed the impact of the standard.

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, entities must provide information about the nature, timing, uncertainty of revenues and cash flows arising from contracts with customers. Under IFRS 15, an entity shall recognise revenue when the customer obtains control of the sold good or service and is able to use or benefit from the good or service. Early adoption is permitted. The Group has not yet assessed the impact of the standard.

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.

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

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

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

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

Associated companies

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% and 50% of the voting power of the entity. Investment in associates is accounted for using the equity method.

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

When the Group no longer has a controlling or significant influence, each remaining holding is revalued at fair value and the change in carrying amount is recognised in the income statement. The fair value is used as the first carrying amount and forms the basis for further reporting of the continuing holding as an associated company, joint venture or financial asset. All amounts relating to

Cont.

Note 2 cont.

the divested entity previously reported in other comprehensive income are reported as if the Group had directly sold the attributable assets or liabilities. This may result in amounts that were previously reported in other comprehensive income being reclassified to the income statement.

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

The parent company recognises associated companies using the cost method.

Net sales

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

Work in progress

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

Other operating income and operating expenses

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

Finance income and expenses

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

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

Borrowing costs

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

Inventories

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

Translation of foreign currencies*Functional and presentation currencies*

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

Transactions and balance sheet items

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

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

Group companies

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

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

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

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

Property, plant and equipment

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

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

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

Buildings	25–50 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 assessed on every balance date and adjusted as needed.

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

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

Intangible assets*Goodwill*

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

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

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

Trademarks and licenses

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

Impairment losses

Assets that have an undefined useful life period are not written down but are tested annually for impairment. The value of depreciated assets is tested for impairment whenever there are indications that the carrying amount is possibly not recoverable. The asset is written down by the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less sales costs and value-in-use. When testing for impairment the assets are grouped in the smallest cash-generating units.

An impairment test is performed on every balance sheet day on assets, other than financial assets and goodwill, which have previously been written down, to determine whether or not they should be recovered.

Research and development

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

Financial instruments

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

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

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

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

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

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

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

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

The categories are as follows:

Financial assets valued at fair value via profit and loss

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

Loans and receivables

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

Available-for-sales financial assets

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

Other financial liabilities

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

Derivatives used in hedge accounting

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

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

Cash flow hedges

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

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

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

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

Hedge of net investment

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

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

Derivatives that do not qualify for hedge accounting

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

Cash

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

Long-term receivables and other current receivables

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

Taxes on income

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

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

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

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

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

Cont.

Note 2 cont.

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

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

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

Cash flow statement

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

Leases

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

Government grants

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

Provisions

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

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

Pensions

The Group has several defined contribution and defined benefit pension plans. In Sweden, 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. Group profit is charged with costs as the benefits are earned.

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

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

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

The company's obligations are valued at the present value of anticipated future payments by using a discount rate. The Group primarily determines this

rate using the interest rate for high-quality government bonds measured in the currency in which the benefits are to be paid. For obligations in Sweden, the Group uses the interest rate for 12-year mortgage bonds which are then extrapolated with the growth rate estimate for the 23-year government bond rate to correspond to the remaining maturity period as the obligations in question.

The most important actuarial assumptions are set out in Note 37.

The net interest amount is calculated by applying the discount rate to the defined benefit plans and to the fair value 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 resulting from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they occur.

Contingent liabilities

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

Segment reporting

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

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 when their carrying amount is to 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. These measurement provisions do 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 presented separately from other assets in the balance sheet. The liabilities associated with a disposal group classified as held for sale are presented 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 presented separately in the income of statement.

Parent company accounting policies

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

Payments to employees/defined benefit pensions

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

NOTE 3 Segment reporting

DEVELOPMENT PER BUSINESS AREA 1 JAN 2015 – 31 DEC 2015

SEK m	Industrial operations					Portfolio management	Total
	Hultafors Group	Latour Industries	Nord-Lock	Swegon	Other		
REVENUE							
External sales	1,549	1,283	796	3,558			7,186
Internal sales		6	1	1			8
INCOME							
Operating profit	218	176	236	270	4		904
Income from portfolio management						3,430	3,430
Finance income							111
Finance expense							-146
Taxes							-230
Earnings from disposal groups held for sale							48
Profit for the year							4,117
OTHER DISCLOSURES							
Assets	1,482	1,685	1,100	3,021	550	11,918	19,756
Assets in a disposal group held for sale							867
Unallocated assets							652
Total assets							21,275
Liabilities	238	243	118	729	15	8	1,351
Liabilities in a disposal group held for sale							203
Unallocated liabilities							3,641
Total liabilities							5,195
Investments in:							
property, plant and equipment	11	46	35	54	28	-	174
intangible assets		369	156	16		-	541
Depreciation/amortisation	15	24	21	80	18		158

DEVELOPMENT PER BUSINESS AREA 1 JAN 2014 – 31 DEC 2014

SEK m	Industrial operations					Portfolio management	Total
	Hultafors Group	Latour Industries	Nord-Lock	Swegon	Other		
REVENUE							
External sales	1,305	1,051	722	3,209	-		6,287
Internal sales	1	4	-	-	-		5
INCOME							
Operating profit	177	68	211	298	-10		744
Income from portfolio management						1,368	1,368
Finance income							81
Finance expense							-129
Taxes							-188
Earnings from disposal groups held for sale							-2
Profit for the year							1,874
OTHER DISCLOSURES							
Assets	1,358	1,174	809	3,170	845	10,863	18,219
Assets in a disposal group held for sale							801
Unallocated assets							170
Total assets							19,190
Liabilities	339	335	112	924	15	5	1,730
Liabilities in a disposal group held for sale							201
Unallocated liabilities							3,736
Total liabilities							5,667
Investments in:							
property, plant and equipment	9	17	20	102	31		197
intangible assets	217	240	-	966	-		1,423
Depreciation/amortisation	17	21	18	75	17		148

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 largely be divided into two main areas: wholly-owned industrial operations and equity management. The industrial operations are grouped into four business areas: Hultafors Group, Latour Industries, Nord-Lock and Swegon. Specma was also previously part of the operations but it was decided to sell the business area in the autumn of 2015.

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

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

NOTE 4 Geographic markets

Breakdown of sales by geographic markets:

	2015	2014
Sweden	2,105	1,770
Nordic countries, excluding Sweden	1,334	1,267
Europe, excluding Nordic countries	2,662	2,435
Other markets	1,085	815
Total	7,186	6,287

Breakdown of assets by geographic markets:

	2015	2014
Sweden	16,286	15,706
Nordic countries, excluding Sweden	1,057	683
Europe, excluding Nordic countries	2,623	2,410
Other markets	438	391
Assets in a disposal group held for sale	871	–
Total	21,275	19,190

Breakdown of investment by geographic markets:

	2015	2014
Sweden	137	608
Nordic countries, excluding Sweden	367	3
Europe, excluding Nordic countries	134	828
Other markets	77	184
Investments in a disposal group held for sale	22	–
Total	737	1,623

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 79.8 per cent of voting rights in Latour. Gustaf Douglas has acquired 4,000 class B shares in the year. The family has received board representation fees of SEK 1,200,000.

Investment AB Latour has previously held 467,000 repurchased shares. In 2015, 217,000 of these shares were sold and a further 152,500 shares were repurchased. This gave Investment AB Latour a holding of 402,500 shares at the end of the period. The total number of call options issued to senior executives in the Latour Group is 662,500. The Board was authorised by the Annual General Meeting on 5 May 2015 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 totalled SEK 3,128 m (2,796). There were no purchases or sales with the parent company.

In the last quarter, a transaction of the parent company's shareholding in Nobia was carried out at market value to the subsidiary Latour Förvaltning AB.

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

NOTE 6 Breakdown of expenses by type of cost

GROUP	2015	2014
Change in the stock	3,293	2,865
Remuneration to personnel	2,060	1,811
Depreciation/amortisation	158	149
Other costs	771	718
Total	6,282	5,543

NOTE 7 Exchange rate differences

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

GROUP	2015	2014
Net sales	–4	4
Cost of goods sold	–	–3
Sales costs	12	21
Other operating income	3	20
Other operating expenses	–10	–2
Total	1	40

NOTE 8 Remuneration to auditors

GROUP	2015	2014
PwC		
Audit assignment	6	6
Audit-related activities	0	0
Tax advisory services	0	0
Other services	3	1
Other auditors		
Audit assignment	2	2
Other services	1	1
Total	12	10

Remuneration to auditors for auditing services in the parent company amounted to SEK 93,000 (88,000) and for other services SEK 0,000 (31,000).

NOTE 9 Personnel

Salaries, other remuneration and social costs

	2015		2014	
	Salaries and other remuneration	Social costs (of which pension costs)	Salaries and other remuneration	Social costs (of which pension costs)
Parent company	4	1	4	1 (0)
Subsidiaries	1,828	582 (154)	1,644	522 (147)
Group	1,832	583 (154)	1,648	523 (147)

Of the Group's pension costs, SEK 15 m (18) relate to boards and chief executive officers.

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

	2015		2014	
	Board and CEO		Board and CEO	
	(of which bonus)	Other employees	(of which bonus)	Other employees
<i>Parent company</i>				
Sweden	4 (0)	–	4 (0)	–
<i>Subsidiaries</i>				
Sweden	36 (10)	858	37 (7)	833
Italy	5 (0)	90	3 (0)	86
Finland	6 (0)	94	5 (0)	76
Germany	6 (0)	122	6 (1)	106
				77
UK	7 (1)	94	5 (1)	
Norway	3 (0)	59	3 (0)	57
USA	3 (0)	86	3 (0)	71
Switzerland	4 (1)	47	4 (1)	46
Denmark	4 (0)	33	2 (0)	27
Poland	3 (2)	38	3 (2)	27
France	1 (0)	20	3 (0)	17
The Netherlands	2 (0)	8	5 (0)	6
Belgium	7 (1)	52	5 (0)	28
Romania	0 (0)	6	0 (0)	5
Other countries	11 (2)	106	7 (1)	47
Group total	102 (17)	1,713	95 (13)	1,509

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 82 per cent of basic salary in 2015.

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 17 and 50 per cent of the basic salary. In order to promote a long range perspective, the Board may, in addition to the annual variable remuneration, decide on compensation connected to the business areas' long-term value development over a period of three years.

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

2015 Remuneration and other benefits during the year

(SEK '000)	Basic salary/ Board fees	Variable remuneration ³⁾	Other benefits ²⁾	Pension costs	Total
Chairman of the Board	1,200	–	–	–	1,200
Other Board members (6 people) ¹⁾	2,400	–	–	–	2,400
Chief Executive Officer	4,495	3,555	105	1,582	9,737
Other senior executives (6 people)	13,300	3,875	594	3,659	21,428

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

²⁾ Other benefits relate mainly to car benefits.

³⁾ The annual variable component of variable remuneration to the Chief Executive Officer was equal to 79 per cent of his basic salary and to other senior executives it ranged from 0–50 per cent of their basic salary.

2014 Remuneration and other benefits during the year

(SEK '000)	Basic salary/ Board fees	Variable remuneration ³⁾	Other benefits ²⁾	Pension costs	Total
Chairman of the Board	1,200	–	–	–	1,200
Other Board members (7 people) ¹⁾	2,800	–	–	–	2,800
Chief Executive Officer	4,402	3,039	128	1,779	9,348
Other senior executives (6 people) ⁴⁾	14,645	2,931	502	3,556	21,634

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 69 per cent of his basic salary and to other senior executives it ranged from 0–76 per cent of their basic salary.

⁴⁾ A business area manager has been engaged on a consultancy contract from September to December, with remuneration that is included in the stated amount. This sum also includes severance pay.

Cont.

Note 9 cont.

Pensions

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

The retirement age for other senior 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

The share option scheme from 2011 matured during the year and 217,000 options were redeemed for shares at a redemption price of SEK 103.50. The table below shows the option schemes outstanding at year-end.

GROUP	No. issued options	Option price	Redemption price
2012/2016	186,000	11.40	117.60
2012/2016	15,000	12.90	133.40
2013/2017	168,000	15.20	170.00
2014/2018	144,000	18.90	194.20
2015/2019	149,500	25.00	258.90

Severance payment

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

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

Preparation and decision process

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

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

Gender split in senior management

PARENT COMPANY	2015		2014	
	Men %	Women %	Men %	Women %
Board members	71	29	63	37
Chief Executive Officer	100	0	100	0

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

Average number of employees

PARENT COMPANY	2015		2014	
	Number employees	Of which men %	Number employees	Of which men %
Sweden	–	–	–	–
SUBSIDIARIES				
Sweden	2,166	81	2,181	81
Italy	243	81	241	84
UK	234	68	219	65
Germany	230	76	210	74
Poland	362	74	203	80
USA	181	87	168	89
Finland	255	85	162	61
Norway	110	72	102	72
Romania	104	38	94	39
Latvia	71	28	69	30
Other countries	614	82	516	82
Total in subsidiaries	4,570	78	4,165	77
Total	4,570	78	4,165	77

OPERATING AREAS	2015	2014
Industrial operations	4,569	4,164
Portfolio management	1	1
Total	4,570	4,165

NOTE 10 Depreciation/amortisation

Amortisation of intangible fixed assets in the Group amounts to SEK 18 m (15) and depreciation of property, plant and equipment amounts to SEK 140 m (133). Depreciation/amortisation is distributed per function in the income statement as follows:

GROUP	2015	2014
Trademarks, licenses		
Cost of goods sold	4	4
Sales costs	7	4
Administrative costs	2	3
Research and development costs	5	4
Total	18	15
Buildings		
Cost of goods sold	15	16
Sales costs	2	2
Administrative costs	2	1
Total	19	19
Land and land improvements	–	–
Cost of goods sold	0	0
Total		
Machinery	59	55
Cost of goods sold	1	1
Sales costs	1	1
Administrative costs	2	2
Research and development costs	1	–
Total	64	59
Equipment		
Cost of goods sold	20	21
Sales costs	10	10
Administrative costs	25	23
Research and development costs	2	1
Other operating expenses	–	–
Total	57	55
Total depreciation	158	148

NOTE 11 Leases

Lease costs for premises, machinery, computers and office equipment for the Group were SEK 74 m (81).

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

Year	Future minimum lease payments
2015	65
2016–2019	136
2020–	18
Total	219

The Group leases a building under a finance lease. This is recognised as a fixed asset at a book value of SEK 82 m (90). Future lease payments on this building are recognised as interest-bearing debt amounting to SEK 65 m (71). The term is until 2027. See Note 19. Finance lease payments of SEK 4 m (4) have been recognised in the income statement.

NOTE 12 Operating income and operating expenses

Other operating income		
GROUP	2015	2014
Capital gains on sales	6	–
Share of earnings in associated companies ¹⁾	21	19
Exchange rate differences	4	19
Other income	60	43
Total	91	81
Other operating expenses		
GROUP	2015	2014
Acquisition costs	–7	–8
Capital gains on sales	–	–7
Exchange rate differences	–	–1
Other costs	–	–
Total	–7	–16

¹⁾ Relates to share of earnings from Oxen at SEK 1 m (1), Diamorph at SEK 19 m (–6) and Brickpack at SEK 1 m (0).

NOTE 13 Income from interests in associates

GROUP	2015	2014
Income from interests after tax	1,645	1,354
Dilutive effect	6	–7
Profit on sale of interests	301	–
Total	1,952	1,347

Individual holdings have affected results as follows:

	2015	2014
Assa Abloy	746	648
Fagerhult	133	134
HMS Networks	18	16
Loomis	108	90
Nederman	39	22
Securitas	267	216
Sweco	155	116
Tomra	158	105
Troax	27	–
Academic Work (capital gain)	301	–
Total	1,952	1,347

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 499 m (464) and capital gains SEK 318 m (0).

NOTE 14 Income from portfolio management

GROUP	2015	2014
Income from fixed assets		
Dividends	40	23
Capital gains	1,452	–1
	1,492	22
Income from current assets		
Dividends	1	1
Capital gains	2	11
Revaluation, booked in the income statement	–2	2
	1	14
Total portfolio management	1,493	36
PARENT COMPANY		
Income from fixed assets		
Dividends	39	22
Capital gains on sales	1,859	–
Total portfolio management	1,898	22

NOTE 15 Finance income

GROUP	2015	2014
Interest income	–	6
Exchange gains	105	90
Other finance income	6	18
Total	111	114
PARENT COMPANY		
Interest income from Group companies	28	48
Other interest income	–	–
Total interest income	28	48

NOTE 16 Finance expense

GROUP	2015	2014
PRI interest	–	–5
Other cost interest	–64	–68
Exchange losses	–80	–63
Costs redemption PRI	–	–10
Other finance expense	–2	–
Total	–146	–146
PARENT COMPANY		
Interest expenses to Group companies	–11	–37
Other interest expenses	–1	–2
Exchange losses	–	–
Total	–12	–39

NOTE 17 Tax on profit for the year

GROUP	2015	2014
Current tax expense for the period	–198	–168
Deferred tax attributable to changes in temporary differences		
Deferred tax income	10	20
Deferred tax expense	–42	–40
Total	–230	–188

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

GROUP	2015	2014
Profit before tax	4,299	2,064
Tax according to effective tax rate, 22%	–945	–454
Tax effect of special taxation rules for investment companies	450	107
Effect of associated company accounts	229	168
Tax effect of non-deductible costs	–23	–22
Tax effect of previous year adjustments	–18	–22
Tax effect of non-taxable income	68	12
Other tax effects	9	22
Tax on profit for the year according to the income statement	–230	–188
PARENT COMPANY		
Profit before tax	3,087	–180
Tax according to effective tax rate, 22%	–679	–180
Tax effect of special taxation rules for investment companies	679	180
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

GROUP	Goodwill	Trademarks, licenses	Total
<i>Accumulated cost</i>			
Opening balance 1 Jan 2014	1,969	181	2,150
Opening cost from acquisitions	–	6	6
Acquisitions for the year	1,413	7	1,420
Sales for the year	–4	–	–4
Reclassification	–	–	0
Translation difference	128	8	136
Closing balance 31 Dec 2014	3,506	202	3,708
Opening balance 1 Jan 2015	3,506	202	3,708
Opening cost from acquisitions	0	2	2
Acquisitions for the year	489	60	549
Assets transferred to disposal group held for sale and disposals	–179	–13	–192
Reclassification	–	0	0
Translation difference	–67	–2	–69
Closing balance 31 Dec 2015	3,749	249	3,998
<i>Accumulated amortisation</i>			
Opening balance 1 Jan 2014	0	–112	–112
Amortisation for the year	–	–15	–15
Sales for the year	–	–	0
Translation difference	–	–5	–5
Closing balance 31 Dec 2014	0	–132	–132
Opening balance 1 Jan 2015	0	–132	–132
Amortisation for the year	–	–18	–18
Amortisation transferred to disposal group held for sale and disposals	–	12	12
Translation difference	–	3	3
Closing balance 31 Dec 2015	0	–135	–135
<i>Accumulated impairment losses</i>			
Opening balance 1 Jan 2014	0	0	0
Sales for the year	–	–	0
Closing balance 31 Dec 2014	0	0	0
Opening balance 1 Jan 2015	0	0	0
Sales for the year	–47	–	–47
Closing balance 31 Dec 2015	–47	0	–47
Book value	3,702	114	3,816
Carrying amounts			
As at 1 Jan 2014	1,969	69	2,038
As at 31 Dec 2014	3,506	70	3,576
As at 1 Jan 2015	3,506	70	3,576
As at 31 Dec 2015	3,702	114	3,816

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 2015 resulted in a SEK 47 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.

Group value of goodwill per business area

GROUP	Book value, SEK m
Hultafors Group	613
Latour Industries	1,080
Nord-Lock	497
Swegon	1,512
	3,702

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

	Book value, SEK m	Growth assumption (forecast)	Margin assumption (forecast)
31 Dec 2015			
Snickers Workwear	357	3–12%	15.0–17.0%
Tradeport	217	4–95%	10.4–15.0%
Reac	211	4–4.3%	14.0–14.5%
Kabona	120	2–26%	7.0–9.0%
Elvaco	139	5–13%	21.0–23.0%
Nord-Lock Group	497	3–8%	25.0–27.0%
Produal	362	3–4%	22.0–23.8%
P. Lemmens	656	2–15%	25.0–27.0%
Cooling	426	2–5%	3.8–10.0%
Vibro-Acoustics	158	2–25%	0.0–10.0%
	Discount rate (before tax)	Growth assumption (terminal)	Margin assumption (terminal)
31 Dec 2015			
Snickers Workwear	10.9%	2%	15.0%
Tradeport	11.5%	2%	15.0%
Reac	11.1%	2%	14.0%
Kabona	12.0%	2%	9.0%
Elvaco	11.8%	2%	21.0%
Nord-Lock Group	11.2%	2%	25.0%
Produal	11.3%	2%	22.0%
P. Lemmens	9.9%	2%	27.0%
Cooling	9.6%	2%	10.0%
Vibro-Acoustics	11.0%	2%	10.0%
	Book value, SEK m	Growth assumption (forecast)	Margin assumption (forecast)
31 Dec 2014			
Snickers Workwear	357	2–6%	13.6%
Tradeport	217	4–28%	10.5–15.0%
Reac	215	0–4%	14.0%
Kabona	140	10–17%	5.2–10.0%
Elvaco	139	10–13%	17.0–18.0%
Nord-Lock Group	380	3–5%	25.0–28.0%
Specma Global	127	3–3.8%	4.8–6.0%
P. Lemmens	683	3–10%	27.0–31.0%
Cooling	443	3–10%	3.2–9.0%
Vibro-Acoustics	174	3–15%	0.0–10.0%
	Discount rate (before tax)	Growth assumption (terminal)	Margin assumption (terminal)
31 Dec 2014			
Snickers Workwear	11%	2%	13.6%
Tradeport	12.3%	2%	15.0%
Reac	11.3%	2%	14.0%
Kabona	13%	2%	14.0%
Elvaco	12.1%	2%	18.0%
Nord-Lock Group	11.2%	2%	25.0%
Specma Global	9.4%	2%	6.0%
P. Lemmens	11%	2%	27.0%
Cooling	11%	2%	3.0%
Vibro-Acoustics	11%	2%	10.0%

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 regarding growth, profit margins, tied up capital and investment needs as a risk premium have been made for each of the Group goodwill items. The risk premium increment which has been added onto the risk free interest level is made up of a general risk premium for company investments and a specific risk premium for individual operations based on their circumstances.

Key assumptions

Impairment tests were performed with forecasts for five years (one or more years following individual testing). Estimations of future cash flows have been made based on the assets' existing structure and do not include future acquisitions. The required return after tax varies from 9.4 per cent to 11.8 per cent (9.2 to 12.4). The higher part of the interval has been used in most of the tests.

Cont.

Note 18 cont.

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	6.4
Exchange rate CHF	8.4
Exchange rate DKK	1.23
Exchange rate EUR	9.15
Exchange rate GBP	12.7
Exchange rate NOK	1.01
Exchange rate PLN	2.05
Exchange rate USD	8.55

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

NOTE 19 Buildings

GROUP	2015	2014
Opening cost	568	519
Opening cost from acquisitions	7	8
Purchases	2	28
Assets transferred to disposal groups held for sale and disposals	-53	-2
Reclassification	0	-
Translation differences	-10	15
Closing cost	514	568
Opening depreciation	-243	-219
Depreciation transferred to disposal groups held for sale and disposals	28	2
Depreciation for the year	-18	-20
Translation differences	4	-6
Closing depreciation	-229	-243
Opening impairment	-11	-11
Impairment for the year	-	-
Sales and reversals	11	-
Closing impairment	0	-11
Book value	285	314

Depreciation for the year, see Note 10.

Building items include a property held by the Group through a finance lease with the following amounts:

	2015	2014
Cost – capitalised finance lease	104	108
Accumulated depreciation	-22	-18
Carrying amount	82	90

NOTE 20 Land and land improvements

GROUP	2015	2014
Opening cost	26	24
Purchases	0	2
Sales and disposals	-2	-
Translation differences	0	0
Closing cost	24	26
Opening depreciation	-8	-7
Depreciation for the year	0	-1
Sales and disposals	0	-
Translation differences	0	0
Closing depreciation	-8	-8
Book value	16	18

Depreciation for the year, see Note 10.

NOTE 21 Machinery

GROUP	2015	2014
Opening cost	1,147	1,040
Opening cost from acquisitions	18	33
Purchases	66	52
Assets transferred to disposal groups held for sale and disposals	-214	-14
Translation differences	-8	36
Closing cost	1,009	1,147
Opening depreciation	-910	-825
Depreciation transferred to disposal groups held for sale and disposals	180	15
Depreciation for the year	-65	-71
Translation differences	3	-29
Closing depreciation	-793	-910
Book value	217	237

Depreciation for the year, see Note 10.

NOTE 22 Equipment

GROUP	2015	2014
Opening cost	633	593
Opening cost from acquisitions	16	3
Purchases	64	71
Assets transferred to disposal groups held for sale and disposals	-117	-48
Reclassification	-1	-4
Translation differences	-7	18
Closing cost	588	633
Opening depreciation	-473	-434
Depreciation transferred to disposal groups held for sale and disposals	95	35
Depreciation for the year	-56	-61
Reclassification	-	-
Translation differences	5	-13
Closing depreciation	-429	-473
Book value	159	160

Depreciation for the year, see Note 10.

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

GROUP	2015	2014
Opening cost	12	36
Costs expended during the year	26	9
Completed facilities	-11	-33
Book value	27	12

NOTE 24 Interests in subsidiaries

	2015	2014
Opening cost	1,246	1,246
Change for the year	–	–
Closing cost	1,246	1,246

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Karpalunds Ångbryggeri AB	556000-1439	Stockholm	3,600	100	1
Latour Förvaltning AB	556832-2209	Stockholm	500	100	1,005
Latour-Gruppen AB	556649-8647	Gothenburg	400,000	100	49
Hultafors Group AB	556365-0752	Bollebygd	349,873	100	100
Hultafors AB	556023-7793	Bollebygd	30,000	100	
Hultafors Group Finland OY	0664406-9	Finland	100	100	
Hultafors Group Norge AS	983513328	Norway	1,000	100	
Hultafors Group Danmark AS	14252533	Denmark	500,000	100	
Hultafors UMI S.R.L.	J32/572/22.11.1996	Romania	78,661	100	
Hultafors Group Italy	1660130210	Italy	60,000	100	
Fisco Tools Ltd	755735	UK	200,000	100	
Hultafors Group NL BV	8054149	The Netherlands	25	100	
Hultafors Group Sverige AB	556113-7760	Bollebygd	1,000	100	
Snickers Workwear Logistics BV	08117646	The Netherlands	200	100	
Snickers Workwear Ltd	01952599	UK	100,000	100	
Snickers Production SIA Latvia	40003077239	Latvia	100	100	
Hultafors Group Belgium NV	0444.346.706	Belgium	50,000	100	
Snickers Workwear France SARL	529,004,046	France	7,499	100	
Hultafors Group Poland Sp. z o.o.	146309299	Poland	100	100	
Snickers Workwear Switzerland AG	CH 036.3.044.124-4	Switzerland	1,000	100	
Hultafors Group Ireland Ltd	65695194	Ireland	15,700	100	
Hultafors Group Germany GmbH	147860778	Germany	50,000	100	
Snickers Workwear Austria GmbH	ATU 65856344	Austria	35,000	100	
Specma Tools AB	556737-4664	Gothenburg	1,000	100	
Tradeport AB	556649-0230	Stockholm	1,000	100	
Latour Industries AB	556018-9754	Gothenburg	100,000	100	
LSAB Group AB	556655-6683	Hedemora	1,000	100	
Fortiva AB	556563-6742	Malmö	4,000	100	
Fortiva Danmark A/S	182650	Denmark	2,550	100	
Bergmans Chuck AB	556059-1736	Hässleholm	1,200	100	
LSAB Produktion AB	556456-8060	Laholm	400	100	
LSAB Norge AS	95882479	Norway	300	100	
LSAB Sverige AB	556222-1746	Hedemora	2,500	100	
LSAB Instrument Service	1089847103950	Russia	1	100	
LSAB Suomi OY	0140601-0	Finland	1,050	100	
LSAB Väandra AS	10120018	Estonia	6,000	100	
LSAB Latvia SIA	40003381260	Latvia	23,150	100	
MachToolRent	1107847394687	Russia	1	100	
Kabona AB	556609-1525	Borås	100	100	
Specma Seals AB	556198-5077	Gothenburg	10,000	100	
Specma Seals ApS	35645144	Denmark	500	100	
AVT Group AB	556863-5964	Gothenburg	500	100	
AVT Industriteknik AB	556596-5786	Alingsås	4,000	100	
KLT Fastighets KB	969674-4250	Alingsås	1	100	
Elvaco AB	556248-6687	Kungsbacka	800	80 ¹⁾	
Bastec AB	556346-6738	Malmö	114,200	100	
REAC AB	556520-2875	Åmål	20,000	100	
REAC A/S	19,353,508	Denmark	500,000	100	
REAC Poland Sp. z o.o.	0000444016	Poland	5,000	100	
REAC Components Sp. z o.o.	0000551205	Poland	3,000	100	
Routal Holding AB	559013-7351	Gothenburg	50,000	100	
Laudorp Holding Oy	2497873-2	Finland	4,400,027	100	
Laudorp Oy	2497875-9	Finland	2,500	100	
Produal Holding Oy	2215761-5	Finland	1,000,000	100	
Produal Oy	0680909-7	Finland	33	100	
Produal Sverige AB	556538-4236	Stockholm	15,000	100	
Produal A/S	33378203	Denmark	700	100	
Produal S.A.S.	75264028400010	France	30,000	100	
Nord-Lock International AB	556610-5739	Gothenburg	1,000	100	
Nord-Lock AG	CH-320.3.028.873-7	Switzerland	1,000	100	
Nord-Lock ApS	33,878,605	Denmark	100	100	
Nord-Lock Co. Ltd	310000400676819	China	1	100	
Nord-Lock AB	556137-1054	Åre	8,000	100	
Nord-Lock Inc.	38-3418590	USA	1,000	100	
Tech Eng Australia Pty Ltd	602531279	Australia	10,000	100	
Superbolt Inc.	25-1478791	USA	12,000,000	100	

Cont.

Note 24 cont.

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Nord-Lock Benelux BV	2050318	The Netherlands	180	100	
Nord-Lock Ltd	4117670	UK	100	100	
Nord-Lock Poland Sp. z o.o.	0000273881	Poland	10	100	
Nord-Lock SARL	439-251-901	France	1,000	100	
Nord-Lock Japan Co, Ltd	1299-01-047553	Japan	200	100	
Nord-Lock OY	0893691-1	Finland	100	100	
Nord-Lock s.r.o.	27294714	The Czech Republic	200,000	100	
Nord-Lock Holding GmbH	HRB 175392	Germany	1	100	
Nord-Lock GmbH	HRB 510204	Germany	1	100	
Nord-Lock Switzerland GmbH	CH 020.4.041.709-1	Switzerland	200	100	
Nord-Lock AS	895,421,812	Norway	100	100	
Nord-Lock Italy s.r.l	2,464,160,015	Italy	1	100	
Nord-Lock PTE. LTD.	201110682R	Singapore	50,000	100	
Boltight Ltd	03832926	UK	9	100	
Twin-Lock AB	559009-2614	Gothenburg	1,000	100	
Nord-Lock Korea Co Ltd	606-86-01043	Korea	2	100	
Specma AB	556089-9550	Gothenburg	10,000	100	
Specma OY	0292607-7	Finland	400	100	
Specma Hydraulic Russia	5087746446046	Russia	100	100	
Specma Co Ltd	79274263-4	China	1	100	
Specma Hydraulic Polska Sp.z o.o.	320724049	Poland	500	100	
Specma Component AB	556219-2202	Skellefteå	7,500	100	
Specma Wiro AB	556362-4641	Motala	5,000	100	
Specma Hydraulic U.S. Inc.	30-05199401	USA	100	100	
Specma Do Brasil Ltda	10.343.468/0001-32	Brazil	127,500	51	
Samwon Tech (Europe) Ltd	4,746,517	UK	100	100	
Specma Hydraulic A/S	29 92 02 49	Denmark	348	77.7	
Specma Hydraulikhuset AB	556111-7929	Gothenburg	1,000	100	
AB Kiruna Hydraulic	556535-6184	Kiruna	4,200	100	
Landfall Management	4542831	UK	1,000	100	
Swegon AB	556077-8465	Vara	400,000	100	
Swegon GmbH	HRB209158	Germany	25,000	100	
Swegon Ventilation Systems GmbH	HRB4092	Germany	2	100	
Swegon Climate Systems GmbH	HRB120490	Germany	2	100	
Econdition	HRB152462	Germany	2	100	
Swegon Latvia SIA	40103622444	Latvia	2,000	100	
Swegon A/S	247231	Denmark	5	100	
Swegon GmbH Austria	FN 229472	Austria	1	100	
Swegon Ltd	1529960	UK	50,000	100	
Swegon Cooling Ltd	01744381	UK	63,622	100	
Swegon Service Ltd	03443661	UK	1	100	
Swegon Hire Ltd	03284785	UK	1,000	100	
Swegon SARL	409-770-195	France	2,000	100	
Swegon SA	48-205-4517	Switzerland	100	100	
Swegon s.r.o.	275 90 071	The Czech Republic	1	100	
Swegon North America Inc	1916764	Canada	6,860,001	100	
Swegon Inc.	26-1934480	USA	1,000	100	
Swegon BVA System Inc	98-0149314	USA	100	100	
Swegon BVA System (Tennessee) Inc	98-0150566	USA	100	100	
Swegon BVA System (Texas) Inc	46-0524581	USA	1,000	100	
Swegon Eesti OU	11726958	Estonia	1	100	
Swegon Indoor Climate Systems Co. Ltd	310000400676739	China	1	100	
Swegon AS	933-765-806	Norway	1,500	100	
OY Swegon AB	240.505	Finland	20,000	100	
Lewaco Trading AB	556343-3423	Vara	1,000	100	
Berguven 2AB	556935-7782	Vara	500	100	
Swegon Sp.z o.o.	632031333	Poland	1,454	100	
Swegon BV	24408522	The Netherlands	100	100	
Swegon Belgium S.A.	893.224.696	Belgium	620	100	
Swegon P Lemmens Group SA	829.386.721	Belgium	22,142	90 ¹⁾	
P Lemmens Company SA	429.188.970	Belgium	100,000	90 ¹⁾	
Swegon S.A.	A-84244763	Spain	6,011	100	
Swegon ILTO OY	1615732-8	Finland	1,000	100	
Swegon BB s.r.l	03991770276	Italy	1	100	
Blue Box Group s.r.l	02481290282	Italy	1	100	
Aplicaciones Climaticas BBG SI	B 97613780	Spain	0.65	100	
Blue Box Air	U74210MH2008FTC189149	India	2,397,500	100	
Swegon Lidköping AB	556640-0346	Lidköping	9,230	100	
FOV Fodervånader i Borås AB	556057-3460	Gothenburg	60,000	100	
Nordiska Industri AB	556002-7335	Gothenburg	840,000	100	191
Total book value					1,246

¹⁾ Consolidated to 100% due to holdings of call options for the rest of the shares.

Smaller inactive subsidiaries are not included above.

NOTE 25 Interests in associates

GROUP	2015	2014	PARENT COMPANY	2015	2014
Opening book value	9,917	8,450	Opening book value	4,721	4,421
Acquisitions during the year	691	300	Acquisitions during the year	691	300
Sold during the year	-104	-	Sold during the year	-80	-
Profit share for the year after tax	1,667	1,373	Closing value	5,332	4,721
Dilutive effect	6	-7	Assa Abloy AB	1,199	1,199
Dividends received	-631	-583	AB Fagerhult	289	289
Net change in capital	181	384	HMS Networks AB	250	250
Closing value	11,727	9,917	Loomis AB	65	65
			Nederman Holding AB	306	306
			Securitas AB	585	585
			Sweco AB	446	152
			Tomra Systems ASA	1,795	1,795
			Academic Work Holding AB	-	80
			Troax Group AB	397	-
			Closing value	5,332	4,721

GROUP	Description of business	Number of shares	Share of equity	Market value ¹⁾	Cost	Share of equity (%)	Share of votes (%)
Assa Abloy AB (CRN 556059-3575. Stockholm) ²⁾	See page 50	105,495,729	4,621	18,778	1,697	10	29
AB Fagerhult (CRN 556110-6203. Domicile Habo) ⁴⁾	See page 51	18,620,400	1,001	2,933	571	49	49
HMS Networks AB (CRN 556661-8954. Halmstad)	See page 52	3,027,322	304	742	250	27	27
Loomis AB (CRN 556620-8095. Stockholm) ²⁾	See page 53	7,538,328	533	1,994	108	10	29
Nederman Holding AB (CRN 556576-4205. Domicile Helsingborg)	See page 54	3,512,829	417	898	306	30	30
Securitas AB (CRN 556302-7241. Stockholm) ²⁾	See page 56	39,732,600	1,369	5,165	1,081	11	30
Sweco AB (CRN 556542-9841. Domicile Stockholm) ³⁾	See page 57	32,622,480	948	4,053	480 ³⁾	27	21
Tomra Systems ASA (CRN 556542-9841. Domicile Stockholm)	See page 58	36,560,000	1,915	3,338	1,795	25	25
Troax Group AB (CRN 556916-4030. Domicile Hillerstorp)	See page 60	6,020,000	413	753	397	30	30
Diamorph AB (CRN 556647-5371. Domicile Stockholm)	See page 61	11,098,270	174	125	122	21	21
Oxeon AB (CRN 556614-1197. Domicile Borås)	See page 62	215,200	28	25	25	31	31
Other smaller holdings			4	4	7		
			11,727	38,808	6,839		

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 utilisation of a call option.

⁴⁾ At the end of 2015, 90,000 shares of Latour's holding in Fagerhult were on loan.

THE FOLLOWING TABLE SUMMARISES INFORMATION FROM THE BALANCE SHEET

2015	Fixed assets	Current assets	Total assets	Long-term liabilities	Current liabilities	Total liabilities	Net assets
Assa Abloy AB	62,847	23,330	86,177	24,166	20,432	44,598	41,579
AB Fagerhult	1,894	1,846	3,739	1,524	779	2,302	1,437
HMS Networks AB	660	171	831	230	145	375	456
Loomis AB	10,860	3,555	14,415	5,974	2,598	8,572	5,843
Nederman Holding AB	1,135	1,431	2,566	935	794	1,729	837
Securitas AB	23,378	17,283	40,661	15,470	12,662	28,131	12,530
Sweco AB	6,964	5,785	12,749	2,819	5,021	7,840	4,909
Tomra Systems ASA	3,866	3,129	6,995	1,272	1,798	3,070	3,925
Troax Group AB	937	380	1,317	590	179	769	548
Diamorph AB	832	307	1,139	554	69	623	516
Oxeon AB	19	23	43	0	12	12	31
2014							
Assa Abloy AB	58,260	21,738	79,998	24,517	19,383	43,900	36,098
AB Fagerhult	1,861	1,671	3,532	1,435	768	2,203	1,329
HMS Networks AB	679	153	832	271	139	410	423
Loomis AB	9,868	3,159	13,027	4,992	3,128	8,120	4,907
Nederman Holding AB	1,072	1,302	2,373	881	759	1,640	733
Securitas AB	23,315	17,769	41,084	15,233	14,551	29,785	11,299
Sweco AB	2,759	3,158	5,917	1,408	2,622	4,029	1,888
Tomra Systems ASA	3,801	3,169	6,969	1,787	1,648	3,435	3,534
Academic Work	706	382	1,088	274	393	667	421
Diamorph AB	807	222	1,029	576	68	644	385
Oxeon AB	22	17	39	0	12	12	27

Cont.

Note 25 cont.

THE FOLLOWING TABLE SUMMARISES INFORMATION FROM INCOME AND COMPREHENSIVE INCOME

	Income	Profit/loss	Other comprehensive income	Total comprehensive income	Dividends received
2015					
Assa Abloy AB	68,099	7,693	260	7,953	200
AB Fagerhult	3,909	289	-70	219	45
HMS Networks AB	702	60	-1	59	7
Loomis AB	16,097	1,069	355	1,424	38
Nederman Holding AB	3,198	153	-5	148	14
Securitas AB	80,860	2,444	-142	2,302	119
Sweco AB	11,389	439	-29	410	94
Tomra Systems ASA	5,873	619	336	956	53
Troax Group AB	948	125	28	154	0
Diamorph AB	432	90	43	133	0
Oxeon AB	68	4	0	4	0
2014					
Assa Abloy AB	56,843	6,436	2,997	9,433	200
AB Fagerhult	3,736	261	127	388	45
HMS Networks AB	589	63	6	69	7
Loomis AB	13,510	910	205	1,115	38
Nederman Holding AB	2,827	94	73	167	14
Securitas AB	70,217	2,072	922	2,994	119
Sweco AB	9,214	545	-5	540	94
Tomra Systems ASA	5,172	429	390	819	53
Academic Work	1,875	79	0	79	12
Diamorph AB	384	-6	84	78	-
Oxeon AB	63	4	0	4	-

SUMMARISED RECONCILIATION OF FINANCIAL INFORMATION¹⁾

	Opening net assets	Profit/loss	Changes in equity	Dividends	Closing net assets	Holdings in associates	Goodwill	Book value
2015								
Assa Abloy AB	36,098	7,573	676	-2,407	41,940	3,984	637	4,621
AB Fagerhult	1,329	283	-58	-113	1,441	709	292	1,001
HMS Networks AB	423	72	3	-28	470	126	178	304
Loomis AB	4,907	1,070	269	-451	5,795	533	0	533
Nederman Holding AB	733	121	5	-47	812	244	172	416
Securitas AB	11,299	2,373	27	-1,095	12,604	1,369	0	1,369
Sweco AB	1,888	454	1,134	-318	3,158	861	87	948
Tomra Systems ASA	3,534	626	-147	-205	3,808	942	973	1,915
Troax Group AB	448	91	0	-23	516	155	258	413
Diamorph AB	385	77	40	0	502	106	68	174
Oxeon AB	27	3	0	0	30	9	19	28
2014								
Assa Abloy AB	28,813	6,148	1,759	-2,110	34,610	3,282	637	3,919
AB Fagerhult	1,030	274	86	-91	1,299	639	292	931
HMS Networks AB	378	69	2	-25	424	113	178	291
Loomis AB	4,165	901	218	-376	4,908	444	0	444
Nederman Holding AB	620	87	35	-47	695	209	172	381
Securitas AB	9,381	1,988	462	-1,095	10,736	1,166	0	1,166
Sweco AB	1,633	445	10	-296	1,792	572	87	659
Tomra Systems ASA	2,987	419	-49	-210	3,147	778	1,071	1,849
Academic Work	407	150	0	-61	496	99	0	99
Diamorph AB	312	-19	65	-	359	76	68	144
Oxeon AB	20	6	1	-	27	9	19	28

¹⁾ 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

GROUP	2015	2014	PARENT COMPANY	2015	2014
Opening cost	469	469	Opening cost	438	438
Purchases	-	-	Purchases	-	-
Sale	-375	-	Sale	-438	-
Closing cost	94	469	Closing cost	0	438
Opening fair value reserve	1,136	783	Opening fair value reserve	1,091	754
Sale recognised in the income statement	-1,000	-	Sale recognised in the income statement	-1,091	-
Revaluation recognised in equity	263	353	Revaluation recognised in equity	-	337
Closing fair value reserve	399	1,136	Closing fair value reserve	0	1,091
Book value	493	1,605	Book value	0	1,529

Cont.

Note 26 cont.

INVESTMENT PORTFOLIO

Share	Number	Market value, SEK m	Listed price, SEK	Cost, SEK m	Share of votes, %	Share of equity, %
Nobia	4,649,894	493	106	94	3	3
Total		493		94		

NOTE 27 Other securities holdings

GROUP	2015	2016
Opening cost	1	1
Purchases	24	–
Closing cost	25	1
Opening impairment	–1	–1
Impairment for the year	–	–
Closing impairment	–1	–1
Book value	24	0

NOTE 28 Long-term receivables

GROUP	2015	2014
Opening cost	37	36
Increase for the year	179	2
Decrease for the year	–14	–1
Book value	202	37

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:	2015	2014
<i>At net realisable value</i>		
Raw materials and consumables	8	7
Work-in-progress	2	2
Finished work and goods for resale	53	43
<i>At cost</i>		
Raw materials and consumables	298	325
Work-in-progress	79	87
Finished work and goods for resale	566	697
	1,006	1,161

NOTE 30 Listed shares, trading

GROUP	2015	2014
Book value at the beginning of the year	79	63
Acquisitions for the year	85	234
Sales at the actual cost	–105	–222
Revaluation, booked in the income statement	–13	4
Book value at the end of the year	46	79

GROUP	Number	Cost	Book value	Market value
Alimak	13,351	1	1	1
Dantherm A/S	56,364	1	0	0
H&M	22,700	7	7	7
Investor	23,000	8	7	7
Kinnevik	16,000	4	4	4
Sandvik	102,000	9	8	8
SKF	33,000	6	4	4
SSAB	27,000	1	1	1
Trelleborg	40,000	7	7	7
Vardia Insurance Group	4,312,433	13	7	7
		57	46	46

NOTE 31 Accounts receivable

GROUP	2015	2014
Nominal value	1,207	1,337
Provision for bad debts	–42	–46
Net accounts receivable	1,165	1,291
Reserve for bad debts		
Opening reserve	–46	–49
Opening reserve for acquired companies	–1	–1
Provisions for bad debts for the year	–9	–13
Realised losses during the year	4	13
Reversed unutilised amount	9	6
Exchange rate differences	1	–2
	–42	–46

Provisions for, and provisions from, bad debts are recognised in the income statement under Other operating expenses. Amounts recognised in depreciation and amortisation are normally written off when the Group does not expect to recover further amounts.

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

Age analysis of accounts receivable	2015	2014
Not mature	937	1,007
Mature receivables not written down as at 31 December		
Mature less than 3 months	202	250
Mature 3 to 6 months	13	20
Mature more than 6 months	13	14
	1,165	1,291

NOTE 32 Derivative instruments

GROUP	2015	2014
Assets		
Forward exchange contracts – cash flow hedging	67	41
Liabilities		
Forward exchange contracts – cash flow hedging	0	–2
Interest rate swaps	–15	–19
Total	52	–21

Forward exchange contracts

The nominal amount of outstanding forward exchange contracts on 31 December was SEK 171 m (394). See Note 35.

From the beginning of 2014, the cash flow hedges are deemed to meet the terms for effective hedge accounting which is why the entire change is reported in other comprehensive income. During the year, the impact of hedge accounting on other comprehensive income was SEK 20 m (35).

Hedges on net investments in foreign operations

Borrowing that has been identified as net investment hedging in Group subsidiaries is SEK 91 m (95) in Italy and SEK 146 m (152) in Finland.

The change in exchange rate on translation of borrowing to Swedish crowns is SEK 10 m (SEK –15 m) at the close of the reporting period and is recognised in other comprehensive income.

Interest rate swaps

The gain or loss associated with the ineffective portion of an interest rate swap that hedges fixed-rate borrowing is recognised in other comprehensive income and was SEK –15 m (–19) in 2015.

NOTE 33 Cash and cash equivalents

Cash and cash equivalents consist of SEK 805 m (417) in bank balances and SEK 54 m (11) 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 Disposal groups held for sale

The assets and liabilities relating to Specma AB with subsidiaries have been recognised as held for sale following the approval of the Board. Specma Group was sold on 4 January 2016.

Statement of income from discontinued operations and recognised income resulting from remeasurement of assets or disposal groups are presented below:

EARNINGS AND CASH FLOW FROM DISPOSAL GROUPS HELD FOR SALE

	2015	2014
Income	1,369	1,294
Expense	-1,298	-1,292
Net financial items	-8	-2
Tax	-15	-2
Earnings from discontinued operations after tax	48	-2
Net operating cash flows	103	25
Net investing cash flows	-37	-14
Net financing cash flows	-25	5
Cash flows from discontinued operations for the period	41	16

NOTE 35 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

Note 34 cont.

ASSETS AND LIABILITIES IN A DISPOSAL GROUP HELD FOR SALE

The assets and liabilities of the discontinued operation are classified as held for sale. The value of the assets and liabilities as at 31 December 2015 are shown below.

Assets held for sale	2015
Intangible assets	179
Property, plant and equipment	65
Financial assets	5
Inventories	292
Current receivables	254
Cash and bank	76
Total assets in a disposal group held for sale	871
Liabilities directly associated with assets held for sale	
Deferred tax	12
Other provisions	5
Long-term liabilities	178
Bank overdraft facilities	3
Advances from customers	7
Accounts payable	116
Other current liabilities	84
Total liabilities in a disposal group held for sale	405

instruments attributable to hedges of net investments, and which are attributable to exchange rate fluctuations, are recognised in other comprehensive income.

Book value and fair value of financial assets and liabilities

The table below discloses how fair value is determined for the financial instruments valued at fair value in the statement on financial position. Fair value is determined according to three different levels. Compared with the 2014 annual accounts, there were no transfers between the different levels of the fair value hierarchy and there were no changes in the methods and/or principles used during 2015.

THE GROUP 2015	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
<i>Financial assets</i>						
Listed shares management	493 ¹⁾					493
Other long-term securities holdings	24 ²⁾					24
Other long-term receivables				204 ³⁾		204
Listed shares – trading		46 ¹⁾				46
Unrealised gains, currency derivatives			67 ²⁾			67
Other current receivables				1,473 ³⁾		1,473
Cash				934 ³⁾		934
Total	517	46	67	2,611	-	3,241
<i>Financial liabilities</i>						
Long-term loans					853 ³⁾	853
Bank overdraft facilities					43 ³⁾	43
Current loans					2,415 ³⁾	2,415
Other current liabilities					886 ³⁾	886
Unrealised gains, currency derivatives			15 ²⁾			15
Total	-	-	15	-	4,197	4,212

¹⁾ Level 1 – valued at fair value based on quoted prices on an active market for identical assets.

²⁾ Level 2 – measured at fair values obtained from inputs other than quoted market prices included within Level 1 that are observable for the assets and liabilities.

³⁾ Level 3 – measured at fair values obtained from information and data for the assets and liabilities which is not based on observable market inputs.

Cont.

Note 35 cont.

THE GROUP 2014

<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	1,605 ¹⁾					1,605
Other long-term securities holdings	0 ²⁾					0
Other long-term receivables				37 ³⁾		37
Listed shares – trading		79 ¹⁾				79
Unrealised gains, currency derivatives			41 ²⁾			41
Other current receivables				1,369 ³⁾		1,369
Cash				428 ³⁾		428
Total	1,605	79	41	1,834	–	3,559
<i>Financial liabilities</i>						
Long-term loans					812 ³⁾	812
Bank overdraft facilities					45 ³⁾	45
Current loans					3,093 ³⁾	3,093
Other current liabilities					835 ³⁾	835
Unrealised gains, currency derivatives			21 ²⁾			21
Total	–	–	21	–	4,785	4,806

¹⁾ Level 1 – valued at fair value based on quoted prices on an active market for identical assets.

²⁾ Level 2 – measured at fair values obtained from inputs other than quoted market prices included within Level 1 that are observable for the assets and liabilities.

³⁾ Level 3 – measured at fair values obtained from information and data for the assets and liabilities which is not based on observable market inputs.

Listed financial assets are measured at the quoted prices on the balance sheet date. Fair value on unlisted financial assets is determined by using valuation techniques such as a recent transaction, the price of a similar instrument or discounted cash flows.

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

The fair value of accounts receivable and other receivables, current receivables, cash and other liquid funds, accounts payable and other liabilities as well as long-term liabilities are estimated to have the same value as their carrying amount. Market interest is not believed to materially deviate from the discount rate for interest-bearing long-term liabilities and therefore the carrying amount is considered in essence equal to the fair value.

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

Financial risk management

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

Currency exposure

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

Transaction exposure

The Group's goal concerning transaction exposure is to hedge 50 per cent of the coming 12 months' budgeted cash flows. The impact of hedging transactions on income was SEK –77 m and is recognised in other comprehensive income. See Note 36.

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

Currencies (amounts in SEK m)	2015	2014
NOK	328	316
DKK	165	56
GBP	64	122
USD	–399	–227
EUR	287	191
CHF	49	44
Total	494	502

+ = net inflow, – = net outflow

Given a net transaction exposure equivalent to the one in 2015, and provided that hedging measures had not been taken, if the Swedish crown had increased by one percentage point against all transaction currencies it would have had a beneficial impact on profit of SEK 5 m.

As at 31 December 2015, the Group had outstanding hedging contracts in the following currencies and on these maturity dates.

Amount in SEK m	2016	2017	Total
Sell EUR	272	44	316
Sell NOK	57		57
Sell DKK	73	22	95
Sell GBP	44		44
Sell USD	44		44
Sell CHF	25		25
<i>Sell total</i>	<i>515</i>	<i>66</i>	<i>581</i>
Buy EUR	–2		–2
Buy GBP	–1		–1
Buy USD	–305	–100	–405
Buy CNY	–3		–3
<i>Buy total</i>	<i>–311</i>	<i>–100</i>	<i>–411</i>
Net	204	–34	170

The valuation of the forward exchange contracts at fair value is a derivative instrument and totals SEK 67 m (41), stated in the consolidated balance sheet.

Translation exposure

The need to hedge net assets in foreign subsidiaries is decided on a case-to-case basis and hedges are based on the group-wise value of the net assets. Hedging is conducted through loans in foreign currency. Profit from hedges in foreign operations was SEK 10 m (-15). The amount is reported in other comprehensive income and in reserves in equity (see Note 36).

Net assets of the foreign subsidiaries are allocated as follows:

Currency	2015		2014	
	Amount SEK m	%	Amount SEK m	%
EUR	358	47	353	47
DKK	3	0	15	2
NOK	48	6	123	16
USD	121	16	92	12
GBP	70	9	66	9
RON	21	3	21	3
CAD	–26	–3	–	–
PLN	142	19	93	12
CHF	29	4	18	2
JPY	13	2	8	1
Other	–22	–3	–38	–5
Total	757	100	751	100

Exchange rate difference for the year from translation of foreign net assets amounted to SEK –77 m (123) and is reported in other comprehensive income and reserves in equity. See Note 36.

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.

Cont.

Note 35 cont.

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.	221	40
Credits granted through 2016	802	557
Credits granted through 2017	1	0
Credits granted through 2018	1	0
Credits granted through 2019	1,566	1,431 ¹⁾
Credits granted through 2020	2,535	758 ¹⁾
	5,126	2,786

¹⁾ 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.

The Group's net financial liabilities, excluding shareholdings and other securities, was SEK 2,205 m as at 31 December 2015. 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 reported interest-bearing long-term liabilities of SEK 675 m, which are due through 2020, correspond to a cash outflow of SEK 701 m, of which SEK 26 m is accumulated interest.

Contracts for granted credits with terms longer than one year contain financial covenants, which state that net borrowing debt may not exceed a certain level in relation to the listed market price of the Group's listed securities. This condition was complied with in 2015.

Interest rate risk

The Latour Group's major source of financing is the cash flows from operating activities and the portfolio management as well as from loans. The loans are interest-bearing and thus expose the Group to interest rate risk. 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 2015, 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 -25 m.

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

	Debt in 2015		Debt in 2014	
	%	SEK m	%	SEK m
Long-term borrowing SEK	1.4	339	2.2	571
Long-term borrowing EUR	1.1	243	2.1	105
Long-term borrowing PLN	1.5	92	1.5	104
Long-term borrowing CNY	-	-	1.7	25
Long-term borrowing DKK	1.0	2	2.5	2
	1.3	675	2.1	807
Short-term borrowing SEK	1.6	1,235	1.4	1,962
Short-term borrowing EUR	1.1	999	1.4	1,041
Short-term borrowing USD	2.0	125	1.4	117
Short-term borrowing GBP	1.2	95	-	-
Short-term borrowing CAD	-	-	3.3	19
	1.4	2,455	1.4	3,139

NOTE 36 Equity

Reserves

GROUP	Hedging reserve	Translation reserve	Fair value reserve	Total
Opening balance 1 Jan 2014	-2	-63	790	725
Translation differences for the year		123		123
Available-for-sales financial assets:				
Revaluation recognised directly in other comprehensive income			343	343
Cash flow hedges	35			35
Interest rate swaps	-15			-15
Net asset hedge, currency effects	-15			-15
Closing other reserves 31 Dec 2014	3	60	1,133	1,196
Opening balance 1 Jan 2015	3	60	1,133	1,196
Translation differences for the year		-77		-77
Available-for-sales financial assets:				
Revaluation recognised directly in other comprehensive income			264	264
Recognised in the income statement upon sale			-1,000	-1,000
Cash flow hedges	20			20
Interest rate swaps	4			4
Net asset hedge, currency effects	10			10
Closing other reserves 31 Dec 2015	37	-17	397¹⁾	417

¹⁾ The investment portfolio has a fair value of SEK 397 m and issued call options have a fair value of SEK 0 m.

Cont.

Capital management

The Group's long-term capital structure goals are to ensure that the Group is able to continue developing its operations, so that it can generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep capital expenses low. The Group is able to change the dividend that is paid to the shareholders or sell assets to reduce debt in order to maintain or adjust the capital structure. The Group assesses its capital adequacy by reference to its debt levels. Latour's Board of Directors has set limits on debt levels. The Group's debt cap is set at 10 per cent of the investment portfolio's value and 2.5 times the wholly-owned industrial operations' EBITDA, measured as an average for the last three years and adjusted for acquisitions and divestitures. The debt has always been clearly 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 price of holdings in the investment portfolio changed by 5 per cent it would affect comprehensive income and equity by SEK 80 m (63). Share prices are regularly analysed and monitored by Latour's group management. Latour has an influence on the companies' strategies and decisions through its active ownership, which is in part manifested through board participation. Liquidity risk can occur if a share, for example, is hard to sell. However, liquidity risk is limited. Counterparty risk is the risk that a party in a transaction with a financial instrument cannot fulfil its obligations and thereby creates a loss for the other party.

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

Operational risks

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

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

Note 36 cont.

Share capital

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

Other contributed capital

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

Repurchased shares

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

Reserves

Translation reserve

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

Hedging reserve

The hedging reserve consists of exchange rate differences that occur when translating debts, 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 in accordance with the Swedish Companies Act and are approved by the Annual General Meeting. The dividends proposed, but not as yet approved, for 2015 are SEK 1,077 m (SEK 6.75 per share). The amount has not been reported as a liability.

Earnings per share

GROUP	2015	2014
Profit for the year	4,117	1,874
Average number of shares outstanding basic share	159,530,816	159,445,425
Average number of shares outstanding diluted share	160,179,053	160,121,214
Earnings per share related to profit attributable to parent company shareholders		
Basic share	SEK 25.81	SEK 11.75
Diluted share	SEK 25.70	SEK 11.70

Outstanding shares	Class A	Class B	Total
Number of shares as at 1 January 2015	11,931,278	147,561,722	159,493,000
Repurchase		64,500	64,500
Conversion	-12,630	12,630	0
Total outstanding shares as at 31 December 2015	11,918,648	147,638,852	159,557,500
Own shares	Class A	Class B	Total
Shares held as at 1 January 2015	-	467,000	467,000
Repurchase during the year	-	152,500	152,500
Divestiture	-	-217,000	-217,000
Total own shares held as at 31 December 2015	0	402,500	402,500
Total number of shares as at 31 December 2015	11,918,648	148,041,352	159,960,000

Own shares	2015		2014	
	Number	Expense	Number	Expense
Accumulated at the beginning of the year	467,000	38	582,000	47
Repurchase during the year	152,500	37	-	-
Divestiture	-217,000	-17	-115,000	-9
Accumulated at the end of the year	402,500	58	467,000	38

The par value of own holdings that were repurchased was SEK 0.4 m as at 31 December 2015. This represents 0.3 per cent of the share capital. The transaction costs in connection with the shares bought back are reported as a deduction from equity. These costs have not affected recognised tax expenses. Group

own shares have been repurchased to create added value for continuing shareholders in Latour. Call options have been issued to senior executives on all of the repurchased shares.

Note 37 Pension obligations

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

Obligations for retirement and family pensions for white-collar workers in Sweden are largely secured through insurance with Alecta. Since Alecta cannot provide enough information to report the ITP plan as a defined benefit plan it is reported as a defined contribution plan. Payments for pension insurance policies with Alecta for the year were SEK 36 m. Alecta's surplus can be divided amongst the insurance policy holders and/or the insured. At the end of 2015, Alecta's surplus in the form of the collective consolidation level was 153 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.

Note 37 cont.

GROUP	2015	2014
Defined benefit obligations		
Present value at the beginning of the periods	77	216
Benefits earned during the period	0	0
Interest	3	6
Pension payments	–	–2
Actuarial result	2	3
Redemption	–	–147
Translation difference	1	1
Closing balance	83	77
Plan assets		
Opening balance	47	42
Change in reserves	4	5
Closing balance	51	47
Net defined benefit obligations	32	30

Defined benefit obligations per country	2015				Total
	Sweden	Switzerland	Germany	Italy	
Present value of obligations	1	42	30	10	83
Fair value of plan assets	0	–29	–22	0	–51
Total	1	13	8	10	32

Defined benefit obligations per country	2014				Total
	Sweden	Switzerland	Germany	Other	
Present value of obligations	1	35	30	11	77
Fair value of plan assets	0	–26	–21	0	–47
Total	1	9	9	11	30

At the last measurement date, the present value of the defined benefit obligation was approximately SEK 31 m, attributable to active employees and SEK 1 m to retired employees.

Amount reported in the income statement	2015	2014
Redemption costs for PRI	–	10
Interest on pension provision	3	6
Cost of defined benefit plans	3	16
Pension costs, defined contribution plans	127	112
Special employer's tax and taxes on return	2	14
Total pension costs	132	142

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

%	2015		
	Switzerland	Germany	Italy
Discount rate ¹⁾	0.7	2.1	2.3
Inflation	1.0	1.8	1.5
Pay increases	1.0	2.5	–
Pension indexation	0.0	2.0	0.0

%	2014		
	Sweden	Switzerland	Germany
Discount rate ¹⁾	1.5	1.9	1.9
Inflation	1.0	1.8	1.5
Pay increases	1.0	2.5	–
Pension indexation	0.0	2.0	0.0

¹⁾ See policies in Note 2 page 73.

If the discount rate is lowered by 0.5 per cent, the present value of the obligations increases by 7.1 per cent. If the discount rate is raised by 0.5 per cent, the present value of the obligations decreases by 6.5 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:

GROUP	2015	2014
Deferred tax assets		
Intangible assets	5	4
Buildings and land	1	1
Machinery and equipment	3	2
Inventories	26	23
Current receivables	3	4
Provisions	11	13
Current liabilities	6	6
Other items	9	–
	64	53
Deferred tax liabilities		
Intangible assets	–32	–25
Buildings and land	–3	–3
Machinery and equipment	–2	–3
Inventories	0	–1
Current receivables	–15	–9
Untaxed reserves	–152	–125
Provisions	–2	–
	–206	–166

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 –10 m (–4).

There is a fiscal loss carry-forward in the parent company of SEK 1,507 m (1,338) which has not taken into account deferred tax.

NOTE 39 Other provisions

GROUP	Guarantee provisions	Other provisions	Total
Opening value 1 Jan 2014	55	9	64
Acquisition (company)	9	–	0
Provisions for the year	6	11	17
Amounts claimed during the year	–16	–3	–16
Exchange rate difference	2	1	3
Closing value 31 Dec 2014	56	18	74
Divestiture (company)	–5	–	–5
Provisions for the year	16	7	23
Amounts claimed during the year	–19	–6	–25
Exchange rate difference	–	–1	0
Closing value 31 Dec 2015	48	18	66

The provisions consist of:	2015	2014
Long-term part	50	55
Current part	16	19
	66	74

Other provisions primarily consist of provisions for restructuring costs.

NOTE 40 Long-term liabilities

GROUP	2015	2014
Liabilities to credit institutions falling due in 1–5 years	606	523
Liabilities to credit institutions falling due in >5 years	7	–
Liabilities referring to finance leases	62	68
Other long-term liabilities	0	221
Total	675	812

For other details concerning long-term liabilities see Note 35.

NOTE 41 Bank overdraft facility

The bank overdraft facility available to the Group is SEK 200 m (200), of which SEK 40 m (45) has been used.

NOTE 42 Accrued expenses and deferred income

GROUP	2015	2014
Accrued interest expenses	5	2
Accrued social security fees	65	73
Accrued other pay-related costs	174	179
Other items	230	240
Total	474	494

NOTE 43 Pledged assets

GROUP	2015	2014
For own liabilities and provisions		
Relating to pension obligations		
– Floating costs	–	–
– Other securities	2	2
Shares as collateral for net loans	2,786	2,223
Other		
– Floating costs	3	3
– Property mortgages	2	2
– Other securities	0	0
Total	2,793	2,230
PARENT COMPANY	2015	2014
For the Group's liabilities		
Shares as collateral for net loans	1,219	1,181
Total collateral pledged	1,219	1,181

NOTE 44 Contingent liabilities

GROUP	2015	2014
Underwriting agreements	–	9
Other obligations	13	9
Total	13	18
PARENT COMPANY	2015	2014
Guarantees for subsidiaries	3,090	3,445
Total	3,090	3,445

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

NOTE 45 Business combinations

	2015	2014
Intangible assets	169	93
Property, plant and equipment	31	44
Financial assets	182	–
Inventories	36	95
Accounts receivable	36	86
Other current receivables	2	46
Cash	68	181
Deferred tax liability	0	–32
Long-term net borrowing	–1	–304
Current liabilities	–39	–243
Net identifiable assets and liabilities	484	–34
Group goodwill	332	1,320
Total purchase price	816	1,286
Additional purchase price	–1	–415
Cash settlement purchase price	815	871
Acquisition of non-cash items	0	32
Cash in acquisitions	–68	–181
Effect on Group cash	747	722

Transaction costs in connection with business combinations for the year amount to SEK 8 m (6).

Ergolet/Reac Components

On 1 May 2015, the Group acquired 100 per cent of the shares in Reac Components Sp zoo. The acquired operations contributed SEK 8 m in revenues and SEK –9 m in net profit/loss for the period 1 May to 31 December 2015. If the acquisition had been made on 1 January 2015, the company's revenues would have been SEK 16 m and profit/loss for the year would have been SEK –10 m.

Note 45 cont.

Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisations are merged with Latour Industries' existing operations. Transaction costs for the acquisition, that were charged to the income statement for the period, amounted to SEK 1 m.

Property, plant and equipment	10
Inventories	4
Current liabilities	–14
Net identifiable assets and liabilities	0
Group goodwill	0
Cash settlement purchase price	0

Produal

On 17 June 2015, the Group acquired 100 per cent of the shares in Laudorp Holding Oy. In addition to the parent company, the Produal Group comprises Laudorp Holding Oy, the wholly-owned companies Laudrop Oy, Produal Holding Oy, Produal Oy, Produal Sverige AB, Produal A/S and Produal S.A.S. The acquired operations contributed SEK 88 m in revenues and a net profit of SEK 10 m for the period 17 June to 31 December 2015. If the acquisition had been made on 1 January 2015, the company's revenues would have been SEK 184 m and profit for the year would have been SEK 30 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 2 m.

Intangible assets	118
Property, plant and equipment	9
Financial assets	2
Inventories	23
Accounts receivable	26
Other receivables	2
Cash	34
Current liabilities	–21
Net identifiable assets and liabilities	193
Group goodwill	247
Cash settlement purchase price	440
Acquired cash	–34
Change in Group cash at acquisition	406

Boltight

On 1 September 2015, the Group acquired 100 per cent of the shares in Boltight Limited. The acquired operations contributed SEK 13 m in revenues and SEK 1 m in net profit for the period 1 September to 31 December 2015. If the acquisition had been made on 1 January 2015, the company's revenues would have been SEK 49 m and profit/loss for the year would have been SEK –4 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 30 m. This sum has also been reserved. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisations are merged with Nord-Lock's existing operations.

Intangible assets	1
Property, plant and equipment	11
Inventories	7
Accounts receivable	9
Cash	19
Current liabilities	–3
Net identifiable assets and liabilities	44
Group goodwill	55
Cash settlement purchase price	99
Acquired cash	–19
Change in Group cash at acquisition	80

Nord-Lock Korea

On 30 December 2015, the Group acquired 100 per cent of the shares in Nord-Lock Korea Co., Ltd. The acquired operation did not contribute any revenues or profit during 2015. If the acquisition had been made on 1 January 2015, the company's revenues would have been SEK 29 m and profit for the year would have been SEK 3 m. Goodwill is attributable to the synergies that will be created when the service and sales organisations are merged with Nord-Lock's existing operations. Transaction costs for the acquisition, that were charged to the income statement for the period, amounted to SEK 2 m.

Property, plant and equipment	1
Financial assets	1
Inventories	2
Accounts receivable	1
Cash	15
Current liabilities	–1
Net identifiable assets and liabilities	19
Group goodwill	30
Cash settlement purchase price	49
Acquired non-cash items	–1
Acquired cash	–15
Change in Group cash at acquisition	33

Note 45 cont.

Other acquisitions

In addition to reported acquisitions, the Group also made a couple of other smaller acquisitions. Assets of approximately SEK 50 m were taken over and generated SEK 0 m in Group goodwill. The impact of these acquisitions on earnings in 2015 was marginal.

In addition, Neuffer Fenster + Türen GmbH was acquired at the end of 2015. The takeover formally took place on 1 January 2016 but the payment for the acquisition was made in 2015. With regard to cash flow, it is therefore considered to belong to acquisitions in 2015 but will be consolidated into the Group's financial statements from 2016.

Please turn to the Director's Report on page 62 for more information about business combinations.

NOTE 46 Disposal of subsidiaries

	2015	2014
Intangible assets	–	3
Property, plant and equipment	1	3
Inventories	–	10
Accounts receivable	–	8
Cash	–	4
Long-term net borrowing	–	–8
Current liabilities	–	–6
Net profit/loss through sales date	0	0
Result on sale of subsidiaries	6	–6
Received purchase price	7	8
Cash in divested companies	–	–4
Effect on Group cash	7	4

KB Söderby was sold in the second quarter of 2015. The company had no annual sales and no operating profit in 2015.

NOTE 47 Government grants

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

GROUP	2015	2014
Grants that affected income for the year	2	1
Grants that affected assets	5	7

Grants consist primarily of development and investment aid.

NOTE 48 Post balance sheet events

The acquisition of Neuffer Fenster + Türen GmbH was finalised on 1 January 2016. The disposal of Specma Group was finalised on 4 January. On 15 January, Specma Seals acquired the Norwegian company All Sealing Solutions AS. On 2 March 2016, the entire holding of B shares in Loomis AB was sold. Otherwise, there were no material events subsequent to the end of the reporting period.

NOTE 50 Definitions

Return on equity	The amount of net income returned as a percentage of shareholders' equity.
Return on operating capital	Operating profit as a percentage of average operating capital
Return on total capital	Profit/loss after net financial items plus financial costs in relation to the average balance sheet total.
Direct return	Dividends as a percentage of the share purchase price.
EBIT (Operating profit)	Earnings before interest and taxes.
EBIT multiple	Operating profit in relation to market value adjusted for net debt.
EBITA	Earnings before interest, taxes and amortisation of acquisition-related intangible assets.
EV (Enterprise Value)	The company's market value plus net debt.
Adjusted equity	Equity and the difference between book value and fair value in associated companies.
Adjusted equity ratio	Equity and the difference between book value and fair value in associated companies in relation to adjusted total assets.
Net debt/equity ratio	Interest-bearing liabilities and interest-bearing provisions less cash and cash equivalents in relation to adjusted equity.
Net borrowings	Interest-bearing liabilities plus interest-bearing provisions less cash and interest-bearing receivables.
P/E ratio	The share purchase price in relation to profit after paid tax.
Operating margin	Operating profit as a percentage of net sales.
Equity ratio	Equity in relation to total assets.
Net asset value	The difference between the company's assets and liabilities, when the investment portfolio (incl. associated companies) is recognised at market value and operative subsidiaries that are owned at the end of the period are recognised in an interval based on EBIT multiples for comparable listed companies in each business area.
Operating capital	Total assets less cash and cash equivalents and other interest-bearing assets and non interest-bearing liabilities.
Profit margin	Profit after net financial items plus finance expense as a percentage of invoiced sales.

NOTE 49 Significant estimates and judgements

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

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

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

Testing goodwill for impairment

Each year, the Group tests goodwill for impairment according to the accounting principle described in Note 2.

The recoverable amount for cash generating units is determined by calculating value-in-use. These calculations require certain estimations to be made (Note 18).

Pension obligations

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

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

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

Warranties

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

The factors that may affect the information about warranty demands include the success of the Group's productivity and quality initiative as well as the cost of labour and material.

Proposed allocation of profits

SEK 0 m of parent company equity on the balance sheet date was attributable to assets and liabilities valued at fair value in accordance with Chapter 4, paragraph 14a of the Swedish Annual Accounts Act. Group equity includes changes in value for the net sum of SEK 397 m.

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

Profit brought forward	SEK 6,091.4 m
Profit for the year	<u>SEK 3,086.9 m</u>
	SEK 9,178.3 m

The number of shares entitling the holder to receive dividends was 159,557,500 as at 18 March 2016, after the exclusion of repurchased shares. The Board of Directors proposes the following allocation:

A dividend payment to shareholders of SEK 6.75 per share	SEK 1,077.0 m
To be carried forward	<u>SEK 8,101.3 m</u>
	SEK 9,178.3 m

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

The income statement and balance sheet will be presented for approval by the Annual General Meeting on 03 May 2016.

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, 18 March 2016

Fredrik Palmstierna
Chairman

Mariana Burenstam Linder
Member

Anders G. Carlberg
Member

Anders Böös
Member

Jan Svensson
Member/CEO

Carl Douglas
Member

Eric Douglas
Member

Elisabeth Douglas
Member

Our independent Auditor's Report was given on 21 March 2016

Öhrlings PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Principal Auditor

Auditor's report

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

Statement on the Annual Report and the consolidated financial statements

We have conducted an audit of the Annual Report and consolidated financial statements of Investment AB Latour for 2015. The company's Annual Report and consolidated financial statements are included in the printed version of this document on pages 62–96.

The responsibilities of the Board of Directors and the Chief Executive Officer for the Annual Report and the consolidated financial statements

The Board of Directors and the Chief Executive Officer are responsible for the preparation of an annual report that gives a true and fair view, as required by the Swedish Annual Accounts Act, and consolidated financial statements that give a true and fair view, as required by the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act, and for the internal control that the Board of Directors and the Chief Executive Officer consider necessary in the preparation of an annual report and consolidated financial statements that are free from material misstatement, whether due to irregularities or errors.

Auditor's responsibility

Our responsibility is to express an opinion on the Annual Report and consolidated financial statements based on our audit. We conducted our audit in line with International Standards on Auditing and generally accepted auditing practice in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Annual Report and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report and consolidated financial statements. The auditor decides which procedures to use, by assessing the risks of material misstatement in the Annual Report and the consolidated financial statements, whether due to irregularities or errors. In making those risk assessments, the auditor considers the components of the internal control that are relevant to how the company prepares the Annual Report and consolidated financial statements to give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Chief Executive Officer, as well as evaluating the overall presentation of the Annual Report and the consolidated financial statements.

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

Opinion

In our opinion, the Annual Report has been prepared as required by the Swedish Annual Accounts Act and presents fairly, in all material respects, the financial position of the parent company as at 31 December 2015, and its financial performance and its cash flows for the year, in accord-

ance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other sections of the Annual Report and the consolidated financial statements.

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

Statement on other legal and statutory requirements

In addition to our audit of the Annual Report and consolidated financial statements, we have conducted an audit of the proposal for the appropriation of the company's profit or loss, and an audit of the management of Investment AB Latour by the Board of Directors and the Chief Executive Officer for the 2015 financial year.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for the appropriation of the company's profit or loss, and the Board of Directors and the Chief Executive Officer are responsible for the management of the company in accordance with the Swedish Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion, with a reasonable level of assurance, on the proposal for appropriation of the company's profit or loss and on its management based on our audit. We conducted the audit in line with generally accepted auditing practice in Sweden.

As a basis for our opinion on the Board of Directors' proposal for appropriation of the company's profit or loss, we have examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in compliance with the Swedish Companies Act.

As a basis for our opinion on whether discharge shall be granted to the members of the Board and the Chief Executive Officer for their activities during the financial year, in addition to our audit of the Annual Report and consolidated financial statements, we have examined significant decisions, actions taken and circumstances in the company in order to determine the possible liability to the company of any member of the Board or the Chief Executive Officer. We have also examined whether any member of the Board or the Chief Executive Officer has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the company's Articles of Association.

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

Opinion

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

Gothenburg, 21 March 2016

Öhrlings PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Principal Auditor

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 2015 financial year. The auditor is of the opinion that the corporate governance statement has been prepared and that disclosures according to chapter 6, section 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 under Corporate Governance.

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 2015 Annual General Meeting authorised the Board to decide on the acquisition of Latour shares on one or more occasions until the next Annual General Meeting. Both class A and class B shares may be acquired and the total number of shares may be such that, after acquisition, the company does not hold more than ten (10) per cent of all shares issued in the company.

Nomination process

Board members are elected by the Annual General Meeting to serve for one year. At the 2015 Annual General Meeting, the Nomination Committee presented proposals for election of the Chairman and other members of the Board, remuneration to the Board and possible remuneration for committee work. The Annual General Meeting decided that the Nomination Committee until the 2016 Annual General Meeting shall be comprised of Gustaf Douglas and at least two representatives for other major shareholders. Since then the following members have been appointed to the Nomination Committee: Gustaf Douglas (chairman, majority owner), Björn Karlsson (Bertil Svensson's family and foundation) and Johan Strandberg (SEB Funds). None of them has received any remuneration for their work in the Nomination Committee.

Board of Directors

Latour's Board of Directors is comprised of eight members, including the Chief Executive Officer (see page 102). There are no deputies. All members are elected for a one-year term. The secretary of the Board is the Chief Financial Officer of the Group. Fredrik Palmstierna was elected Chairman of the Board by the 2015 Annual General Meeting. The members of the Board represent 87 per cent of the voting shares in the company and 80 per cent of the share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly-owned companies in the industrial operations. They are therefore not represented in the investment company's board.

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

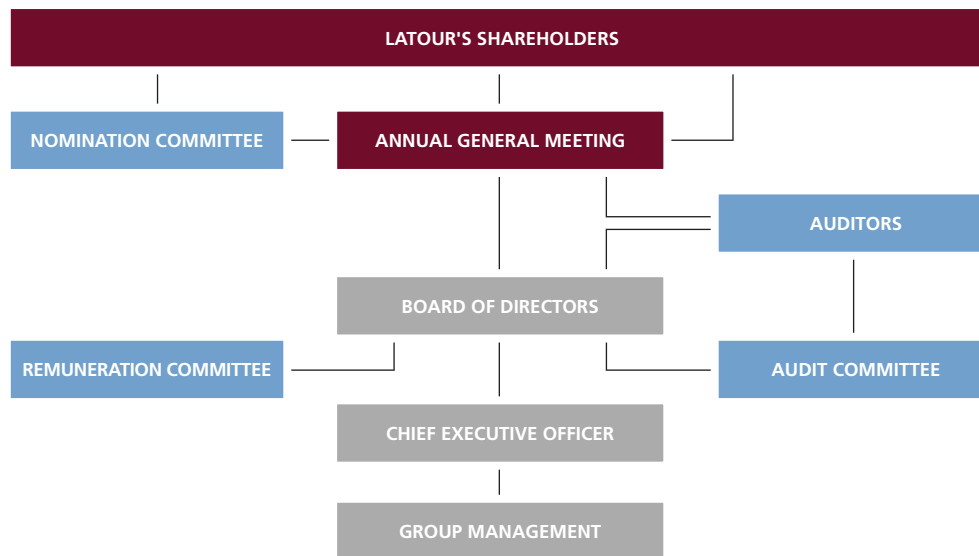
The present Board has had four ordinary meetings to date, not including the inaugural meeting and two additional Board meetings. Two of the Board members were unable to attend on one occasion and one of the Board members was unable to attend on two occasions. Otherwise there has been full attendance. 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 purpose of the evaluation is to develop the day-to-day work of the Board and establish the direction of its work

THE COMPOSITION OF THE BOARD OF DIRECTORS, THE NUMBER OF MEETINGS AND ATTENDANCE TO DATE IN THE 2015/2016 FINANCIAL YEAR

Name	Board meetings*	Remuneration, SEK'000
Mariana Burenstam Linder	7 of 7	400
Anders Böös	7 of 7	400
Anders G. Carlberg	7 of 7	400
Carl Douglas	6 of 7	400
Elisabeth Douglas	5 of 7	400
Eric Douglas	6 of 7	400
Fredrik Palmstierna	7 of 7	1,200
Jan Svensson	7 of 7	0

* 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.

in the future. It also acts as a check to ascertain that the Board has the requisite skills and competencies and to analyse the Board's current set of skills. The Chairman has compiled the comments that were submitted and 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 Fredrik Palmstierna (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 financial risks and the focus of auditing. The auditor also presented observations made during the audit.

Auditors

The 2015 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 2015 and March 2016 concerning auditing and internal control, to the extent that it is relevant to the Group's financial reporting.

Group management

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

The Group management consists of the Chief Executive Officer and the Chief Financial Officer. The business area managers lead operations in the operative parent companies that own shares in the underlying companies and are responsible for business areas' performance and management. The Group's business organisation is built on decentralised responsibility and authority. The business areas are responsible for developing their own operations and for meeting financial targets that include return on operating capital, tied up capital, operating margins and growth.

Internal control relating to financial reporting

Internal control relating to financial reporting is based on a control environment that includes the organisation, decision-making channels, authorisation and responsibilities documented



and communicated in steering documents, such as the delegation of duties between the Board and the Chief Executive Officer, and instructions for authorisation, accounting and reporting. The risks identified concerning financial reporting are managed by the Group's control structure.

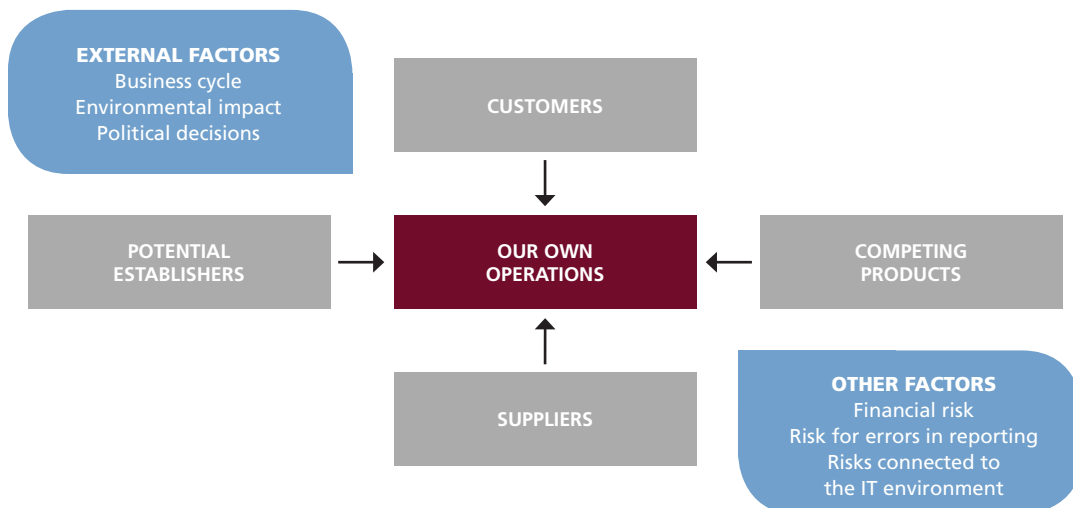
Steering documents have been distributed to the appropriate staff to support complete and correct financial reporting. Follow-up of efficiency and compliance is conducted through programmed controls and manual procedures. All reporting is done in the Group's common reporting system. The Group management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

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



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.

Structured process for risk management

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

Latour's investment portfolio companies are analysed from a financial, industrial and geographic perspective. When both the portfolios have been analysed, a balanced risk assessment is made for Latour's aggregate investment portfolio.

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

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

An account of how Latour manages financial risks is presented in Note 35 on pages 89–91.

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.

According to definitions in the Code, the majority of Latour's Board is not independent and several of the Board members have been on the Board for a long time. The company is of the opinion that long experience of the business and continuity offer enormous advantages in a company like Latour.

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

Gothenburg, 18 March 2016
Board of Directors
Investment AB Latour (publ)

Auditor's report on the Corporate Governance Statement

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

The Board of Directors is responsible for the Corporate Governance Statement for 2015 on pages 98–101 and for ensuring that it has been properly prepared in accordance with the Swedish Annual Accounts Act.

We have read the Corporate Governance Statement and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinion. This means that our statutory review of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the Annual Report and the consolidated financial statements.

Gothenburg, 21 March 2016
Öhrlings PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Principal Auditor

Board of Directors



From the left: Anders G. Carlberg, Mariana Burenstam Linder, Eric Douglas, Anders Böös, Fredrik Palmstierna, Jan Svensson, Elisabeth Douglas and Carl Douglas.

Fredrik Palmstierna born 1946. Chairman of the Board since 2008, Board member 1985–87 and since 1990. Bachelor of Science (Econ.). M.B.A. Member of the boards of Securitas AB, AB Fagerhult, Hultafors AB, Nobia AB and Stiftelsen Viktor Rydbergs Skolor.
Shares in Latour*: 1,802,160 class A, 2,120,000 class B (Fredrik Palmstierna with family and companies).

Mariana Burenstam Linder born 1957. Board member since 2011. Bachelor of Science (Econ.). CEO of Burenstam & Partners AB. Chairman of the board of the Sweden America Foundation. Member of the boards of BTS AB and Resurs AB.
Shares in Latour*: 17,461 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 Stronghold AB, Newsec AB and Tundra Fonder AB.
Shares in Latour*: 30,000 class B.

Anders G. Carlberg born 1943. Board member since 2011. Bachelor of Science (Econ.). Chairman of the boards of Herenco AB and Gränges AB. Member of the boards of Axfast, Recipharm, Beijer-Alma and Sweco AB.
Shares in Latour*: 29,100 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*: 384,000 class B.

Elisabeth Douglas born 1941. Board member since 1987, Chairman 1991–1993. University studies at Sorbonne, Paris, France, and the University of Stockholm.
Shares in Latour*: 1,040,000 class B and through companies 9,935,000 class A and 111,114,500 class B.

Eric Douglas born 1968. Board member since 2002. Economic college graduate and three years studies at the University of Lund in "Economy for Entrepreneurs". Entrepreneur since 1992. Chairman of Pod Investment AB and Sparbössan Fastigheter AB. Vice chairman of AB Fagerhult.
Shares in Latour*: 454,000 class B.

Jan Svensson born 1956. Board member since 2003. Mechanical engineer and Bachelor of Science (Econ.). President and CEO of Investment AB Latour. Chairman of the board of AB Fagerhult, Nederman Holding AB, Tomra Systems ASA and Oxeon AB. Member of the boards of Assa Abloy AB, Loomis AB and Troax AB.
Shares in Latour*: 197,250 class B and 105,000 call options class B (with family).

Except for Jan Svensson, everyone is independent in relationship to the company and the company management. Mariana Burenstam Linder, Anders Böös, Anders G. Carlberg and Jan Svensson are independent in relationship to the major shareholders in the company.

*Ownership at the end of 2015

Latour



From the left: Anders Mörck, Chief Financial Officer, Torbjörn Carlén, Cash Manager, Frida Löveryd, project employee, Jan Svensson, President and CEO, Angelica Pavlic, Group accountant, Katarina Rautenberg, CEO assistant and accountant, Jonas Davidsson, Group Controller, Maria Marcusson, Group accountant, Teresa Enander, business development, Pär Arvidsson, business development.

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 management, treasury and finance and business development. Group management has the overriding responsibility for management, business development, financial governance, follow-up of results and communication.

Clear and delegated responsibilities

The wholly-owned companies are managed with clear and delegated responsibilities. Leadership plays a central role in

Latour's corporate governance and close collaboration with the management teams in the wholly-owned companies is of great importance. Corporate governance of the listed holdings is performed efficiently by experienced Board members. This is an area where Latour benefits from our broad business network.

Good relationships with stakeholders

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

GROUP MANAGEMENT

Jan Svensson born 1956
President and Chief Executive Officer since 2003.

Mechanical engineer and Bachelor of Science (Econ.).

Shares in Latour: 197,250 class B and 105,000 call options class B (with family).

Anders Mörck born 1963
Chief Financial Officer since 2008.

Bachelor of Science (Econ.).

Shares in Latour: 30,000 class B and 48,000 call options class B.

AUDITOR

Öhrlings PricewaterhouseCoopers AB

Bo Karlsson born 1966.

Authorised public accountant, Principal auditor.

Information by quarter

SEK m	Full year	Q4	2015 Q3	Q2	Q1	Full year	Q4	2014 Q3	Q2	Q1
INCOME STATEMENT										
Net sales	8,555	2,284	2,080	2,161	2,030	7,581	2,018	1,877	1,940	1,746
Cost of goods sold	-5,295	-1,417	-1,277	-1,339	-1,260	-4,757	-1,257	-1,131	-1,263	-1,106
Gross profit	3,260	865	803	822	770	2,824	761	746	677	640
Costs etc. for the operation	-2,285	-596	-544	-580	-565	-2,078	-550	-484	-515	-529
Operating profit	975	269	259	242	205	746	211	262	162	111
Total portfolio management	3,430	1,543	463	759	665	1,368	422	304	335	307
Profit before financial items	4,405	1,812	722	1,001	870	2,114	633	566	497	418
Net financial items	-43	-11	-33	-18	19	-50	-26	-6	-6	-12
Profit after financial items	4,362	1,081	689	983	889	2,064	607	560	491	406
Taxes	-245	-56	-52	-81	-56	-190	-55	-67	-38	-30
Profit for the period	4,117	1,745	637	902	833	1,874	552	493	453	376
KEY RATIOS										
Earnings per share, SEK	25.81	10.94	3.99	5.65	5.22	11.75	3.46	3.09	2.84	2.36
Cash flow for the period	527	476	45	29	-23	-86	19	121	-47	-179
Adjusted equity ratio, %	89	89	86	86	87	85	85	85	86	87
Adjusted equity	43,161	43,161	36,936	37,171	39,271	33,015	33,015	30,256	28,587	28,181
Net asset value	50,572	50,572	43,833	44,150	46,379	39,859	39,859	37,117	35,582	35,022
Net asset value per share	317	317	275	277	291	250	250	233	223	220
Listed price	312	312	265	228	247	203	203	191	196	196
NET SALES										
Hultafors Group	1,549	446	390	362	350	1,306	365	315	322	289
Latour Industries	1,289	377	311	311	290	1,055	286	229	281	243
Nord-Lock	797	193	198	197	208	722	169	193	192	169
Swegon	3,559	927	861	928	842	3,209	870	838	801	700
Other companies and eliminations	-8	-1	-1	-	-4	-5	-	-	-	10
	7,186	1,942	1,759	1,798	1,686	6,287	1,690	1,575	1,596	1,426
Specma Group	1,369	342	320	363	344	1,294	328	302	344	320
	8,555	2,284	3,137	3,286	3,076	7,581	2,018	1,877	1,940	1,746
OPERATING PROFIT										
Hultafors Group	218	75	54	48	42	177	53	50	41	33
Latour Industries	176	53	44	41	37	68	29	11	20	8
Nord-Lock	236	54	59	57	66	211	45	68	57	42
Swegon	270	78	74	80	39	298	98	90	74	37
	900	260	231	226	184	754	225	219	192	120
Specma Group	72	10	19	20	23	1	5	18	-26	4
	972	270	250	246	207	755	229	237	166	124
Gain/loss from sale/purchase of businesses	-2	-3	6	-3	-2	-13	-	-4	-8	-1
Other companies and items	5	2	3	-1	-	4	-18	29	4	-12
	975	269	509	488	412	746	211	262	162	111
OPERATING MARGIN (%)										
Hultafors Group	14.1	16.8	13.8	13.2	11.9	13.6	14.5	15.8	12.8	11.1
Latour Industries	13.6	14.1	14.1	13.3	12.7	6.4	10.2	4.9	7.2	2.8
Nord-Lock	29.7	27.9	30.0	28.9	31.6	29.3	26.7	35.1	29.6	24.7
Swegon	7.6	8.4	8.7	8.6	4.6	9.3	11.2	10.7	9.2	5.3
	12.5	13.4	13.1	12.6	10.6	10.0	11.4	12.6	8.6	7.1

Ten-year overview

SEK m	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
PARENT COMPANY										
Dividends paid	1,077 ¹⁾	957	877	796	957	491	360	491	458	371
Adjusted equity ratio ²⁾ (%)	99	95	95	96	96	100	98	98	95	95
GROUP										
Dividends received	671	606	560	499	430	279	292	320	274	256
Return on equity (%)	28	15	13	13	18	6	6	16	8	11
Return on total capital (%)	22	13	12	12	17	6	6	14	8	10
Adjusted equity ratio ²⁾ (%)	89	85	88	86	84	85	82	75	78	80
Adjusted equity ²⁾	43,161	33,015	26,830	20,223	16,709	13,783	11,051	8,524	12,003	12,467
Net debt/equity ratio ²⁾ (%)	5	11	7	8	7	2	7	15	15	13
Net asset value ²⁾	50,572	39,859	33,799	25,726	22,653	20,536	15,850	10,527	15,348	14,095
DATA PER SHARE										
Profit after tax ³⁾	25.81	11.75	9.31	8.47	14.13	5.37	4.21	11.14	8.54	8.54
Listed price 31 December	312	203	172	124	107	125	99	62	104	94
Net asset value per share ⁴⁾	317	250	212	162	142	157	122	80	117	108
Listed price as a percent of net asset value ⁴⁾ (%)	98	81	81	77	75	79	81	78	89	87
Basic earnings per share	25.81	11.75	9.31	8.47	14.13	5.37	4.21	11.14	8.54	8.54
Diluted earnings per share	25.70	11.70	9.28	8.45	14.10	5.36	4.21	11.14	8.54	8.54
Management cost as a percentage of portfolio value (%)	0.04	0.05	0.06	0.08	0.11	0.07	0.08	0.16	0.09	0.08
Operating cash flow per average number of shares	4.6	3.2	3.9	5.5	2.8	3.7	5.4	4.5	3.0	3.2
Equity ⁵⁾	101	85	73	68	66	94	76	60	77	83
Dividends paid	6.75 ⁶⁾	6.00	5.50	5.00	6.00	3.75	2.75	3.75	3.50	2.83
Direct return (%)	2.2 ⁷⁾	2.9	3.2	4.0	5.6	3.0	2.8	6.0	3.4	3.0
P/E ratio	12	17	18	15	8	23	24	6	15	11
Total outstanding shares (000)	159,558	159,493	159,378	159,263	159,500	131,000	131,000	131,000	131,000	131,000
Average number of shares outstanding	159,531	159,445	159,357	159,421	144,898	131,000	131,000	131,000	131,046	131,000
Average number of shares outstanding – diluted	160,179	160,121	159,987	159,923	145,224	131,173	131,067	131,000	131,000	131,000
Repurchase of own shares (000)	403	467	582	697	460	460	460	460	460	360
Average number of repurchased shares	429	515	630	539	460	460	460	460	460	360

¹⁾ Proposed dividend calculated on the number of shares outstanding at 18 February 2016.

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.

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Shareholder information



ANNUAL GENERAL MEETING

Date and location

The Annual General Meeting will be held at 5.00 p.m. on Tuesday 3 May 2016 at the Radisson Blu Scandinavia Hotel, Södra Hamngatan 59, Gothenburg, Sweden.

Attendance

Shareholders who wish to attend or vote at the Annual General Meeting must be entered in the share register held by Euroclear Sweden AB by Wednesday 27 April 2016, and must notify the company no later than 3.00 p.m. on Wednesday 27 April 2016.

Notice of attendance

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

Registration

Shareholders who have their shares held in the name of a nominee must arrange in sufficient time before Wednesday 27 April 2016 to have the nominee temporarily register their shares in their own name in order to be able to participate in the proceedings at the Annual General Meeting.

Dividends

The Board of Directors recommends to the Annual General Meeting that a dividend of SEK 6.75 per share be paid and Friday 6 May 2016 be set as the record date. If the Annual General Meeting decides to accept this recommendation, the dividend is expected to be sent from Euroclear Sweden AB on Wednesday 11 May 2016 to all those who are registered in the share register on the record date.

Information dates

29 April 2016	Interim report per 31 March 2016
3 May 2016	Annual General Meeting
23 August 2016	Interim report per 30 June 2016
3 November 2016	Interim report per 30 September 2016
February 2017	Year-end report 2016
March 2017	Annual report 2016

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. Please register for a printed copy of the annual report via www.latour.se, or call +46 (0)31-89 17 90, or info@latour.se or send your request to Investment AB Latour (publ), Box 336, SE-401 25 Gothenburg, Sweden.



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