GLAMOX ANNUAL REPORT 2011

Glamox is a Norwegian industrial Group that develops, produces and distributes professional lighting solutions to the global market. Glamox consists of a group of companies with operations in several European countries, as well as Asia, the USA and Canada. The Group is organised with Glamox ASA as the parent company.

Operations are divided between two independent Divisions:
Professional Building Solutions and Global Marine & Offshore.
Each Division is responsible for its group of companies.

CONTENT

MAIN POINTS

- In spite of a challenging market situation, the Group achieved an operating profit for the entire year of NOK 151.7m (8.9%), compared to NOK 136.9m (7.7%) in 2010.
- A significant reason for the profit improvement was that cost synergy gains following the acquisition of the Luxo Group took full effect in 2011.
- Profit after tax for the year amounted to NOK 107.6m (NOK 112.8m).
- Allocation of NOK 9.5m (NOK 12.4m) for extraordinary bonus to all employees.
- Net interest-bearing deposits of NOK 142m, compared with NOK 89m the previous year.
- Several new product series were introduced during the year, many with LED technology.
- Proposed ordinary dividend payment of NOK 0.75 per share and extraordinary dividend payment of NOK 0.25 per share.

KEY FIGURES

		2011	2010	2009	2008	2007
Total revenue	MNOK	1 714.0	1 789.5	1 763.3	1 606.8	1 593.8
Operating profit/loss	MNOK	151.7	136.9	124.9	147.5	158.4
Profit/loss before tax	MNOK	150.3	143.7	108.9	144.3	134.5
Profit/loss after tax	MNOK	107.6	112.8	66.1	117.4	93.8
Cash flow from operations	MNOK	117.1	199.4	162.9	39.7	165.6
Total profitability	%	13.9	15.0	15.8	16.4	18.3
Equity ratio	%	43.7	41.1	39.3	35.9	35.0
Earnings per share	NOK	1.63	1.71	1.00	1.78	1.42

Photo: Einar Engdal

THE LIGHTING COMPANY

Segments

Professional Building Solutions

Educational establishments | Health institutions | Industrial buildings | Office and commercial buildings | Retail and shopping centres | Hotels and restaurants

Global Marine & Offshore

Commercial marine | Cruise & ferries | Oil & gas | Recreational boats | Navy | Wind & industry

Divisions

Professional Building Solutions Division

Professional Building Solutions concentrates on the European market for land-based lighting. The Division offers the market total solutions within several lighting concepts for office and commercial buildings, industrial buildings, educational establishments, retail and shopping centres, hotels and restaurants and health institutions.

Global Marine & Offshore Division

Global Marine & Offshore is one of the world's leading suppliers of light fittings to the global marine and offshore market. The Division offers the market total solutions within the following segments: commercial marine, cruise & ferries, oil & gas, recreational boats, navy and wind & industry lighting.

Brands

Glamox: A leading European illumination brand for professional markets, offices and industry, onshore and offshore. Has been in the market for over 60 years.

aqua signal: The world leader brand name for marine lighting. Has been in the market for over 140 years.

Norselight: Manufactures highly specialised search lights and special applications for the marine market. A high quality brand name with a history that goes back over 90 years.

Høvik Lys: Established more than 130 years ago, one of the oldest brands in its field world wide. Specialises in design and decorations.

Luxo: Traditional brand that has delivered high quality solutions for more than 75 years, mainly for office buildings, industrial plants, health care facilities and other public areas.

Group Organisation

President & CEO
Kjell Stamnes

Accounting, finance, HR & IT
Thomas Lindberg
CFO

Manufacturing / Purchase
Håkan Westin
Vice President

Technology
Jakob Meiland Hansen
Vice President

Global Marine & Offshore
Jan Berner
Senior Vice President

Sales Units

- **Glamox International** Norway
- **aqua signal GmbH** Germany
- **Glamox Aqua Signal Corporation** USA
- **Glamox Far East Pte. Ltd.** Singapore
- **Glamox Canada Inc.** Canada
- **Glamox (Suzhou) Lighting Co. Ltd** China
- **Glamox Korea Co. Ltd.** South Korea

Production Units

- **aqua signal Teterow GmbH & Co KG** Germany
- **Norselight** Norway
- **Glamox Canada Inc.** Canada
- **Glamox (Suzhou) Lighting Co. Ltd** China
- **Glamox Korea Co. Ltd.** South Korea

Professional Building Solutions
Kjell Stamnes

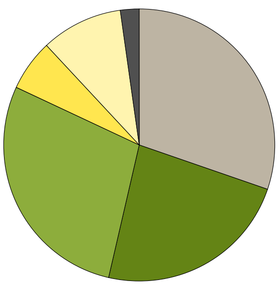
Sales Units

- **Glamox Luxo Lighting** Norway
- **Glamox Luxo Lighting AB** Sweden
- **Glamox Luxo Lighting A/S** Denmark
- **Glamox Luxo Lighting Oy** Finland
- **AS Glamox HE** Estonia
- **Glamox Luxo Lighting GmbH** Germany
- **Glamox Ireland Ltd.** Ireland
- **Glamox Luxo Lighting Ltd.** United Kingdom
- **Luxo Corporation** USA

Production Units

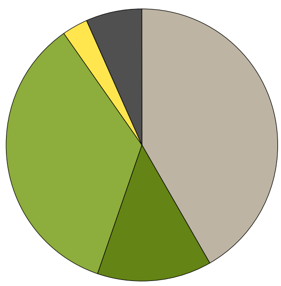
- **Glamox Production Molde** Norway
- **AS Glamox HE** Estonia
- **Luxo Production Kirkenær** Norway
- **Glamox Luxo Lighting AB** Sweden

Revenues by market: 1714 MNOK



30 % Norway
24 % Nordic Region ex. Norway
28 % Europe ex. Nordic Region
6 % North-America
10 % Asia
2 % Others

Man-years (average) by market: 1178



42 % Norway
14 % Nordic Region ex. Norway
35 % Europe ex. Nordic Region
3 % North-America
7 % Asia

MAIN POINTS
from the Divisions

PROFESSIONAL BUILDING SOLUTIONS (PBS)

The Professional Building Solutions (PBS) division is organised as an independent unit of operations within the Glamox Group, with separate budget and profit responsibility. In most markets in which PBS is represented, the sales units operate under the name of Glamox Luxo Lighting. Exceptions are Ireland and Estonia, where we only use the Glamox name, and Canada and the United States, where we only use the Luxo name.

PBS develops, produces and sells lighting solutions for land-based market segments.
The most important markets for this division are Central and Northern Europe, as well as the United States for arm-based table and illuminated magnifier lamps. We also operate in the Middle East and Australia in collaboration with distributors. In several of PBS' markets, electric heaters are also marketed and sold under the brand name Glamox Heating and produced by Adax AS. PBS has three strong brands: Glamox, Luxo and Høvik Lys.

The acquisition and integration of Luxo in 2009 has enabled PBS to expand in terms of both products and geographical scope. The total product spectrum now contains a wide assortment, ranging from table lamps, illuminated magnifiers, decorative general lighting and industrial lighting to special lighting fixtures adapted to all sectors in which we operate. Luxo's strong competence in the application of LED technology has been developed further and PBS now offers products based on LED technology within a number of sectors and application areas.

Key figures		**2011**	**2010**	**2009**
Revenues	MNOK	1 147	1 132	1 043
Operating result	MNOK	102.3	57.1 [1)]	36.0 [2)]
Operating margin	%	8.9	5.1 [1)]	3.5 [2)]

1) Includes one-off costs in the amount of NOK 8.7 mill in 2010.
2) Includes one-off costs in the amount of NOK 7.7mill in 2009.
Figures for 2009 include Luxo from 1/5. Figures for 2010 include Burton through 18/8.

In 2011, PBS had its own marketing companies in Norway, Denmark, Sweden, Finland, Estonia, Great Britain, Ireland, Germany, United States and Canada. The company and products are represented through distributors/agents in the other markets. PBS has its own production units in Norway, Sweden and Estonia. In early 2012, our marketing company in Canada was closed down due to a very weak market and profit development over the course of several years.

At the end of 2011, PBS had a workforce of 782 man-labour years (2010: 789), 45% (2010: 48%) of which concerns employees at facilities outside of Norway.

MARKETS SEGMENTS

PBS delivers a wide range of comprehensive lighting solutions to various markets and market segments. The prioritised market segments are the office and commercial building, industrial building, educational building and health institution sectors. Lighting solutions are also delivered to hotels, shops/shopping centres and for outdoor use. Glamox is the market leader in professional lighting in Norway and holds strong market positions in the other Nordic countries, as well as in Estonia.

PBS serves all important links in the sales and distribution chain, including architects, consultants, building owners, developers, installation contractors and, in some countries, electrical wholesalers. Our task lights are also sold through selected dealers. In all markets, there is a strong focus on increased processing of the descriptive element (i.e. architects and consultants) in order to be described in projects.

MARKET DEVELOPMENT

The level of activity in the construction, renovation and modernisation of professional buildings drives developments in the individual markets. Developments in our primary markets varied significantly throughout 2011. In some countries, public construction activities in the educational and healthcare construction sectors compensated somewhat for the decline in new building activities in the private sector. There was a positive increase in the demand for lighting fixtures in Sweden, Finland and Germany throughout 2011, while the market development in Great Britain, Ireland and Denmark was weaker. Our products are typically delivered at the end of the construction phase, so that major start-ups do not reach full market potential until 6-12 months down the line. The combination of overcapacity in the lighting business and declining markets has led to increased price pressure. This is evident from our gross margins in 2011, but is compensated through

MAIN POINTS FROM THE DIVISIONS

a strong focus on cost throughout the entire value chain. PBS has succeeded in increasing its market share in challenging markets in several countries. Interest in energy-efficient solutions is on the rise and, in 2011, we launched several new products that have been well received in the market, many of which are based on LED technology.

PROFIT DEVELOPMENT

The PBS division had an operating result of NOK 102.3 mill in 2011, compared with NOK 57.1 mill in 2010. The reason for the higher result lies primarily in the fact that, in 2011, we experienced the full effect of synergies from the acquisition of Luxo, combined with a continuously strong focus on cost throughout the chain. A slight increase in sales also contributed to a higher result. We continuously adapted our capacity to our production organisations throughout 2011.

A continuous and long-term emphasis on the development of new products is an important component of our strategy. Many new products are launched and development projects initiated. In addition, a continuous expansion and supplementation of existing product families also took place within our main segments.

Another focal area is improved sales management. Targeted activities and follow-up continue to increase the effectiveness and results of sales work. A stronger focus on decision-makers and the descriptive element regarding the sale of our products to target groups higher up on the value chain is an important part of these improvement efforts.

A large percentage of production activities take place in Norway. A stable Norwegian krone and moderate wage settlements continue to be extremely important for preventing a weakening of our competitive strength. The strengthening of the Norwegian krone in recent months gives cause for concern.

EXPECTATIONS FOR 2012

We expect an uncertain and fluctuating market development in most markets in 2012 but, all in all, foresee a uniform market development. The lighting industry in Europe continues to be highly fragmented and is characterised by overcapacity. This is enhanced by our current market conditions. We expect restructurings to continue to take place in the future. To ensure sustained positive profitability development, PBS will continue to work on efficiency improvements to maintain its competitive strength, increase our market share in our individual markets, and focus on product development and sales management, as well as on strong cost control.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GLOBAL MARINE & OFFSHORE (GMO)

The Global Marine & Offshore (GMO) division is organised as an independent unit of operations within the Glamox Group, with separate budget and profit responsibility.

GMO is one of the world's leading suppliers of light fittings and lighting solutions to the global marine and offshore markets. For many years, the division has focused on five strong international brands: aqua Signal, Glamox, Høvik Lys, Norselight and Luxo.

GMO has production units in Norway, Germany, China and Canada, as well as an assembly factory in Korea. The division is represented on all continents through its own sales companies, agents and distributors. The division has sales units in Norway, Germany, Finland, England, the Middle East, Singapore, China, United States, Canada and Korea.

At the end of 2011, Global Marine & Offshore had a workforce of 360 man-labour years (2010: 383), 89% (2010: 88%) of which concerns employees at facilities outside of Norway.

MARKET SEGMENTS

GMO operates within the commercial marine, cruise & ferry, oil & gas, recreation boat, mega yacht and navy segments. GMO also delivers products for land-based projects in a number of regions outside of Europe,

Key figures		2011	2010	2009
Revenues	MNOK	564	640	720
Operating results	MNOK	57.0	75.1 1)	65.4 2)
Operating margin	%	10.1	11.7 1)	9.1 2)

1) Includes one-off costs in the amount of NOK 2.8 mill in 2010.
2) Includes one-off costs in the amount of NOK 9.4 mill in 2009.

as well as signal lights for windmills. The division is the global leader in the commercial marine and cruise & ferry sectors. GMO also holds a strong position in the oil & gas segment with regard to floating installations in both Europe and Asia, as well as a strong position in the recreation boat sector in Europe and the United States, particularly within navigation lights.

MARKET DEVELOPMENT

The most important factor in terms of demand for our products is the new construction of ships and offshore installations. Orders and deliveries of lighting solutions take place relatively late in the construction process.

A considerably low number of contracting deals for new ships in the commercial marine segment were signed in both 2008 and 2009. The number of ship contracting deals increased in 2010, but a large percentage of these contracts involved bulk carriers, which are of relatively low value in terms of lighting packages and subject to fierce competition from Asian manufacturers. Orders for newly constructed ships fell again in 2011, from 2,200 vessels in 2010 to 1,250 vessels in 2011. Orders for more special vessels like LNG, container ships and offshore special vessels have remained stable the past two years. All in all, the development of the market in recent years has resulted in lower activities levels for GMO within the commercial marine segment in 2011.

More than 80% of ship building contracts in 2011 were taken by shipyards in Asia, around half of which were taken by Chinese shipyards. Close to 10% of the total new contracting deals were awarded to European shipyards. The growing number of ships being built in Asia also entails greater competition from Asian suppliers. Even though our position in Asia is strong, this geographical shift brings with it greater challenges for us. Our operations in Asia consist of our own sales unit in Singapore, both sales and production units in China, and sales and product assembly facilities in Korea.

Within the cruise & ferry segment, several new contracts for cruise ships were signed in the course of 2010 at shipyards in Germany, Italy and France, for deliveries over the next two to three years. The largest shipyards currently have orders for the delivery of ships up to the year 2015.

The recreation boat segment picked up somewhat in 2011, but showed weak market development during the second half of the year as a result of increased economic uncertainty in Europe and North America.

There has been considerable activity in the oil & gas sector in most regions in which GMO operates. Much activity also took place in the maintenance

MAIN POINTS FROM THE DIVISIONS

and upgrading market in the North Sea region in 2011. The Asian shipyards received large numbers of contracts for rigs and floating installations in both 2010 and 2011. In 2011, GMO received orders for deliveries to several drilling ships, FPSOs and jack-up rigs from shipyards in Korea, Singapore and China. This will result in deliveries in 2012 and beyond.

There is an increasing demand for lighting solutions that can function in Arctic conditions. The division has received several major orders for deliveries of new LED-based EX products to offshore units that are to operate under Arctic conditions.

PROFIT DEVELOPMENT

In 2011, GMO achieved revenues of NOK 564 mill, a decrease of 12% compared with 2010. The operating result was NOK 57.0 mill, compared to NOK 75.1 mill in 2010. The reason for this decrease was a lower volume in 2011 compared with 2010. Cost reductions and improved gross margins results in an operating margin of 10.1%.

EXPECTATIONS FOR 2012

An increase in the construction and delivery of new rigs and offshore installations will result in more deliveries to the oil & gas sector in 2012. The commercial marine market is expected to weaken in 2012 as a result of fewer ship deliveries to be commissioned and the overall weak market situation in traditional shipping.

Further investments will be made in 2010 in product development, product management, sales and marketing. The division plans to intensify marketing activities in Asia by strengthening the sales organisation in Korea and China. The division also plans to strengthen competence and capacity in order to meet the anticipated growth in the oil & gas sector.

Marketing activities were intensified throughout 2011 through the establishment of separate sales organisations in both England and the Middle East and this is expected to have an effect in 2012. The division also established a sales office in Houston in 2011, which will be developed further during 2012.


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The Board's
ANNUAL STATEMENT

MAIN POINTS AND KEY FIGURES

- In spite of a challenging market situation, the Group achieved an operating profit for the entire year of NOK 151.7m (8.9%), compared to NOK 136.9m (7.7%) in 2010.
- A significant reason for the profit improvement was that cost synergy gains following the acquisition of the Luxo Group took full effect in 2011.
- Profit after tax for the year amounted to NOK 107.6m (NOK 112.8m).
- Allocation of NOK 9.5m (NOK 12.4m) for extraordinary bonus to all employees.
- Net interest-bearing deposits of NOK 142m, compared with NOK 89m the previous year.
- Several new product series were introduced during the year, many with LED technology.
- Proposed ordinary dividend payment of NOK 0.75 per share and extraordinary dividend payment of NOK 0.25 per share.

Glamox is a Norwegian industrial Group that develops, produces and distributes professional lighting solutions for the global market. Glamox has operations in several European countries, as well as in Asia, Canada and the United States. The Group is organised with Glamox ASA as the parent company and has its headquarters in Oslo.

In 2011, the Group had an order intake of NOK 1,765m, compared with NOK 1,759m in 2010. In terms of comparable operations, the order intake in 2010 was NOK 1,725m. Total sales revenues in 2011 amounted to NOK 1,714m, compared with NOK 1,790m in 2010. In terms of comparable operations, total sales revenues in 2010 amounted to NOK 1,737m.

The Group had an operating profit of NOK 151.7m, compared with NOK 136.9m in 2010. The operating margin was 8.9%, compared with 7.7% in 2010. A total of NOK 9.5m was allocated for an extraordinary bonus to all Group employees in 2011, whereas NOK 12.4m was allocated in 2010. In spite of somewhat lower sales revenues and lower gross margins, lower costs contributed to an increase in the operating profit of 11%.

The profit before tax was NOK 150.3m, compared with NOK 143.7m the previous year. In 2011, the Group incurred net financial cost of NOK 1.4m, compared with net financial income of NOK 6.7m in 2010. The financial income in 2010 was extraordinarily high due to foreign exchange earnings and remission of external debt, totalling NOK 12.2m. In 2011, the Group had a foreign exchange loss of NOK 0.4m. Profit after tax was NOK 107.6m compared with NOK 112.8m the previous year. As of 31 December 2011, the Group has a tax deficit for carrying forward of NOK 49m and an untaxed profit of NOK 121m.

In last year's statement, the Board anticipated a somewhat lower result in 2011 compared with 2010 as a result of a further decline in the company's main markets in 2011. Developments in our main markets varied significantly throughout 2011. The market development in our land-based division (Professional Building Solution) is driven by activities in the construction, renovation and modernisation of professional buildings. All in all, activities in these sectors have generally remained at the same level as in 2010, but with significant variations between the different countries. Within our maritime and offshore-related division (Global Marine & Offshore) we continue to experience a decline in the global markets as a result of decreased building activity of merchant ships. The decrease in the Group's sales revenues compared to 2010 is due to a combination of the further decline in the main markets and a lack of sales revenues from operations divested during the second half of 2010. In our land-based division, we have since experienced improved sales development compared to the market development in several countries.

The Group also achieved a 2% increase in order intake in 2011 and we have higher order reserves at the end of the year compared with the previous year. In spite of lower sales revenues, the Group achieved a profit improvement in 2011. This was due to significantly lower operating costs. In 2011, we experienced the full effect of all cost synergies following the acquisition and integration of Luxo. Other cost-based measures were also implemented in 2010, which

reached their full effect in 2011.

In 2011, the Group also has had a high level of activity in product development and several new product series were launched. The use of LED technology in new products increases along with the development of the technology. Sales of LED-based products also comprised a higher percentage of total sales revenues compared with last year.

In 2011, the Group has also had a positive cash flow from operating activities. The cash flow from operations (operational and investment activities) in the amount of NOK 117.1m, compared with NOK 199.4m in 2010, is primarily lower due to the fact that the cash flow in 2011 entailed a positive one-time effect from the sale of business operations and that working capital, together with taxes paid in 2011, increased.

The parent company, Glamox ASA, had sales revenues of NOK 1,021m in 2011, compared with NOK 1,013m in 2010. The operating profit was NOK 63.2m, compared to NOK 46.4m in 2010. The ordinary profit before tax was NOK 81.2m, compared with NOK 69.0m in 2010. The profit improvement is due to lower operating costs in 2011 compared with 2011. An extraordinary bonus to all Group employees of NOK 9.5m is expensed in its entirety in the parent company's profit and loss statement for 2011. The corresponding bonus allocation in 2010 was NOK 12.4m.

Taking into account the challenging market developments in 2011, the Board is satisfied with the fact that the Group increased profitability and had a positive cash flow development. In recognition of the positive profit development in 2011, the Board decided to pay an extraordinary bonus to all employees in the Group. The Board wishes to thank the entire workforce for their significant efforts in 2011.

CAPITAL AND LIQUIDITY

The closing balance on 31 December 2011 was NOK 1,188m, compared with NOK 1,167m at year-end 2010.

The Group's equity amounted to NOK 519m at year-end. The equity ratio was 43.7%. Glamox ASA had equity of NOK 365m and an equity ratio of 41.8%. At year-end, Glamox ASA has NOK 277m in distributable reserves, including other paid-in capital, after a dividend allocation of NOK 66m.

The cash flow from operating activities in 2011 was NOK 117.1m, compared with NOK 199.4m in 2010.

The liquidity reserve at year-end was NOK 573m, compared with NOK 485m the previous year.

The Group's net interest-bearing deposits as of 31 December 2011 were NOK 141.6m, compared with NOK 89.2m in 2010.

In 2011, the company invested NOK 24.1m in fixed assets, compared with NOK 23.9m in 2010.

The accounts were prepared based on the assumption of continued operations.

FINANCIAL RISK

The Group is exposed to credit risk, interest risk and exchange risk in its daily business operations and aims to keep risk at an acceptable level in these areas. The Group uses underlying loan agreements to manage interest risk. Currency risk is managed through internal invoicing rules, matching income against expenses in the same currency and loans against equity in the same currency, as well as the use of financial instruments. For more detailed information, see note 17 in the Annual Accounts.

DEVELOPMENT BY BUSINESS AREA

All in all, the Group experienced a weaker market situation throughout 2011. This downturn was expected and was primarily felt in the maritime sector. A number of measures were implemented aimed at adjusting capacities at several of our production facilities. The focus in 2011 was also on reducing the cost of various production input factors, as well as increasing productivity.

Professional Building Solutions (PBS)

The PBS business area had an order intake in 2011 of NOK 1,167m (NOK 1,174m), a decrease of 0.6% compared to 2010. Sales revenues totalled NOK 1,147m in 2011, compared with NOK 1,132m in 2010. Burton Medical Products Inc. was divested in 2010. In terms of comparable operations, PBS showed a 2% growth in order intake and 5% growth in sales revenues in 2011.

The most important markets for this division are Central and Northern Europe, as well as the United States for arm-based task lights and illuminated magnifiers. Market developments in the individual countries varied considerably in 2011. There was a positive increase in the demand for lighting fixtures in Sweden, Finland and Germany throughout 2011, while the market development in Great Britain, Ireland and Denmark was weaker. The lighting industry in Europe is highly fragmented, with production overcapacity. There continues to be considerable pressure on prices. The increase in order intake and sales revenues for comparable operations is due to our success in increasing our market share in some important markets.

The PBS business area showed an improvement in results from NOK 57.1m (5,1%) in 2010 to NOK 102.3m (8.9%) in 2011. The profit improvement is primarily due to considerable reduction in costs compared to the previous year. In 2011, we experienced the full effect of cost synergies related to the takeover and integration of Luxo into the Glamox Group. Other cost reductions implemented in 2010 also reached full effect in 2011, as well as a continued focus on costs throughout the value chain.

Throughout the year, we scaled down our sales activities in Ireland to a minimum, as a consequence of the extremely poor market situation in Ireland. We also closed down our subsidiary in Canada within this business area. For several years, sales have been too low to maintain a separate sales division in Canada and there were no prospects for growth.

In 2011, we saw further increased interest in energy-saving lighting solutions and new technological solutions. Several new products were launched in this business area in 2011, which have been well received in the market. A new office concept focusing on energy-effective lighting solutions, possibilities to customise lighting for individual users, and flexible lighting solutions for building owners was also launched.

With its highly export-oriented production in Norway, this business area relies on a stable exchange rate for the Norwegian krone and moderate wage settlement as important elements in maintaining competitiveness. The strengthening of the Norwegian krone in recent months constitutes a considerable challenge to our Norwegian production operations.

Global Marine & Offshore (GMO)

This business area had an order intake of NOK 598m (NOK 584m), an increase of 2%. The sales revenues were NOK 564m (NOK 640m), a decrease of 12%.

The decrease in sales revenues was due to a combination of a weaker market within construction of new merchant vessels and the fact that deliveries for oil & gas projects will not take place until 2012 and 2013. On a global basis, 13% fewer ships than the previous year were delivered. The largest decline is seen in China and Europe. In addition, a large percentage of ship deliveries this past year consisted of bulk carriers built in Asia, with a corresponding low value in terms of lighting packages. Combined with a decrease in the number of deliveries, this has contributed to a weaker demand for the division.

There was also a considerable decrease in the number of contracts for new ships which shipyards received in 2011. A total of 1,250 new orders were received, compared with 2,200 in 2010. Considerably fewer bulk carriers and tankers have been ordered, while orders for more special vessels like LNG, container ships and offshore special vessels were at the same level as in 2010. Shipyards in China and Korea received more than 80% of the orders, while the European shipyards received 10% of the orders. Even though our position in Asia is strong, this geographical shift brings with it greater challenges for us. Our operations in Asia consist of our own sales operation in Singapore, both sales and production operations in China, and sales and product assembly facilities in Korea.

Much activity is taking place within the oil & gas segment. The division received in 2011 several orders for drilling ships, FPSOs and jack-up rigs being build at shipyards in Korea, Singapore and China. Deliveries will take place in 2012 and 2013.

To strengthen local marketing activities, we established our own sales operations in England and the Middle East in 2011. We also established a sales office in Houston that focuses on the merchant ship and oil & gas segments.

There is an increasing demand for lighting solutions that can function in Arctic conditions. The division has received several major orders for deliveries of new LED-based EX products to offshore units that are to operate under Arctic conditions.

The operating profit was NOK 57.0m (10.1%) compared with NOK 75.1m (11.7%) in 2010. The difference is primarily a result of lower sales revenues.

GLAMOX AND THE EXTERNAL ENVIRONMENT

As part of the Group's business concept, Glamox will position itself as an environmental company through systematic and long-term efforts.

The Group's manufacturing units in Molde, Kirkenær, Germany, and

Sweden are certified in accordance with EN ISO 14001. The units fulfil the strictest requirements with regard to environmental management and are required to document an environmental management system.

The environmental aspects are an important part of our product development. Through energy-efficient products and solutions, we aim to utilise the market opportunities resulting from, amongst other things, the EU's energy directive for the construction industry. A broad range of products enables us to offer high-quality and energy-efficient lighting solutions within the majority of application areas.

HUMAN RESOURCES AND WORKING ENVIRONMENT

The Group reported 1,168 man-labour years on 31 December 2011, compared to 1,199 in 2010. At year-end, the number of man-labour years in Glamox ASA was 497, compared with 489 in 2010.

The working environment in the Group units is satisfactory, and there is good collaboration with employee representatives.

Sick leave in Glamox ASA was 6.9% in 2011, compared with 6.8% in 2010. The company is not satisfied with its efforts to further reduce sick leave. Lower sick leave is important in order to maintain the necessary competitiveness. Reduced absenteeism due to illness will remain on the agenda in 2012. Sick leave in the Group's other units is lower than in the Norwegian units.

One case of injury that led to absence from work was reported in Glamox ASA in 2011, while six were reported in 2010. The H-value in 2011 was 1.4, compared with 6.8 in 2010. The H-value is a defined standard measure for the frequency of injuries in a company. The Board is satisfied with this decrease in the H-value. A focus on a safe working environment will continue to be prioritised in 2012.

REPORT ON GENDER EQUALITY

Glamox ASA had a total of 528 (528) employees at year-end. Of these, 33% (31%) were women.

The proportion of women working in the production facilities was 39% (38%). The percentage of female office workers was 24% (22%). The percentage of women in management positions with personnel responsibility was 16% (11%).

Company policy is that the same skills and length of service are rewarded on an equal basis regardless of gender. Women and men in all job categories are given the same opportunities to qualify for all types of assignments and promotion prospects.

The percentage of women among board members elected by shareholders was 40%. The percentage of the board members elected by employees was 33%.

EFFORTS TO ADVANCE THE PURPOSE AND INTENTION OF THE ANTI-DISCRIMINATION ACT AND ANTI-DISCIMINATION AND ACCESSIBILITY ACT

Glamox ASA's workface today is truly international and consists of employees from over 30 different nationalities, an increase from the previous year.

There are many different language and religious backgrounds among the 528 employees. The company works with skill-training establishments and makes traineeships available on a regular basis.

FEES AND REMUNERATIONS

See note 5 to the Annual Accounts for details on fees and remuneration to the Board, management and auditor.

SHAREHOLDERS

Please see note 12 to the Annual Accounts for information on the shareholder situation.

PROPOSAL FOR ALLOCATION OF PROFIT

The Board proposes that the year's result in Glamox ASA of NOK 58,541k be allocated as follows:
- Transferred from other equity capital: NOK (7,448k)
- Allocation to dividend (NOK 1.00 per share): NOK 65,989k

OUTLOOK

The markets will continue to be affected by global economic uncertainty, which means that market developments are highly uncertain. This affects developments within both our land-based business area and our marine and offshore business area. For the PBS business area, we anticipate that the markets will remain at the same level as in 2011. The GMO business area is expected to experience a further decline in the market for merchant vessels. The oil & gas segment is expected to experience market growth in both 2012 and 2013.

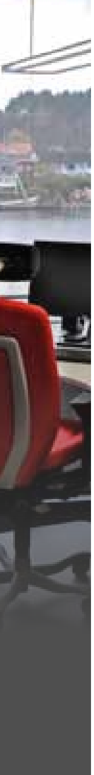
The Group's long-term strategy continues to focus on profitable organic growth. Given that the lighting industry in Europe is highly fragmented, with large numbers of small and medium-sized companies, we expect an increase in reorganisations. Technological changes resulting from LED technology will also lead to reorganisations in the industry. This could already be seen in 2011 through vertical acquisitions. To further develop our position in the lighting market, Glamox will need to supplement organic growth with acquisition.

In spite of minor growth impulses in our primary markets, we are strengthening our sales organisation and product development area.

For the year as a whole, the Board expects a somewhat lower result than in 2011. Much of Glamox's production takes place in Norway. The strengthening of the Norwegian krone in recent months is very worrying for our competitive strength.

Oslo, 5 March, 2012

Bjørn Arnestad Chairman of the Board	Torfinn Kildal	Kristine Landmark
Heidi Marie Petersen	Sverre Valvik	Henny Eidem
Nils Erik Iversen	Sigmund Johansen	Kjell Stamnes Chief Executive Officer



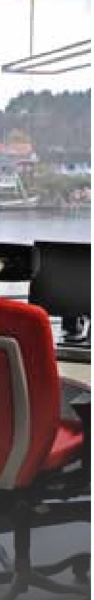
PROFIT AND LOSS ACCOUNT

PARENT				GROUP	
01.01 - 31.12			**Note**	01.01 - 31.12	
2011	**2010**	**NOK THOUSANDS**		**2011**	**2010**
943 462	937 966	Sales revenue	2	1 682 487	1 747 172
77 072	75 299	Other operating revenue	2/3	31 516	42 372
1 020 534	**1 013 265**	**TOTAL REVENUE**		**1 714 003**	**1 789 543**
543 392	544 029	Raw materials and consumables used	4	793 023	825 281
292 110	289 225	Payroll and related costs	3/5	540 435	551 564
	-5 795	Termination of performance-based retirement plan	3/5		-5 795
29 860	31 593	Depreciation of fixed assets	3/7	51 351	56 268
91 996	107 793	Other operating expenses	3	177 456	225 292
63 177	**46 421**	**OPERATING PROFIT/LOSS**		**151 738**	**136 936**
1 564	600	Dividend and group contribution from subsidiaries			
8 962	9 171	Interest income from other group companies			
12 964	17 948	Other financial income	6	12 216	33 741
-5 451	-5 151	Other financial expenses	6	-13 655	-27 008
81 216	**68 988**	**PROFIT/LOSS BEFORE TAX**		**150 299**	**143 669**
-22 675	-15 389	Tax	11	-42 671	-30 862
58 541	**53 599**	**PROFIT/LOSS AFTER TAX**		**107 628**	**112 807**
58 541	**53 599**	**PROFIT/LOSS FOR THE YEAR**		**107 628**	**112 807**
		ALLOCATION OF PROFIT/LOSS FOR THE YEAR			
65 989	65 989	Proposed dividends	12	65 989	65 989
-7 448	-12 390	Other equity	12	42 066	46 948
		Minority share	12	-427	-130
58 541	**53 599**	**TOTAL ALLOCATION**		**107 628**	**112 807**

CASH FLOW STATEMENT

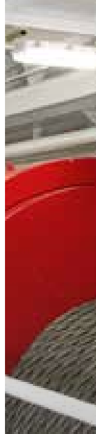
PARENT				GROUP	
01.01 - 31.12			Note	01.01 - 31.12	
2011	**2010**	**NOK THOUSANDS**		**2011**	**2010**
		CASH FLOW FROM OPERATING ACTIVITIES			
81 216	68 988	Profit before tax		150 299	143 669
-13 281	1 261	Taxes paid		-20 259	-7 535
	4 877	Profit/loss on sale and fixed assets		296	-16 078
29 860	31 593	Depreciation	3/7	51 351	56 268
-5 410	1 860	Changes in inventory		-14 588	20 357
-12 440	-21 476	Changes in accounts receivables		-2 202	-7 474
-1 576	-9 784	Changes in account payables		-3 504	-12 124
-1 131	-468	Changes in pension scheme assets/liabilities		-505	-400
-800	-2 535	Changes defined benefit plan recognised directly in equity		-800	-2 535
-674	-1 940	Effect of change in exchange rate		1 347	-3 985
-13 013	-521	Changes in other balance sheet items		-21 277	20 202
62 751	**71 856**	**NET CASH FLOW FROM OPERATING ACTIVITIES**		**140 157**	**190 365**
		CASH FLOW FROM INVESTING ACTIVITIES			
	2 859	Proceeds from sale of tangible fixed assets		647	32 988
	34 354	Proceeds from sale of investments in shares and joint ventures			
-12 026	-10 577	Purchase of tangible fixed assets and intangible assets		-24 090	-23 934
-4 049	-13 109	Purchase of investments in shares and joint ventures			
17 833	37 717	Payment of loan to group-companies			
		Purchase of other investments		435	
1 758	**51 245**	**NET CASH FLOW FROM INVESTING ACTIVITIES**		**-23 008**	**9 054**
		CASH FLOW FROM FINANCING ACTIVITIES			
-18 596	-20 146	Repayment of long-term loans		-23 019	-27 137
-65 989	-32 994	Payment of dividends to shareholders		-65 989	-32 994
-84 585	**-53 140**	**NET CASH FLOW FROM FINANCING ACTIVITIES**		**-89 008**	**-60 131**
-20 076	**69 960**	**NET CHANGE IN CASH AND CASH EQUIVALENTS**		**28 141**	**139 289**
160 132	**101 685**	**CASH AND CASH EQUIVALENTS 01.01**	**1/15**	**346 227**	**206 939**
	-11 513	Effect due to merger in Glamox ASA*			
160 132	**90 172**	**CASH AND CASH EQUIVALENTS 01.01**	**1/15**	**346 227**	**206 939**
140 056	**160 132**	**CASH AND CASH EQUIVALENTS 31.12**	**1/15**	**374 368**	**346 227**

* Effect due to merger in Glamox ASA is calculated based on cash and cash equivalent in the companies that are merged into Glamox ASA minus all utilised overdraft facilities.



ASSETS

PARENT				GROUP	
31.12	31.12		Note	31.12	31.12
2011	2010	NOK THOUSANDS		2011	2010
		FIXED ASSETS			
		INTANGIBLE FIXED ASSETS			
1 150	4 757	Research and development	7	2 019	4 123
992	1 669	Rights, IT system etc.	7	10 973	17 258
8 630	8 689	Deferred tax assets	11	12 038	13 816
		Goodwill	7	15 200	17 871
10 772	**15 115**	**TOTAL INTANGIBLE FIXED ASSETS**		**40 231**	**53 068**
		TANGIBLE FIXED ASSETS			
86 287	94 286	Land, buildings and other property	7/13	146 271	156 645
52 889	68 010	Machinery and plant	7/13	83 723	100 607
16 866	9 207	Fixtures and fittings, tools, office equipment etc.	7/13	35 545	28 825
156 042	**171 503**	**TOTAL TANGIBLE FIXED ASSETS**		**265 514**	**286 077**
		FINANCIAL FIXED ASSETS			
96 257	88 520	Investments in subsidiaries	8/13		
194 907	212 740	Loans to group companies	9/14		
115	115	Investments in shares		131	447
		Other receivables		440	559
291 279	**301 375**	**TOTAL FINANCIAL FIXED ASSETS**		**571**	**1 006**
458 093	**487 993**	**TOTAL FIXED ASSETS**		**306 316**	**340 151**
		CURRENT ASSETS			
114 908	109 498	Inventory	4	259 801	245 212
		DEBTORS			
142 888	130 448	Account receivables	14	221 301	219 088
15 772	15 126	Other receivables		26 461	16 524
158 660	**145 574**	**TOTAL RECEIVABLES**		**247 762**	**235 612**
140 056	160 133	Cash and cash equivalents	15	374 368	346 227
413 624	**415 206**	**TOTAL CURRENT ASSETS**		**881 931**	**827 051**
871 717	**903 198**	**TOTAL ASSETS**		**1 188 247**	**1 167 203**



EQUITY AND LIABILITIES

PARENT				GROUP	
31.12	31.12		Note	31.12	31.12
2011	2010	NOK THOUSANDS		2011	2010
		EQUITY			
		PAID-IN CAPITAL			
65 989	65 989	Share capital	12	65 989	65 989
135 454	135 454	Share premium reserve	12	135 454	135 454
201 442	**201 442**	**TOTAL PAID-IN CAPITAL**		**201 442**	**201 442**
		RETAINED EARNINGS			
163 092	173 045	Other equity	12		
		Group reserve	12	318 020	278 567
163 092	**173 045**	**TOTAL RETAINED EARNINGS**		**318 020**	**278 567**
		Minority interests	12	-741	-286
364 534	**374 487**	**TOTAL EQUITY**		**518 721**	**479 724**
		LIABILITIES			
		PROVISIONS			
		Deferred tax	11	35 885	29 054
27 583	28 714	Pension liabilities	5	29 031	29 537
2 535	3 721	Other provisions		10 729	10 041
30 118	**32 435**	**TOTAL PROVISIONS**		**75 644**	**68 632**
		OTHER LONG-TERM LIABILITIES			
185 650	204 920	Liabilities to financial institutions	10/13	219 413	242 591
86	86	Other long-term loans	10/13	4 000	3 841
185 736	**205 006**	**TOTAL OTHER LONG-TERM LIABILITIES**		**223 413**	**246 431**
		CURRENT LIABILITIES			
112 584	114 160	Account payable	14	126 075	129 579
20 860	13 184	Tax payable	11	34 865	21 281
13 378	13 671	Public duties payable		28 855	26 432
65 989	65 989	Dividends	12	65 989	65 989
78 519	84 266	Other current liabilities		114 684	129 135
291 329	**291 269**	**TOTAL CURRENT LIABILITIES**		**370 468**	**372 416**
507 183	**528 710**	**TOTAL LIABILITIES**		**669 525**	**687 479**
871 717	**903 198**	**TOTAL EQUITY AND LIABILITIES**		**1 188 247**	**1 167 203**

Oslo, 5 March 2012

Bjørn Arnestad
Chairman of the Board

Heidi Marie Petersen

Sverre Valvik

Torfinn Kildal

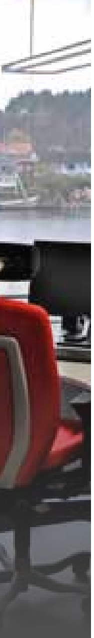
Kristine Landmark

Henny Eidem

Nils Erik Iversen

Sigmund Johansen

Kjell Stamnes
Chief Executive Officer



NOTES

Note 1 Accounting principles

Basic policies - incorporation and classification

The annual accounts, which are prepared by the Board and management, must be read in the context of the annual report and the auditor's report.

The annual accounts and consolidated accounts comprise of the profit and loss account, balance sheet, cash flow statement and notes and are prepared in accordance with the Companies Act, the Accounting Act and generally accepted accounting policy in Norway applicable as at 31st of December 2011.

All figures in the annual accounts and notes are shown in NOK thousands unless otherwise specified.

The annual accounts and consolidated accounts are prepared based on the basic principles of historic cost, comparability, continued operation, congruency and prudence. Transactions are incorporated into the accounts at the value of the payment at the time of the transaction. Revenue is incorporated into the profit and loss account when it is earned and costs are grouped with accrued income. Hedging and portfolio management are taken into account. The accounting policies are explained in more detail below.

Subsidiaries and associated companies in parent company

'Subsidiaries' refers to companies in which Glamox normally has a shareholding of more than 50%, in which investment is long-term and strategic and in which the company has a controlling interest. Subsidiaries are incorporated into the company accounts at the lowest of cost price or actual value.

'Associated companies' refers to companies in which Glamox normally has a shareholding of 20-50%, in which investment is long-term and strategic and in which the Group has a significant influence. Associated companies are entered in the company accounts at the lowest of cost price or actual value. For the time being the parent company does not have any associated companies.

Consolidation policies

Consolidated companies
The consolidated accounts include companies in which the parent company and the subsidiaries directly or indirectly have a controlling interest. The consolidated accounts show the companies' financial position, profit/loss from the year's activities and cash flow as a single financial entity. Controlling interest is achieved through direct or indirect ownership of more than 50% of the voting capital. Uniform accounting policies are applied to all group companies. Recently acquired subsidiaries are incorporated from the time a controlling interest is achieved and sold subsidiaries are incorporated until the time of sale.

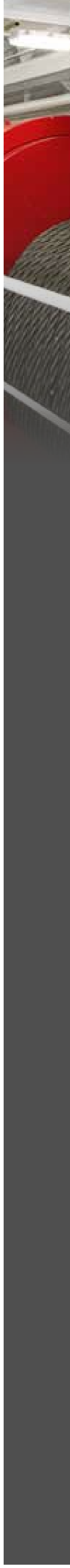
In the case of gradual purchase of shareholdings, figures are based on the value of assets and liabilities at the time of incorporation into the Group. Subsequent purchase of shareholdings in existing subsidiaries will not effect the valuation of assets and liabilities, apart from added value in the form of goodwill, which will be analysed for each acquisition.

Elimination of internal transactions
All significant intercompany transactions and intercompany balances are eliminated.

Elimination of shareholdings in subsidiaries
Shareholdings in subsidiaries have been eliminated in the consolidated accounts in accordance with the acquisition method. The difference between the cost price of shareholdings and the book value of net assets at the time of acquisition is analysed and classified under the individual balance sheet items in accordance with actual value. Any further additional cost caused by expectations of future earnings is capitalised as goodwill and depreciated in the profit and loss account in line with underlying conditions and anticipated financial life.

Conversion of foreign subsidiaries
The conversion of foreign subsidiaries from local currency into Norwegian kroner for balance sheet items is done at the closing exchange rate for the financial year while the profit and loss items are converted at the average rate for the financial year. The discrepancy created by converting the company's opening equity and profit for the year at a different exchange rate is posted directly in the Group's equity. This principle was introduced in 2011. Past year, conversion differences were posted on the Group's profit and loss account as financial items. Starting in 2011 the Group applies hedge accounting, where currency effects from hedging instrument is recognized directly in equity.

Note 1 Accounting principles (cont.)



Minority interests
The minority interests' share of profit after tax and equity are shown as separate items in the profit and loss account and balance sheet.

Associated companies
Associated companies' normally refers to companies in which the Group has a shareholding of 20-50%, in which investment is long-term and strategic and in which the Group has a significant influence. Associated companies are incorporated into the consolidated accounts in accordance with the equity method. For the time beeing the Group does not have any associated companies.

General policies
Assets/liabilities associated with the product cycle and items due within one year from the date of the balance sheet are classified as current assets/current liabilities. Current assets/current liabilities are valued at the lower/higher value of acquisition cost and actual value. Actual value is defined as anticipated future sale price minus anticipated sale costs. Other assets are classified as fixed assets. Fixed assets are valued at acquisition price. Fixed assets that deteriorate are depreciated. If a permanent change in value occurs, the fixed asset is written down. Similar policies are normally applied to liabilities.

When using accounting policies and presenting transactions and other conditions, emphasis is placed on financial reality, not just legal practice. Conditional loss that is significant and quantifiable is entered as expenditure. Division into segments is based on the company's internal management and reporting objectives, as well as risk and income. Figures are presented for business areas as well as geographical markets if geographical categorisation of activities is significant to the assessment of the company. The figures are reconciled with the profit and loss account and balance sheet.

Accounting policy for significant account items

Crediting the profit and loss account
Income is credited to the profit and loss account when it is earned. This means that the profit and loss account is normally credited at the time of delivery for the sale of goods and services.

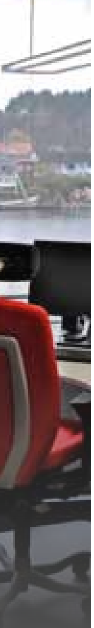
Charging as expenditure/grouping
Expenses are grouped with and charged as expenditure at the same time as the income to which the expenses can be linked. Expenses that cannot be directly linked to income are entered as expenditure when they arise. In the case of restructuring and winding up of activities, all associated expenses are entered as expenditure, when the decision of restructuring and winding up is taken.

Other operating income/expenses
Significant income and expenses that are not associated with ordinary activities are classified as other operating income and expenses. Items that are unusual, occur sporadically and are significant are classified as extraordinary.

Intangible fixed assets
Intangible assets that are expected to generate income in the future, such as goodwill in subsidiaries, rights and IT systems, are capitalised. Depreciation is calculated on a straight-line basis over the financial life of the assets. Expenses associated with research and development are entered as expenditure on a continuous basis.

Tangible fixed assets
Tangible fixed assets are entered in the balance sheet at acquisition cost minus accumulated depreciation and write-downs. If the actual value of a piece of equipment is lower than its book value for reasons that are considered to be permanent in nature, the equipment is written down to actual value. Expenses associated with periodical maintenance and repairs to production equipment are periodized. Expenses associated with standard maintenance and repairs are continuously charged as expenditure. Expenses associated with large-scale replacements and updates that significantly extend the lifetime of the equipment are capitalised. Operating equipment is considered a tangible fixed asset if it has a financial life of more than three years and a cost price of more than NOK 15 000. Operating equipment leased under conditions which to all intents and purposes transfer financial rights and obligations to Glamox (financial leasing) are capitalised as operating equipment and entered as a commitment under interest-bearing liabilities at the current value of the minimum current rent. Operational leasing is charged as expenditure at ordinary rental cost and classified as ordinary operating expenses.

Depreciation
Ordinary depreciation is calculated on a straight-line basis over the financial life of the operating equipment, based on historic cost. A similar policy applies to intangible fixed assets. Depreciation is classified as ordinary operating expenses. Leasing costs entered in the balance sheet are depreciated in accordance with the plan and liability is reduced by rent paid minus calculated interest.



Note 1 Accounting principles (cont.)

Stock and raw materials and consumables

Stocks of products are valued at the lower of cost price on a ‘first-in-first-out’ basis and anticipated sale price. Cost price for manufactured goods comprises direct materials, direct salary plus a proportion of indirect manufacturing costs, whereas cost price for purchased goods is the acquisition cost. Raw materials and consumables used for the year consist of the cost price of sold goods with a supplement for write-downs in accordance with standard accounting practice at year-end.

Receivables

Receivables are entered at nominal value minus anticipated loss

Pension commitments and pension expenses

The company has gone over to the new pension scheme from 1st of January 2011, according to the decision taken by the Board of Fellesordningen for AFP (Early retirement plan). The old pension scheme will simultaneously be phased out in the period up to 2015. The new pension scheme is recognized as a defined contribution scheme. The company has also entered into unfunded pension schemes for the CEO and the supplementary pension for former employees. The actuarial future obligations in connection with these agreements are included under pension liabilities in the balance.

Pension schemes for the the Norwegian companies are booked according to the IAS19 standard. Pension commitments are calculated on linear accrual, based on assumed number of years worked, discount rate, future return on pension reserves, future adjustment of wages, pensions and national insurance provisions and actuarial assumptions regarding mortality, voluntary redundancy etc. Pension reserves are valued at actual value. Net pension commitments consist of gross pension commitments minus the actual value of pension reserves. Net pension commitments on under-financed schemes are entered in the balance sheet as a long-term, interest-free liability, whereas net pension reserves on over-financed schemes are entered as a long-term interest-free receivable if it is probable that the over-financing can be utilised.

Net pension expense, which is the gross pension cost less the estimated return on pension reserves, are classified as ordinary operating expenses, and are presented along with salary and other benefits. Costs of defined contribution plans are expensed as incurred. The effect of the termination of the old pension scheme and profit impact of the termination of the defined benefit scheme are charged to profit and presented on a separate line in the income statement.

Changes in liabilities due to changes in pension plans, are recognized directly in equity. Changes in liabilities and pension assets due to changes and deviations from assumptions (actuarial gains and losses) are recognized directly in equity.

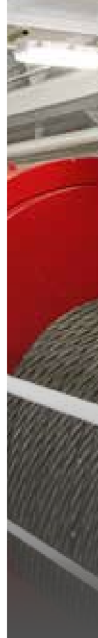
The Company and the Group's pension liabilities as of 31.12.2011 consisted of the estimated liability relating to old AFP, which is treated as a defined benefit pension plan, and some pension schemes in connection with early retirement and supplementary pensions which are not covered by any insurance scheme.

Deferred tax and tax

Deferred tax is calculated on the basis of temporary differences between accounting and tax values at the end of the financial year. A nominal tax rate is used in the calculation. Positive and negative differences are valued against each other in the same time intervals. Certain items are still valued separately, including added value from acquisitions and pension commitments. Deferred tax asset occurs if there are temporary differences that create tax deductions in the future. Tax for the year consists of changes in deferred tax and deferred tax asset, together with tax payable for the year, adjusted for errors in the previous year’s calculations.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents includes cash, bank deposits and other current liquid resources that can immediately and with a minimal currency risk be converted into known cash amounts and with a due date of less than three months from the date of acquisition.



Note 2 Segment information

Business areas		Sales revenue and other operating revenue		Operating profit	
		2011	2010	2011	2010
Professional Building Solutions (PBS)	MNOK	1 146.8	1 132.0	102.3	57.1
Global Marine & Offshore (GMO)	MNOK	563.7	640.1	57.0	75.1
Group staff/Other items	MNOK	3.5	17.5	-7.6	4.7
Total Glamox Group	**MNOK**	**1 714.0**	**1 789.5**	**151.7**	**136.9**

Sales revenue and other operating revenue divided into geographical areas

		PARENT		GROUP	
		2011	2010	2011	2010
Norway	MNOK	515.7	489.1	518.1	489.3
Nordic region, excl. Norway	MNOK	196.0	172.4	403.2	364.9
Europe, excl. Nordic region	MNOK	205.9	199.3	484.3	508.1
North America*	MNOK	15.8	13.7	103.6	162.7
Asia	MNOK	70.6	117.2	167.4	235.4
Other	MNOK	16.5	21.6	37.5	29.2
Total	**MNOK**	**1 020.5**	**1 013.3**	**1 714.0**	**1 789.5**

* The decline in North America is mainly due to the fact that 2010 include revenue from divestet operation amounted to 52.1 MNOK in 2010.

Note 3 Gain on sales of assets, other operating expenses, restructuring expenses and other special expenses

Effects on Parent

In 2010 the parent company sold the shares in Luxo USA Inc. including the shares in Burton Medical Products Corporation in USA. The sale resulted in a loss of 4.9 MNOK and is recorded under other financial expenses. In addition, the transition to the new AFP (early retirement pension) and the residual effect from terminating the defined benefit pension scheme resulted in a positive effect of 5.8 MNOK. Furthermore, the company accounts also incurred a one time costs of 3.7 MNOK.

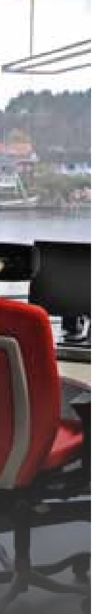
The accounts of 2011 contains no significant non recurring-items.

Effects on Group

In 2010, the Group sold the shares in Luxo USA Inc. including the shares in Burton Medical Products Corporation in USA. The sale generated a gain of 16.1 MNOK and is recorded as other operating income. Moreover, the Group incurred 14.4 MNOK in recurring costs in connection with company closures, restructuring and other special charges. In 2010, the transition to the new AFP (early retirement pension) and the residual effect of the winding up defined benefit pension plan resulted in a positive effect of 5.8 MNOK on Group level.

The accounts of 2011 contains no significant non-recurring items.

On Group level the split of the amounts are as follows		2011	2010
Payroll and related costs	MNOK		6.4
Other operating expenses	MNOK		7.9
Total expenses	**MNOK**		**14.4**
Income from the termination of defined benefit pension scheme and transition to new AFP	**MNOK**		**-5.8**



Note 4 Inventory

		PARENT	
Inventory	**31.12.2011**	**31.12.2010**	**Change**
Raw materials	42 134	43 285	-1 151
Work in progress	15 837	16 460	-623
Manufactured goods	56 937	49 754	7 183
Total inventory	**114 908**	**109 498**	**5 410**

		GROUP	
Inventory	**31.12.2011**	**31.12.2010**	**Change**
Raw materials	105 295	99 792	5 503
Work in progress	28 449	28 749	-300
Manufactured goods	126 057	116 672	9 385
Total inventory	**259 801**	**245 212**	**14 588**

Note 5 Salay costs/ Number of man-years/ Remuneration / Loans to employees/ Pensions etc.

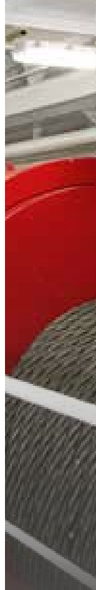
	PARENT 01.01 - 31.12		GROUP 01.01 - 31.12	
Payroll and related costs	**2011**	**2010**	**2011**	**2010**
Salaries	229 846	225 192	420 479	435 145
National insurance	34 021	33 041	71 518	70 545
Pension costs	9 812	9 496	19 240	17 159
Other remuneration	8 931	9 097	19 698	16 314
Bonus to all employees*	9 500	12 400	9 500	12 400
Payroll and related costs	**292 110**	**289 225**	**540 435**	**551 564**
Average number of man-years	491	494	1 178	1 237

* During Glamox ASA's board meeting held on 19.12.2011, the Board decided to pay out a one-off bonus to all employees. The parent company shall bear all costs relating to the bonus, including bonuses that are paid to employees outside the parent company. The parent company is charged with a provision of 9.5 million NOK on these bonuses.

The board's declaration regarding establishing salaries and other considerations for management personnel

Guidelines for 2012
The board will present to the General Assembly a statement containing the policy to determine the remuneration to leading employees within Glamox ASA according to Joint Stock Public Companies Act §6-16a. In line with the Accounting Act's § 7-31b, paragraph 10, an account of the contents of the declaration are listed below:

The fundamental principle for the wage policy is that it must support the objective of keeping and attracting the best person for the position in question. In addition to fixed salaries, managerial employees also participate in bonus schemes for managers. All leading employees are included in our collective deposit-based pension scheme for salaries up to 12G. The Chief Executive Officer also has a performance-based pension scheme for salary above 12G, as described in more detail below.



Note 5 Salay costs/ Number of man-years/ Remuneration / Loans to employees/ Pensions etc. (cont.)

Managerial salary policies completed in 2011

Salaries for leading employees in 2011 have been in accordance with the declarartion presented to the General Assembly in 2011.

The declaration for 2012, cf. requirements in the Joint Stock Public Companies Act § 6-16a, will be attached to the summons to the General assembly for 2012.

Benefits for managerial persons, agreements on severance pay, bonuses, etc.

The CEO has an agreement for severance pay of 24 months.

In his contract, the CEO's retirement age is fixed at 65 years, having a pension scheme of 70% of the basic salary starting at 65 years of age until reaching 67. Starting at 67 years of age until reaching 70 a benefit of 65% of basic salary is applied, and thereafter 60% of basic salary. This individual pension scheme is, after deduction of benefits earned through the collective plans with current employer and benefits earned from previous employers, covered as an unsecured pension arrangement.

The CEO has a bonus agreement based on results, limited to maximum 3 monthly salaries. In 2011, this gave a payment of 631,905 NOK. This amount is related to the profit in 2010.

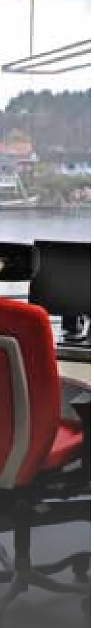
The chairman of the board has no agreement for severence pay, bonus or profit-sharing. The CEO, chairman of the board, nor any other person in a similar position have been given a loan, or securities been put at their disposition.

Remuneration to Group Management in 2011	**Salary**	**Performance-related bonus**	**Change Pension***	**Other remuneration**
Kjell Stamnes - CEO	2 698	632	880	142
Jan Berner - Senior Vice President GMO	1 992	250	40	173
Thomas Lindberg - Chief Financial Officer	1 968	170	40	150

** Change pension = change in earned pension rights*

Remuneration to Board members in 2011	**Director's fees**	**Salaries**	**Other remuneration**
Bjørn Arnestad	252		
Heidi Marie Petersen	126		
Sverre Valvik (paid to Arendals Fossekompani)	126		
Kristine Landmark	126		
Olav Kjell Holtan (Board member until 10. May 2011)	60		
Torfinn Kildal (Board memeber from 10. May 2011)	66		
Sigmund Johansen	63	325	1
Henny Eidem	63	522	8
Nils Erik Iversen	63	329	3
Total	**945**		

	PARENT		**GROUP**	
Auditor	**2011**	**2010**	**2011**	**2010**
Fee for statutory audit	866	972	2 114	2 361
Other attestation services	30	380	415	546
Tax advisory service	474	955	1 041	2 033
Other services, beyond audit	28	965	73	1 020
Total	**1 398**	**3 271**	**3 643**	**5 960**



Note 5 Salay costs/ Number of man-years/ Remuneration / Loans to employees/ Pensions etc. (cont.)

Composition of all pensions and pension obligations in Norwegian companies
The company is obligated to keep an occupational pension scheme pursuant to the Mandatory Occupational Pensions Act. The company has a pension scheme that satisfies the requirements of this Act.

Net pension funds/obligations below are only valid for Norwegian companies in the Group, as pension costs in foreign subsidiaries are handled as contribution plans, and that the amounts paid out are charged as expenses.

Starting from 2007, the pension schemes are handled in the accounts according to IAS. Estimated deviations from previous years were recognized in the balance sheet and charged to equity. This year's estimated deviations are also charged directly against equity.

Until 31.10.2009, the parent company, had a performance based pension retirement plan, this plan is transferred to a defined contribution retirement plan. The Group's Norwegian companies operate an early retirement scheme for their employees (AFP). The Group's Norwegian companies have pension schemes that include all employees over the age of 20 years old and who hold more than a 20% position.

	PARENT		**GROUP**	
	01.01 - 31.12		**01.01 - 31.12**	
Pension expenses	**2011**	**2010**	**2011**	**2010**
Current value of this years pension accrual	1 436	1 352	2 308	2 002
Interest cost of pension commitments	1 057	1 027	1 057	1 027
Termination of defined benefit pension		-5 795		-5 795
Defined contribution pension scheme	7 319	7 116	15 875	14 130
Net pension expenses/(income)	**9 812**	**3 700**	**19 240**	**11 364**

	PARENT		**GROUP**	
Reconciliation of pension scheme's financed against sum in balance sheet	**31.12.11**	**31.12.10**	**31.12.11**	**31.12.10**
Calculated pension commitments	-27 583	-28 714	-29 031	-29 537
Net pension liabilities	**-27 583**	**-28 714**	**-29 031**	**-29 537**

Financial conditions	**2011**	**2010**
Discount rate	3.00 %	4.00 %
Anticipated salary settlement	3.75 %	3.75 %
Anticipated pension increase	3.00 %	3.75 %
Anticipated change in national insurance base rate	3.75 %	3.75 %

Standard conditions used in the insurance industry form the basis of the actuarial preconditions for demographic factors and retirement.

Note 6 Specification of financial items

	PARENT		GROUP	
	01.01 - 31.12		01.01 - 31.12	
	2011	**2010**	**2011**	**2010**
Other financial income	12 964	17 948	12 216	33 741
Other financial expenses*	-5 451	-5 151	-13 655	-27 008
Total other financial items	**7 513**	**12 797**	**-1 439**	**6 733**

* Other finance expenses for parent in 2010 includes a loss of 4,9 MNOK from the sale of Burton Medical Products Corporation in USA.

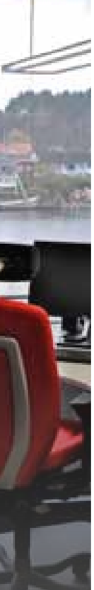
Of which:				
Currency effect on opening equity				-18 429
Currency effect on profit and loss and balance sheet	1 529	19 910	-482	27 282
Net currency effect	**1 529**	**19 910**	**-482**	**8 853**

The Group has changed the policy regarding conversion of foreign subsidiaries. In 2011, the discrepancy created by converting the company's opening equity and profit for the year at a different exchange rate than the outgoing equity is posted directly in the Group's equity. Conversion differences from the hedging instrument are also posted directly in equity.

Note 7 Tangible fixed assets and intangible fixed assets - PARENT

	Land/ Buildings	**Machinery**	**Fixtures and Fittings**	**Total**
Acquisition costs 31.12.10	126 886	181 993	29 377	338 256
Additions	4 923	3 421	3 351	11 695
Reclassification	-5 483	3 696	1 787	
Disposals				
Acquisition costs 31.12.11	**126 326**	**189 110**	**34 515**	**349 951**
Accumulated depreciation 31.12.10	32 600	113 983	20 170	166 753
Accumulated depreciation 31.12.11	40 039	136 221	17 649	193 909
Reclassification	482	4 978	-5 460	
Balance sheet value at 31.12.11	**86 287**	**52 889**	**16 866**	**156 042**
Depreciation for the year	**6 957**	**17 260**	**2 939**	**27 156**
Financial life	Up to 20 yrs.	Up to 8.3 yrs.	Up to 8.3 yrs.	
Depreciation plan	Straight-line	Straight-line	Straight-line	

Further the parent company has lease agreements on operating equipment. These lease agreements are regarded as operational leasing and annual lease payment amounted to 3.3 MNOK.



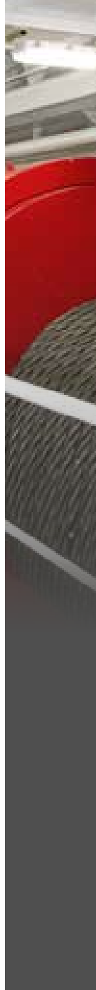
Note 7 Tangible fixed assets and intangible fixed assets - PARENT

	Rights, IT systems	Product Development	Total
Acquisition costs 31.12.10	109 164	4 532	113 696
Additions	331		331
Disposals			
Acquisition costs 31.12.11	**109 495**	**4 532**	**114 027**
Accumulated depreciation 31.12.10	107 495	1 686	109 181
Accumulated depreciation 31.12.11	108 503	3 382	111 885
Balance sheet value at 31.12.11	**992**	**1 150**	**2 142**
Depreciation for the year	**1 008**	**1 696**	**2 704**
Financial life	Up to 7 yrs.	Up to 7 yrs.	
Depreciation plan	Straight-line	Straight-line	

Note 7 Tangible fixed assets and intangible fixed assets - GROUP

	Land/ Buildings	Machinery	Fixtures and Fittings	Total
Acquisition cost 31.12.10	248 409	269 096	106 848	624 353
Currency translation effects with rates at 31.12.11	-375	1 222	-755	92
Acquisition cost 31.12.10	**248 035**	**270 318**	**106 093**	**624 445**
Reclassification	-5 483	-595	6 078	
Additions	5 810	8 070	9 134	23 014
Disposals	-7 463	-480	-646	-8 588
Acquisition cost 31.12.11	**240 900**	**277 313**	**120 658**	**638 871**
Acc. depreciation and write downs at 31.12.10	91 764	168 489	78 023	338 276
Currency effect on balance with rates at 31.12.11	-78	161	-434	-350
Acc. depreciation and write downs at 31.12.10	**91 686**	**168 650**	**77 589**	**337 926**
Acc. depreciation and write downs at 31.12.11	**94 629**	**193 590**	**85 112**	**373 332**
Reclassification	-482	-783	1 265	
Reversed acc. depreciation due to disposal	-6 670	-322	-653	-7 645
Balance sheet value at 31.12.11	**146 271**	**83 723**	**35 545**	**265 540**
Depreciation for the year	**9 130**	**24 479**	**9 442**	**43 051**
Financial life	Up to 20 yrs.	Up to 10 yrs.	Up to 10 yrs.	
Depreciation plan	Straight-line	Straight-line	Straight-line	

Further the Group has lease agreements on operating equipment. These lease agreements are regarded as operational leasing and annual lease payment amounted to 3.3 MNOK.



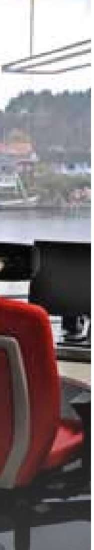
Note 7 Tangible fixed assets and intangible fixed assets - GROUP (cont.)

	Rights, IT systems	Product Development	Goodwill	Total
Acquisition cost 31.12.10	135 548	6 969	76 719	219 236
Currency translation effects with rates at 31.12.11	-2 850	17		-2 833
Acquisition cost 31.12.10	**132 698**	**6 986**	**76 719**	**216 403**
Additions	1 076			1 076
Disposals				
Acquisition cost 31.12.11	**133 774**	**6 986**	**76 719**	**217 479**
Acc. depreciation and write downs at 31.12.10	118 290	2 846	58 848	179 984
Currency effect on balance with rates at 31.12.11	-8	-1		-8
Acc. depreciation and write downs at 31.12.10	**118 282**	**2 845**	**58 848**	**179 976**
Acc. depreciation and write downs at 31.12.11	**121 973**	**4 967**	**60 956**	**187 895**
Acc. write downs at 31.12.11	828		563	1 391
Balance sheet value at 31.12.11	**10 973**	**2 019**	**15 200**	**28 192**
Depreciation for the year	**4 518**	**2 121**	**2 671**	**9 311**
Financial life	Up to 7 yrs.	Up to 7 yrs.	10 yrs.	
Depreciation plan	Straight-line	Straight-line	Straight-line	

The parent's and the Group's expenses on research and development are charged to profit and loss when they arise.
Goodwill is depreciated over 10 years as the company believes this to be the financial life on which the assessment should be based.

In the notes, all figures related to 2011 are translated at the currency exchange rates on 31.12.2011. For this reason there will be a discrepancy between depreciation for the year in the notes and depreciation in the accounts, which is calculated based on average exchange rates for the year.

Sum this years depreciation ref. Note 7	52 361
Sum this years depreciation ref. Profit & Loss	51 351
Currency deviation = Deviation average-rate and closing-rate	**1 010**



Note 8 Subsidiaries, and jointly controlled companies

Name of company	Share capital		Shareholding in Glamox ASA	Book value i n Glamox ASA TNOK	Group's vouting ownership share
Glamox Luxo Lighting A/S, Denmark	DKK	4 900 000	100,0%	8 045	100.0%
Glamox Luxo Lighting AB, Sweden	SEK	600 000	100,0%	1 681	100.0%
Glamox Luxo Lighting Oy, Finland	EUR	100 000	100,0%	6 082	100.0%
Glamox Luxo Lighting Ltd., England	GBP	3 500	100,0%	680	100.0%
Glamox Electric (UK) Ltd., England	GBP	2 444 290	100,0%	0	100.0% 4)
Glamox Ireland Ltd., Ireland	EUR	168 768	100,0%	1 787	100.0%
Glamox Luxo Lighting GmbH, Germany	EUR	682 667	25,0%	21 570	100.0%
AS Glamox HE, Estonia	EUR	166 140	20,0%	2 723	100.0%
aqua signal GmbH, Germany	EUR	3 859 690	5,1%	6 344	100.0%
aqua signal Teterow GmbH & Co. KG, Germany	EUR	4 399 070	0,0%	0	100.0%
Glamox Aqua Signal Corporation, USA	USD	100 000	0,0%	0	100.0%
Mariteam Lighting Inc., Canada	CAD	2 207 510	100,0%	0	100.0%
Glamox Far East Pte Ltd., Singapore	SGD	6 000 000	98,7%	23 666	98.7% 2)
Glamox (Suzhou) Lighting Co. Ltd, China	CNY	20 387 517	100,0%	4 050	100.0% 1)
Glamox Korea Co. Ltd., South Korea	KRW	375 000 000	80,0%	1 523	80.0% 3)
Luxo AS, Norway	NOK	1 759 250	100,0%	9 969	100.0%
Luxo Corporation, USA	USD	101	100,0%	6 765	100.0%
Luxo Lamp Ltd., Canada	CAD	1 517 153	100,0%	0	100.0%
Luxo Schweiz GmbH, Switzerland	CHF	50 000	100,0%	0	100.0% 4)
Birger Hatlebakks veg 15 AS, Norway	NOK	100 000	100,0%	1 373	100.0%
Vega Ltd., England	GBP	1 000	0,0%	0	100.0% 4)
Total book value of shares in subsidiaries				**96 257**	

1) In 2011, the parent acquired 100% of the shares in Glamox (Suzhou) Lighhting Co. Ltd. from Glamox Far East Pte Ltd.

2) Minority interests in Glamox Far East Pte Ltd is 1,27%.

3) Minority interests in Glamox Korea Co. Ltd is 20%.

4) The company is in liquidation process and will formally be dissolved in 2012.

Note 9 Receivables due for payment later than one year

Balance sheet value of receivables due for payment later than one year for parent and Group

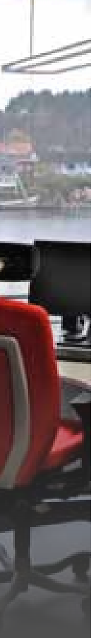
	PARENT		GROUP	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Receivables, Group Companies	171 595	201 559		
Total	**171 595**	**201 559**		

Note 10 Liabilities due for payment more than five years after the financial year end

	PARENT		GROUP	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Liabilities to financial institutions	91 149	113 330	92 764	138 593

Note 11 Tax

	PARENT		GROUP	
	01.01 - 31.12		01.01 - 31.12	
	2011	**2010**	**2011**	**2010**
Tax payable calculated as follows				
Ordinary profit before tax	81 216	68 988		
Permanent differences	344	7 948		
Change in temporary differences	-787	-5 501		
Change defined benefit plan recognised directly against equity	-801	-2 535		
Applied losses carried forward		-17 135		
Basis for tax payable	**79 972**	**51 764**		
Tax payable on profit for the year	**22 392**	**14 494**	**33 843**	**24 082**
Tax for the years is calculated as follows				
Tax payable on profit for the year	22 392	14 494	33 843	24 082
Correction for tax payable for previous years		-51		
Change deferred tax/deferred tax assets in balance sheet	59	236	8 604	6 070
Change in deferred tax booked directly against equity	224	710	224	710
Total tax for the year	**22 675**	**15 389**	**42 671**	**30 862**
Total tax for the year on group level				
Norwegian companies			21 245	14 117
Foreign companies			21 426	16 745
Total tax for the year			**42 671**	**30 862**
Current tax liabilities consist of				
Tax payable for the year as above	22 392	14 494	33 843	24 082
- of which paid in fiscal year			-2 458	-2 765
- of which not paid for last year			3 578	
- tax on group contribution from subsidiaries	-1 434	-1 274		
- payment of withholding tax	-98	-36	-98	-36
	20 860	**13 184**	**34 865**	**21 281**

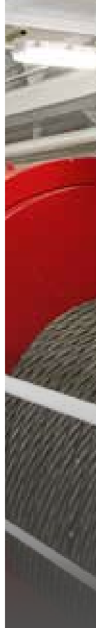


Note 11 Tax (cont.)

	PARENT		GROUP	
Specification of basis for deferred tax:	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
Offsetting differences:				
Fixed assets	3 233	11 542	33 815	40 555
Intra-group receivables	-58 242	-58 819		
Other current assets	181	-2 786	23	-2 786
Liabilities	-6 653	-11 073	-4 148	-7 094
Net pension reserves/commitments	-27 583	-28 714	-27 583	-28 714
Gross basis for deferred tax	**-89 064**	**-89 850**	**2 107**	**1 961**
Losses carried forward (including tax credit)			-48 949	-50 603
Untaxed profit			121 404	96 493
Basis for deferred tax liabilities (assets)	**-89 064**	**-89 850**	**74 562**	**47 851**
Calculated deferred tax assets	**24 938**	**25 158**	**23 087**	**22 184**
- not posted as deferred tax assets in balance sheet	-16 308	-16 469	-11 049	-8 368
Net deferred tax assets posted in balance	**8 630**	**8 689**	**12 038**	**13 816**
Calculated deferred tax and posted in balance			**-35 885**	**-29 054**

The Group Management and Board does a continuous evaluation of the amount they consider to be secured to book in the companies' balance sheet, based on the expected future income and realistic tax adaptation. Based on these evaluations, 12.0 MNOK have been booked as deferred tax assets in the balance sheet.

The parent company has a total write-down on receivables from its subsidiaries amounting to 58 MNOK. These write-downs are done without any tax reduction effect, but are also not included in the above basis of deferred tax since there is some uncertainty if or when the differences will be reversed. Due to changes in the tax legislation in 2011 it is also uncertain to what extent the company will receive taxable deduction.



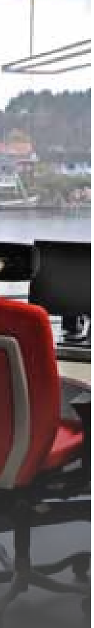
Note 12 Equity and shareholders

PARENT	Share capital	Other reserves	Other equity	Total
Equity 31.12.2010	**65 989**	**135 454**	**173 045**	**374 487**
Change in equity for the year				
Profit for the year			58 541	58 541
Proposed dividends			-65 989	-65 989
Change of the performance based retirement plan and AFP			-801	-801
Tax on pension actuarial losses recognized in equity			225	225
Adjustment regarding the merger 01.01.2010			-1 929	-1 929
Equity 31.12.2011	**65 989**	**135 454**	**163 092**	**364 534**

GROUP	Share capital	Other reserves	Reserves in Group	Minority interests	Total
Equity 31.12.2010	**65 989**	**135 454**	**278 567**	**-286**	**479 724**
Change in equity for the year					
Profit for the year			108 055	-427	107 628
Proposed dividends			-65 989		-65 989
Adjustment of equity from 2010			-2 353		-2 353
Transfer of minority in subsidary to majority			28	-28	
Change of the performance based retirement plan and AFP			-801		-801
Tax on pension actuarial losses recognized in equity			224		224
Conversion differences			288		288
Equity 31.12.2011	**65 989**	**135 454**	**318 019**	**-741**	**518 721**

Adjustment of equity from 2010 regards items that would not have affected the results if they were included in previous years. Because of this, and that the amounts are relatively small, the company has chosen to recognize the amounts directly in equity without restating the financial statments for previous years.

Conversion differenses are presented net in the equity note. This means that conversion differences arasing from conversion of foreign subsidiaries are offset against currency effects from hedging instrument.



Note 12 Equity and shareholders (cont.)

Share capital and shareholder information

Share capital in Glamox ASA at 31.12.2011 consist of:	Number	Nominal value	Balance sheet
Shares	65 988 668	1	65 989
Total	**65 988 668**	**1**	**65 989**

All shares have the same voting rights.

Ownership structure

The largest shareholders in Glamox ASA at 31.12.2011 were	Total shares	Shareholding/ Voting
Arendals Fossekompani ASA	32 927 889	49,90 %
Fondsavanse AS	15 160 083	22,97 %
Skagen Vekst	5 944 034	9,01 %
Sundial 2000 Limited	2 334 729	3,54 %
Havfonn AS	1 600 316	2,43 %
Vicama AS	1 560 659	2,37 %
Kjell Stamnes	1 391 750	2,11 %
Snefonn AS	1 059 080	1,60 %
Erik Must	739 388	1,12 %
Dag Henning Larsen	582 321	0,88 %
Total 10 largest shareholders	**63 300 249**	**95.93 %**
Others	2 688 419	4.07 %
Total number of shares	**65 988 668**	**100.00 %**

Shares and options owned by Board members and the Group Management

Name	Position	Shares
Kjell Stamnes	President & CEO	1 391 750
Thomas Lindberg	CFO	25 559
Henny Eidem	Board member	14

Note 13 Assets pledged as security and guarantee liabilities

	PARENT		GROUP	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Secured balance sheet liabilities				
Liabilities to financial institutions	185 650	204 920	219 413	242 590
Balance sheet value of assets pledged as security for secured liabilities				
Land, buildings etc.	86 287	94 286	129 075	136 630
Machinery and plant			8 136	21 329
Fixture and fittings			15 261	16 149
Rights, IT system			1 499	789
Shares	6 344	9 067		
Inventory	114 908	104 498	177 623	173 322
Accounts receivable	142 888	130 448	133 976	129 068
Bank deposits				71 873
Total	**350 427**	**338 299**	**465 570**	**549 160**

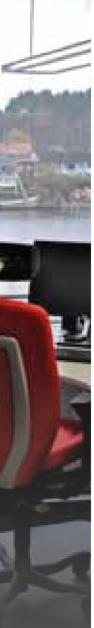
The same assets that are pledged as security in the parent company are also security for liabilities in the subsidiares.
In the loan agreements, the lenders also have demand to key figures as equity ratio, debt ratio etc.

On Group level, shares in subsidiaries with a total equity of 60.6 MNOK are pledged as security. Book value of the assets in these subsidiaries are also included in the table above.

	PARENT		GROUP	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Guarantee liabilities				
Guarantee liabilities towards third party	24	182	24	182

Note 14 Outsanding accounts against Group companies and associated companies

	PARENT		GROUP	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Account receivables	61 329	53 658		
Loans to Group companies	194 906	212 740		
Total receivables on Group companies	**256 235**	**266 398**		
Account payables to Group companies	28 404	23 770		
Total payables to Group companies	**28 404**	**23 770**		



Note 15 Cash etc.

	PARENT		GROUP	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Liquidity reserve	305 706	299 245	573 339	485 338

The liquidity reserve is the total overdraft and revolver facilites of all Group companies, minus all utilised overdraft and revolver facilities, and added all cash on hand and deposits.

The liquidity reserve for the Group is organized in a Multi Currency Cashpool. This implies that the cash deposit of the subsidiaries formally are account receivables towards the parent company, and all participating group companies are jointly responsible for overdraft within the Cashpool.

Accounts with deposit and debt within the cashpool are netted in the Group balance sheet.

Locked-up deposits in Glamox ASA and the Group amounted to 9.3 MNOK.

Note 16 Related parties for parent company and Group

Related parties are Group companies, major shareholders, board and senior management in the parent company and the group subsidiaries. Agreements on remuneration for Group Management appear in note 5.

No transactions or agreements of significance were entered into with related parties in 2011 or in the financial years for which comparison figures are given, other than standard business transactions with subsidiaries and associated companies.

Transactions between Glamox ASA and other group companies

	2011
Sales revenue	295 770
Services	48 932
Interest income	8 962
Cost of Goods	29 865

Note 17 Financial market risk

The Group's attitude and aims relating to financial market risk are important in the assessment of earnings and value.

This note discusses the interest and currency risk the group is exposed to and the methods used in managing the risks.

A) Interest risk and control

The Group aims to follow the general long-term development in the money market interest levels. The effects of short-term fluctuations in money market interest levels can be reduced by managing the loan portfolio's average interest and the timing of the interest payments.

Underlying loan agreements and financial instruments can be used to partly manage the interest risk.

Interest-bearing liabilities as at 31.12.11 was 223 MNOK. Of these, 34 MNOK are NOK liabilities. As of 31.12.11, the Group had 60 MNOK fixed interest loans where 31 MNOK are NOK fixed interest liabilities.

As of 31.12.2011, the Group has a net interest bearing deposits, after taking into account the interest bearing loans, of 151 MNOK. Based on the Group's loan portfolio and deposits structure, a 1% change in interest rate in all the currencies, the Group's interest expense will change by 2.1 MNOK.

b) Currency risk and control

Operational cash flow (transaction risk)

Glamox is exposed to transaction risk by purchasing and selling in different currencies. Purchase and production expenses are mainly in NOK and EUR, with sales mainly in NOK, EUR, SEK, DKK, GBP, SGD, CAD and USD.

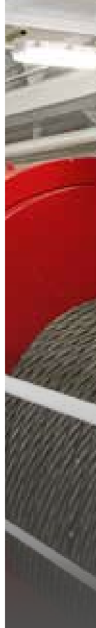
Glamox aims to minimize the risk of changes in the value of net cash flows arising from the short-term fluctuations in exchange rates.

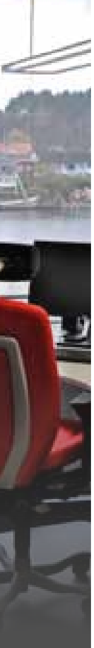
Transaction risk is controlled by means of internal invoicing rules, matching of income and expenses in the same currency and by using financial instruments (forward contracts).

As at 31.12.11, the Group had forward contracts for both sale and purchase of currencies. Currency sales amounted to 111 MNOK while the currency purchase amounted to 53 MNOK based on 31.12.11 exchange rates.

Equity in foreign subsidiaries

Glamox is exposed to book value changes in equity in foreign subsidiaries. Changes in the value of equity for foreign subsidiaries are partly offset by loans and overdrafts in the same currency.





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To the Annual Shareholders' meeting in Glamox ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Glamox ASA, which comprise the financial statements of the parent company Glamox ASA, showing a profit of NOK 58 541 000, and the consolidated financial statements of Glamox ASA and its subsidiaries, showing a profit of NOK 107 628 000. The parent company's and the consolidated financial statements comprise balance sheet as at 31 December 2011, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and generally accepted accounting standards and practices in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the parent company Glamox ASA and of Glamox ASA and its subsidiaries as at 31 December 2011, and of their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

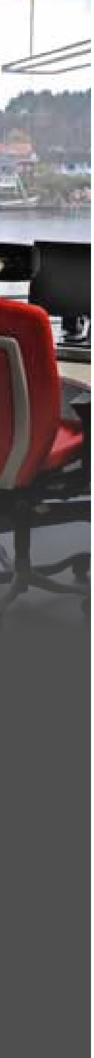
Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures, we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 5 March 2012
KPMG AS

Henning Aass
State authorised public accountant

[Translation has been made for information purposes only]



KEY FIGURES

			2011	2010	2009	2008	2007
	SALES/PROFIT						
1.	TOTAL INCOME	MNOK	1714.0	1 789.5	1 763.3	1 606.8	1 593.8
2.	OPERATING PROFIT/LOSS	MNOK	151.7	136.9	124.9	147.5	158.4
3.	PROFIT/LOSS BEFORE TAX AND EXTRAORDINARY ITEMS	MNOK	150.3	143.7	108.9	144.3	134.5
4.	PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS	MNOK	107.6	112.8	66.1	117.4	93.8
	PROFITABILITY						
5.	OPERATING MARGIN	%	8.9	7.7	7.1	9.2	9.9
6.	GROSS PROFIT MARGIN	%	8.8	8.0	6.2	9.0	8.4
7.	GROSS PROFIT MARGIN	%	6.3	6.3	3.7	7.3	5.9
8.	TOTAL PROFITABILITY	%	13.9	15.0	15.8	16.4	18.3
9.	RETURN ON EQUITY	%	21.6	24.7	16.1	32.8	32.0
	CAPITAL/LIQUIDITY						
10.	CURRENT RATIO		2.4	2.2	2.2	2.4	2.1
11.	CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES	MNOK	117.1	199.4	162.9	39.7	165.6
12.	CASH FLOW	MNOK	181.4	192.0	146.0	164.1	179.2
13.	EQUITY	MNOK	518.7	479.7	434.7	384.1	330.7
14.	EQUITY RATIO	%	43.7	41.1	39.3	35.9	35.0
15.	INVESTMENTS	MNOK	24.1	23.9	36.1	51.1	44.4
	SHARE-RELATED KEY FIGURES						
16.	EARNINGS PER SHARE	NOK	1.63	1.71	1.00	1.78	1.42
17.	DILUTED EARNINGS PER SHARE	NOK					1.42
18.	CASH FLOW PER SHARE	NOK	2.75	2.91	2.21	2.49	2.72
19.	DILUTED CASH FLOW PER SHARE	NOK					2.72
20.	BOOK EQUITY PER SHARE	NOK	7.86	7.27	6.59	5.82	5.01

5) **Operating margin:** Operating profit/loss as a percentage of total sales revenue and other operating revenue
6) **Gross profit margin:** Profit/loss before tax and extraordinary items as a percentage of total sales income and other operating revenue
7) **Net profit margin:** Profit/loss before extraordinary items as a percentage of total sales revenue and other operating revenue
8) **Total profitability:** Profit/loss before tax plus financial costs as a percentage of average total capital
9) **Return on equity:** Profit/loss after tax as a percentage of average equity
10) **Current ratio:** Current assets in relation to current liabilities
11) **Cash flow from operating and investing activities:** From cash flow statement. Net cash flow from operating activities plus net cash flow from investing activities
12) **Cash flow:** Profit/loss before tax and extraordinary items, minus tax payable, plus ordinary depreciation
13) **Equity:** Book equity including minority items and subordinated loans
14) **Equity ratio:** Book equity including minority items and subordinated loans as a percentage of total capital at 31.12.
15) **Investments:** Investments excluding leased assets
16) **Earnings per share:**
Profit/loss after tax per share are from 2008 calculated based on 65 988 668 shares
Profit/loss after tax per share for the year 2007 are calculated based on 65 988 668 shares, after converting the last part of shares from subordinated loan
17) **Diluted earnings per share:**
Profit before tax adjusted with interest on subordinated loans, calculated based on total shares (sum ordinary and convertible shares)
18) **Cash flow per share:**
Cash flow per share are from 2008 calculated based on 65 988 668 shares
Cash flow per share for the year 2007 is calculated based on 65 988 668 shares, sum after converting the last part of shares from subordinated loan
19) **Diluted cash flow per share:**
Cash flow adjusted with interest on subordinated loans calculated based on total shares (sum ordinary and convertible shares)
20) **Book equit per share:**
Book equity (not incl. subordinated loans) divided on number of ordinary shares

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Photo: Einar Engdal

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