GLAMOX ANNUAL REPORT 2012

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Glamox is a Norwegian industrial group that develops, manufactures and distributes professional lighting solutions for the global market. The Glamox Group is a leading supplier to the world's marine and offshore markets, and a significant supplier to the professional building market in Europe. The Group is organized with Glamox ASA as the parent company.

The Glamox Group is a global organization, with 1200 employees and sales and production in several European countries, as well as in Asia and North America. The annual turnover is NOK 1.8 billion. The Group owns a range of quality lighting brands including Glamox, aqua signal, Luxo, Høvik Lys and Norselight. Glamox is committed to meeting customer needs and expectations by providing quality products and solutions, service and support.

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

- Revenues growth of 6.6% and total revenues of NOK 1,828m despite difficult market conditions.
- The operating profit was NOK 166.7m (9.1%), compared to NOK 151.7m (8.9%) in 2011.
- Net income for the year amounted to NOK 118.2m (NOK 107.6m) which is the best in the Group's history.
- Allocation of NOK 12.1m (NOK 9.5m) for extraordinary bonus to all employees.
- Net interest-bearing deposits of NOK 215m, compared to NOK 142m the previous year.
- Several new product families introduced during the year, most of them with LED-technology.
- Proposed dividend of NOK 1.00 per share.
- Arendals Fossekompani ASA increased its shareholding in Glamox ASA from 49.9% to 71.4%.

KEY FIGURES

		2012	2011	2010	2009	2008
Total revenue	MNOK	1 827.9	1 714.0	1 789.5	1 763.3	1 606.8
Operating profit/loss	MNOK	166.7	151.7	136.9	124.9	147.5
Profit/loss before tax	MNOK	163.5	150.3	143.7	108.9	144.3
Profit/loss after tax	MNOK	118.2	107.6	112.8	66.1	117.4
Cash flow from operations	MNOK	141.7	117.1	199.4	162.9	39.7
Total profitability	%	15.0	13.9	15.0	15.8	16.4
Equity ratio	%	46.5	43.7	41.1	39.3	35.9
Earnings per share	NOK	1.79	1.63	1.71	1.00	1.78

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

Mission and values

Mission

Glamox shall be a solution oriented preferred supplier of lighting to defined market segments.

Values

Customers

We value the importance of understanding customer needs and expectations.

Cooperation

We team up with customers and colleagues to find the best solutions.

Commitment

We are dedicated to deliver as promised.

Quality

We understand the importance of quality in products and performance.

Ethics

We treat people with respect and dignity.

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

Glamox is a leading lighting brand for professional markets, onshore and offshore, established in 1947. The wide assortment of Glamox products is of superior technical quality, and available for a wide range of applications – including challenging environments.

aqua signal

aqua signal has been delivering top-of-the-line marine lighting solutions since before the age of electricity, providing lighting products designed and manufactured to meet all relevant standards for quality and performance at sea.

NORSElight

Norselight delivers added safety and security by providing quality search light systems that work reliably even under the most extreme conditions.

HØVIK LYS

Since 1876, decorative Høvik Lys lighting products, made with high quality materials and with exclusive finishing details, have graced elegant buildings and vessels with their pleasant light.

LUXO

For more than 75 years Luxo has designed mainly arm-based innovative, ergonomic lighting products. Luxo products improve lighting conditions, taking particular care of individual needs.

Group Organisation

President & CEO
Kjell Stamnes

Accounting, finance, HR & IT
Thomas Lindberg
CFO

Manufacturing / Purchase
Håkan Westin
Senior 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
- **Suzhou Glamox Trading 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

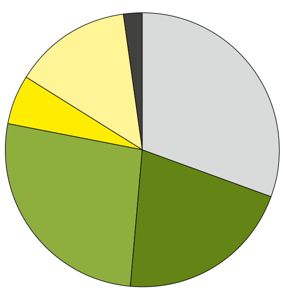
Sales Units

- **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

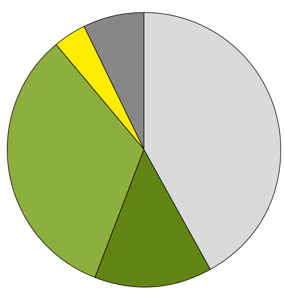
- **Glamox Production Molde** Norway
- **AS Glamox HE** Estonia
- **Luxo Production Kirkenær** Norway
- **Glamox Luxo Lighting AB** Sweden

Revenues by market: 1 828 MNOK



31% Norway
21% Nordic Region ex. Norway
27% Europe ex. Nordic Region
6% North-America
14% Asia
2% Others

Man-years (average) by market: 1 202



42% Norway
14% Nordic Region ex. Norway
33% Europe ex. Nordic Region
4% North-America
7% Asia

MAIN POINTS
from the Divisions

PROFESSIONAL BUILDING SOLUTIONS (PBS)

The Professional Buildings Solutions (PBS) division is organised as an independent business area 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 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 served by this division are Central and Northern Europe, as well as the United States for arm-based task lights and illuminated magnifiers. 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.

PBS has expanded its product range and geographic representation in recent years through acquisitions and product development. The overall product portfolio now incorporates a wide range within decorative general lighting and industrial lighting, special fittings adapted to all the segments we operate in, plus arm-based task lights and illuminated magnifiers. Because of the strong focus within the market on a change in technology to LED, we have focused more and increased our skills base within the use of LED technology, to the extent where we now have LED-based products within

Key figures		**2012**	**2011**	**2010**
Revenues	MNOK	1 188	1 147	1 132
Operating profit	MNOK	116.4	102.3	57.1 [1)]
Operating margin	%	9.8	8.9	5.1 [1)]

1) Includes one-off costs in the amount of MNOK 8.7 in 2010.

most segments and areas of use.

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

At year-end 2012, the number of man-labour years in PBS was 822 (2011: 782), of which 45% (2011: 45%) of the employees are employed in businesses outside Norway.

MARKET SEGMENTS

PBS delivers a wide range of comprehensive lighting solutions to various markets and market segments. The prioritised market segments are office and commercial buildings, industrial buildings, educational buildings 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.

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

MARKET DEVELOPMENT

The level of activity in the new construction, restoration and professional building modernisation sectors, drives developments in the individual markets. Once again, market development varied considerably in 2012 within the main markets we supply. In a number of countries, public construction activities in the educational and healthcare construction sectors compensated somewhat for the decline in new building activities in the private sector. The markets in Norway and Estonia enjoyed healthy growth in demand for light fittings through 2012. Conditions in Sweden, Finland, the UK, Ireland, Germany and Denmark were more difficult. In summary, activities on our main markets remained at the same level as in 2011. PBS has succeeded in increasing its market share in several countries. Interest in energy-saving solutions is growing. We also launched several new products in 2012, which have been well received in the market, many of which are based on LED technology.

MAIN POINTS FROM THE DIVISIONS

PROFIT DEVELOPMENT

The PBS division had operating profit of NOK 116.4m in 2012, compared to NOK 102.3m in 2011. The improvement in profit of 14% is mainly the result of growth in revenues and better gross margins. Overcapacity in the lighting business and the unstable markets have led to more pressure on prices, but this has been compensated by strong focus on costs throughout the entire production chain. Capacity within our sales apparatus and product development has increased in 2012.

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 continuous 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 in the value chain is an important part of these improvement efforts.

EXPECTATIONS FOR 2013

We still expect uncertain and varied market developments in most markets in 2013, but all in all, we expect a flat market development. 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 lighting industry in Europe continues to be highly fragmented and is characterised by a certain degree of overcapacity. This is exacerbated by the market conditions we currently experience being affected by economic uncertainty in Europe. We still expect to see restructuring in the short term. To ensure sustained positive profitability development, PBS will continue to work on efficiency improvements to maintain its competitive strength, bolster our sales forces and increase market share, focus on product development and sales management, as well as on strong cost control.

GLOBAL MARINE & OFFSHORE (GMO)

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

GMO is one of the world's leading suppliers of 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.

The division has production units in Norway, Germany, China and Canada, as well as an assembly factory in Korea. The PBS factories in Molde and Estonia also produce products for this division. GMO is represented on all continents through its own marketing 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 year-end 2012, the number of man-labour years in Global Marine & Offshore was 390 (2011: 360). 89% (2011: 89%) of the employees are employed in businesses outside Norway.

MARKET SEGMENTS
GMO operates within the commercial marine, cruise and ferries, oil and gas, recreational boats and navy segments. The division also supplies onshore projects in certain regions

Key figures		**2012**	**2011**	**2010**
Revenues	MNOK	637	564	640
Operating profit	MNOK	68.0	57.0	75.1 1)
Operating margin	%	10.7	10.1	11.7 1)

1) Includes one-off costs in the amount of MNOK 2.8 in 2010.

outside Europe, and signal lights for wind turbines and multi storey buildings. 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 recreational boat sector in Europe and the United States, particularly within navigation lighting.

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.

Contracts for new commercial marine vessels have been at a low level in recent years. There was also a considerable decrease in the number of contracts for new ships in 2012. 1,100 new orders were signed, compared to 1,250 in 2011 and 2,200 in 2010. The Asian yards received 80% of the orders, and 11% went to yards in Europe. Of all the shipbuilding countries in Europe, only the Norwegian yards experienced an increase. 43 offshore and special ships were ordered from Norwegian yards in 2012, worth NOK 17.4 billion. An increase of 30% compared to the year before. The growing number of ships being built in Asia also entails greater competition from Asian suppliers.

Within the cruise & ferry segment, several new contracts for cruise ships were signed in the course of 2012 at shipyards in Germany, Italy and France, for deliveries up until 2016. The recreational boat segment has been weak throughout 2012. The sale of new recreational boats has been very low in 2012, which corresponds to low economic growth in Europe and the USA. After-market sales have been relatively good in the USA and parts of Europe.

There has been a lot of activity within the oil & gas segment in most of the regions in which GMO competes in. There was a high level of activity in the maintenance and upgrading market in the North Sea in 2012. A lot of new contracts were also won in 2012 for rigs and floating drilling constructions for Asian yards. Contracts have been signed for a number of new drilling ships, FPSOs and jack-ups from yards in Korea, Singapore and China, for which the division has received orders. This will result in deliveries in 2013 and beyond.

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

PROFIT DEVELOPMENT

GMO achieved total revenues in 2012 of NOK 637m which represents an increase of 13% over 2011. An operating profit of NOK 68.0m compared with NOK 57.0m in 2011. The operating margin was 10.7%. The reason for the improved results was higher volume than in 2011. GMO invested in reinforcing its sales forces once more in 2012, especially in Korea and China. The division also established an organisation unit to coordinate and reinforce global activities within the oil and gas segment. Product development was strengthened in 2012, with the launch of several new products, including products with LED technology.

EXPECTATIONS FOR 2013

Higher levels of building activities and delivery of new rigs and offshore installations will mean more deliveries in the oil & gas segment in 2013. The market for commercial marine vessels is expected weaker in 2013 as a result of fewer deliveries and the general weak condition of traditional shipping.

Further investments will be made in 2013 in product development and marketing. We plan to reinforce our marketing efforts in several regions, particularly in Brazil, where increased demand for lighting systems is expected in line with the level of investment planned within the country's oil & gas industry. GMO is also reinforcing its competence levels and capacity to support investment in the oil & gas segment.

Photo: Harald Pettersen / Statoil

The Board's
ANNUAL STATEMENT

MAIN POINTS AND KEY FIGURES

- Revenues growth of 6.6% and total revenues of NOK 1,828m despite difficult market conditions.
- The operating profit was NOK 166.7m (9.1%), compared to NOK 151.7m (8.9%) in 2011.
- Net income for the year amounted to NOK 118.2m (NOK 107.6m) which is the best in the Group's history.
- Allocation of NOK 12.1m (NOK 9.5m) for extraordinary bonus to all employees.
- Net interest-bearing deposits of NOK 215m, compared to NOK 142m the previous year.
- Several new product families introduced during the year, most of them with LED-technology.
- Proposed dividend of NOK 1.00 per share.
- Arendals Fossekompani ASA increased its shareholding in Glamox ASA from 49.9% to 71.4%.

Glamox is a Norwegian industrial group that develops, produces and distributes professional lighting solutions for the global market. Glamox operates 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 2012, the Group had an order intake of NOK 1,906m compared to NOK 1,765m in 2011. Revenues were NOK 1,828m, compared to NOK 1,714m in 2011.

Operating profit was NOK 166.7m compared to NOK 151.7m in 2011. Operating margin was 9.1% compared to 8.9% in 2011. NOK 12.1m has been allocated for an extraordinary bonus for all employees within the Group in 2012, whilst NOK 9.5m was allocated in 2011. The increase in revenues of 6.6% and slightly improved gross markings contributed to an increase in the operating profit of 9.9%.

The profit before tax was NOK 163.5m, compared to NOK 150.3m the previous year. The Group had net financial costs of NOK 3.2m in 2012 compared to NOK 1.4m in 2011. Despite higher interest rate earnings in 2012, the Group's net finance costs increased as a result of higher currency exchange rate losses in 2012. Profit after tax was NOK 118.2m compared to NOK 107.6m the previous year. As of 31.12.2012, the Group had a tax deficit for carrying forward of NOK 40m, and an untaxed profit of NOK 140m.

The development of our main markets has, as we expected, been variable throughout 2012. Market development within our land-based division (Division Professional Building Solutions) is governed by activities within new building, rehabilitation and modernisation of commercial buildings. All in all, activities in these sectors have generally remained at the same level as in 2011, but with significant variations between the different countries. Within our marine and offshore business (Division Global Marine & Offshore) we experienced a continued downturn on the global markets for merchant ships, navy and recreational boats, whilst the market for cruise ships and ferries - and particularly oil and gas - developed well.

The Group achieved 8% growth in order intake, and the order reserve at the end of the year has increased further compared with last year.

The Group achieved growth of 6.6% in revenues compared to 2011. This growth resulted from stronger increases in revenues than the norm for the individual markets. The growth was specially high in Asia and Norway. The market for our oil and gas segment was particularly strong. The improvement in the Group's results is mainly derived from the increase in revenues.

In 2012, the Group also had a high level of activity in product development and several new product families were launched. The use of LED technology in new products increases along with the development of the technology. Sales of LED-based products showed a strong increase in 2012. LED-based products also comprised a higher percentage of total revenues in 2012. We are however experiencing strong margin pressure on products using this new technology.

The Group once again generated positive cash flow in 2012. Cash

flow from operations (operational and investment activities) comprised NOK 141.7m compared to NOK 117.1m in 2011, and is higher as a result of better results from operations and lower build-up of working capital compared to 2011.

Revenues in the parent company Glamox ASA was NOK 1,138m, compared to NOK 1,021m in 2011. Operating profit was NOK 79.1m compared to NOK 63.2m in 2011. Profit before tax was NOK 122.4m, compared to NOK 81.2m in 2011. The improvement in profit is due to higher revenues, better gross margins, increased contributions from subsidiaries and better earnings on currency exchange rates in line with the Group currency exchange policy. The extraordinary bonus for all group employees of NOK 12.1m was charged as an expense in its entirety to the parent company in 2012. The bonus set-aside in 2011 was NOK 9.5m.

The Board is satisfied that the Group has further improved its results and profit margins, and consequently has achieved the best results in the Group's history. In recognition of the improvement in results, the Board decided to give an extraordinary bonus to all group employees. The Board wishes to thank the entire workforce for their excellent efforts in 2012.

CAPITAL AND LIQUIDITY

The balance sheet as at 31.12.2012 comprised NOK 1,230m, compared to NOK 1,188m as at 31.12.2011.

At the turn of the year, the Group's equity capital was NOK 572m. The equity ratio was 46.5%. Glamox ASA had equity capital of NOK 396m and an equity ratio of 35%. At year-end, Glamox ASA has NOK 282m in distributable reserves, including other paid-in capital, after the dividend allocation of NOK 66m.

Operational cash flow was NOK 141.7m, compared to NOK 117.1m in 2011.

The liquidity reserve at year-end was NOK 616m, compared to NOK 573m the previous year.

The Group’s net interest-bearing deposits as at 31.12.2012 were NOK 215.4m, compared to NOK 141.6m in 2011.

In 2012, the company invested NOK 23.6m in fixed assets, compared to NOK 24.1m in 2011.

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 day-to-day business operations and aims to keep risk at an acceptable level in these areas. The underlying loan contracts are instrumental for managing 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

The Group has sales activities in many countries and segments around the globe. Individual market development varied throughout 2012. A number of measures were implemented aimed at adjusting capacities at several of our production facilities. The focus was also on reducing material costs in production, as well as increasing productivity. We insourced more products to our factory in China. These are products which have previously been produced by subcontractors in Europe. We also expanded capacity within product development and our sales forces in both business areas. These are important measures to stimulate further growth in the Group.

PROFESSIONAL BUILDING SOLUTIONS (PBS)
This business area achieved order intake in 2012 of NOK 1,193m (NOK 1,167m), an increase of 2.2% compared to 2011. In the same period, revenues were NOK 1,188m (NOK 1,147m), which is an increase of 3.6% on the year before.

The most important markets served by 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 2012. There was healthy growth in Norway and Estonia in demand for light fittings through the whole year. Conditions in Sweden, Finland, UK, Ireland, Germany and Denmark were more difficult. The lighting industry in Europe is highly fragmented, with production overcapacity. This results in heavy pressure on prices. The growth in order intake and revenues is due to our success in increasing market share in some markets, particularly in Norway.

This business area increased its operating profit from NOK 102.3m (8.9%) in 2011 to NOK 116.4m (9.8%) in 2012. The main reason for the better result is an increase in revenues and better contribution margin. Focus on strategic pricing in some markets combined with supply management activities helped increase the contribution margin. Meanwhile, the business area made a range of investments in the form of more sales resources in some markets, and increasing capacity within product development.

In 2012, we saw continued increasing interest in energy-saving lighting solutions and new technological solutions. Several new products were launched in this business area in 2012, which have been well received in the market. Several new concepts focusing on energy-effective lighting solutions, possibilities to customise lighting for users, and flexible lighting solutions for building owners were also launched.

GLOBAL MARINE & OFFSHORE (GMO)
This business area had an order intake of NOK 713m (NOK 598m), an increase of 19.3%. Revenues were NOK 637m (NOK 564m), an increase of 13.0%.

The increase in order intake and revenues is the result of high levels of activity within the oil & gas segment. There was an especially large increase in deliveries to offshore yards in Korea and Singapore. A lot of new contracts were also won in 2012 for rigs and floating drilling constructions for Asian yards. The division received orders for several of these new building projects which will mean deliveries in 2013 and 2014. We set up our own sales company in Korea in 2009. The increase in order intake is particularly high in Korea, and was achieved thanks to successful partnering between our local organisation in Korea and several of our European organisations.

The turn-down in contracts for shipyards on new merchant ships continued in

2012. 1,100 new orders were signed, compared to 1,250 in 2011 and 2,200 in 2010. The Asian yards received 80% of the orders, and 11% went to yards in Europe. Of all the shipbuilding countries in Europe, only the Norwegian yards experienced an increase in contracts. 43 offshore and special ships were ordered from Norwegian yards in 2012, worth NOK 17.4 billion. An increase of 30% compared to the year before.

The division increased its operating profit from NOK 57.0m in 2011 to NOK 68.0m in 2012. The main reason for the improvement was higher revenues.

The division invested more in product development in 2012, and reinforced its sales forces, especially in Korea and China. The division also established an organisation unit to coordinate and reinforce global activities within the oil and gas segment.

There was an increasing interest in energy-saving solutions and solutions able to operate under Arctic conditions in 2012. New LED-based EX products were introduced and well received by the market.

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 production units at Molde, Kirkenær, Germany, Sweden and Estonia are certified in accordance with EN ISO 14001. They meet the strictest requirements for environment management, and are obliged to document their environment management systems. The environmental aspects are an important part of our product development. Through energy-effective products and solutions, we aim to make the most of market opportunities, such as the EU 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 number of man-labour years was 1,240 as of 31.12.2012, compared to 1,168 in 2011. At year-end, the number of man-labour years in Glamox ASA was 526, compared with 497 in 2011.

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

Sick leave in Glamox ASA was 6.0% in 2012, compared to 6.9% in 2011. Even though this is the lowest level in over 10 years, a further reduction is necessary to maintain our competitive edge for the Norwegian units. Reduced absenteeism due to illness will remain on the agenda in 2013. Sick leave in the Group's other units is lower than in the Norwegian units.

There were two cases of injury that lead to absence from work in Glamox ASA in 2012, while there was only one reported in 2011. H-value was 2.3 in 2012, compared to 1.4 in 2011. H-value is defined as number of work-related injuries per million worked man-hours that have caused a worker to be absent from work the following workday. Focus on a safe working environment is a continuous process.

REPORT ON GENDER EQUALITY

At the turn of the year, the number of employees in Glamox ASA was 548 (528). The percentage of women was 34% (33%).

There were 40% (39%) women among operators. The percentage of female office workers was 24% (24%). The percentage of women in management positions with personnel responsibility was 17% (16%).

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-DISCRIMINATION AND ACCESSIBILITY ACT

At present, Glamox ASA has employees originating from many countries. The company employs 34 nationalities, an increase from the previous year. There are many different language and religious backgrounds among the 548 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.

SHAREHOLDER SITUATION

The main shareholder, Arendals Fossekompani ASA, bought the 9.01% shareholding owned by Skagen Vekst in Glamox ASA on 15 November 2012, at a price of NOK 15 per share. Arendals Fossekompani already owned 49.90% of the shares in the company. Shortly afterwards, Arendals Fossekompani sent a written offer to all shareholders of Glamox ASA, offering to buy their shares at the same price per share. The deadline for the offer expired on 17 December, and as at 31.12.2012 Arendals Fossekompani owned 71.40% of the shares in Glamox ASA.

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 95,846k be allocated as follows:

- Transferred to other equity capital: NOK 29,857k
- Dividend (NOK 1.00 per share): NOK 65,989k

OUTLOOK

Developments in our main markets are influenced by uncertainty, and we expect continued variation between individual markets. Overall, we do not expect growth on the markets we operate in.

The PBS business area will continue to be affected by the poor economic situation in Europe in particular, and growth will therefore be highly uncertain. Overall, we expect that the markets will generally remain at the same level as in 2012.

We expect a continued good market for the GMO business area for deliveries to offshore yards, especially in Asia, as a result of the high levels of new build activities, and continued good activity in maintenance and upgrading in the North Sea. However, a continued downturn in deliveries to merchant ships is expected, as a result of fewer deliveries of new ships.
We will further strengthen the sales forces of both business areas, and increase investments in product development despite the unstable markets.

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 a reorganisations in the industry. To further develop our position in the lighting market, Glamox will supplement organic growth with acquisitions in the next few years.

For the year as a whole, the company expects a somewhat lower result than in 2012. Glamox has extensive production in Norway. The strong Norwegian krone combined with continued higher wage increases in Norway compared to other countries is of extreme concern for our competitiveness.

Oslo, 4 March 2013

Bjørn Arnestad
Chairman of the Board

Torfinn Kildal

Kristine Landmark

Heidi Marie Petersen

Sverre Valvik

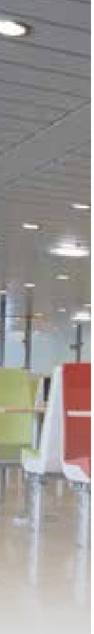
Henny Eidem

Nils Erik Iversen

Sigmund Johansen

Kjell Stamnes
Chief Executive Officer

Samsung Heavy Industries



PROFIT AND LOSS ACCOUNT

PARENT 01.01 - 31.12				GROUP 01.01 - 31.12	
2012	**2011**	**NOK THOUSANDS**	**Note**	**2012**	**2011**
1 054 096	943 462	Sales revenue	2	1 802 350	1 682 487
84 043	77 072	Other operating revenue	2	25 506	31 516
1 138 139	**1 020 534**	**TOTAL REVENUE**		**1 827 855**	**1 714 003**
600 449	543 392	Raw materials and consumables used	4	840 637	793 023
319 811	292 110	Payroll and related costs	5	579 605	540 435
28 005	29 860	Depreciation of fixed assets	7	47 929	51 351
110 742	91 996	Other operating expenses	5	192 936	177 456
79 132	**63 177**	**OPERATING PROFIT/LOSS**		**166 749**	**151 738**
17 390	1 564	Dividend and group contribution from subsidiaries			
6 918	8 962	Interest income from other group companies			
28 030	12 964	Other financial income	6	14 109	12 216
-9 118	-5 451	Other financial expenses	6	-17 352	-13 655
122 352	**81 216**	**PROFIT/LOSS BEFORE TAX**		**163 506**	**150 299**
-26 507	-22 675	Tax	11	-45 322	-42 671
95 846	**58 541**	**PROFIT/LOSS AFTER TAX**		**118 185**	**107 628**
95 846	**58 541**	**PROFIT/LOSS FOR THE YEAR**		**118 185**	**107 628**
		ALLOCATION OF PROFIT/LOSS FOR THE YEAR			
65 989	65 989	Proposed dividends	12	65 989	65 989
29 857	-7 448	Other equity	12	52 011	42 066
		Minority share	12	185	-427
95 846	**58 541**	**TOTAL ALLOCATION**		**118 185**	**107 628**

CASH FLOW STATEMENT

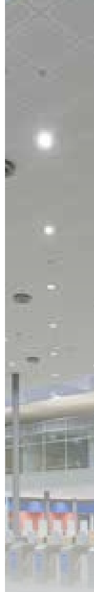
PARENT				GROUP	
01.01 - 31.12			Note	01.01 - 31.12	
2012	**2011**	**NOK THOUSANDS**		**2012**	**2011**
		CASH FLOW FROM OPERATING ACTIVITIES			
122 352	81 216	Profit before tax		163 506	150 299
-18 524	-13 281	Taxes paid		-25 938	-20 259
		Profit/loss on sale and fixed assets		109	296
28 005	29 860	Depreciation	7	47 929	51 351
-255	-5 410	Changes in inventory		1 479	-14 588
-33 858	-12 440	Changes in accounts receivables		-25 151	-2 202
3 144	-1 576	Changes in account payables		1 615	-3 504
-3 130	-1 131	Changes in pension scheme assets/liabilities		-3 081	-505
2 503	-800	Changes defined benefit plan recognised directly in equity		2 503	-800
	-674	Effect of change in exchange rate		3 025	1 347
48 321	-13 013	Changes in other balance sheet items		9	-21 277
148 558	**62 751**	**NET CASH FLOW FROM OPERATING ACTIVITIES**		**166 005**	**140 157**
		CASH FLOW FROM INVESTING ACTIVITIES			
		Proceeds from sale of tangible fixed assets		287	647
-8 417	-12 026	Purchase of tangible fixed assets and intangible assets		-23 593	-24 090
-2 463	-4 049	Purchase of investments in shares and joint ventures			
20 130	17 833	Payment of loan to group-companies			
		Payment regarding long term receivables		-1 031	
		Purchase of other investments			435
9 250	**1 758**	**NET CASH FLOW FROM INVESTING ACTIVITIES**		**-24 337**	**-23 008**
		CASH FLOW FROM FINANCING ACTIVITIES			
-26 109	-18 596	Repayment of long-term loans		-29 623	-23 019
-65 989	-65 989	Payment of dividends to share holders		-65 989	-65 989
-92 098	**-84 585**	**NET CASH FLOW FROM FINANCING ACTIVITIES**		**-95 612**	**-89 008**
65 710	**-20 076**	**NET CHANGE IN CASH AND CASH EQUIVALENTS**		**46 056**	**28 141**
346 328	**160 132**	**CASH AND CASH EQUIVALENTS 01.01 ***	**1/14/15**	**374 368**	**346 227**
412 038	**140 056**	**CASH AND CASH EQUIVALENTS 31.12 ***	**1/15**	**420 424**	**374 368**

* Some subsidiaries participate in the Group's common cash pool arrangement. In the parent company this is presented as Cash and cash equivalents and liabilities to subsidiaries. This regrouping was not implemented in the financial statment 2011 for the parent company and the comparative figures in the cash flow statment to the parent company are not adjusted. This causes a deviation between Cash and cash equivalents as of 31.12.2011 and as of 01.01.2012 in the cash flow statment of the parent company.

ASSETS

PARENT				GROUP	
31.12	31.12		Note	31.12	31.12
2012	2011	NOK THOUSANDS		2012	2011
		FIXED ASSETS			
		INTANGIBLE FIXED ASSETS			
154	1 150	Research and development	7	589	2 019
318	992	Rights, IT system etc.	7	7 732	10 973
9 511	8 630	Deferred tax assets	11	12 822	12 038
		Goodwill	7	13 092	15 200
9 983	**10 772**	**TOTAL INTANGIBLE FIXED ASSETS**		**34 236**	**40 231**
		TANGIBLE FIXED ASSETS			
79 913	86 287	Land, buildings and other property	7/13	135 923	146 271
42 929	52 889	Machinery and plant	7/13	74 954	83 723
15 282	16 866	Fixtures and fittings, tools, office equipment etc.	7/13	32 515	35 545
138 123	**156 042**	**TOTAL TANGIBLE FIXED ASSETS**		**243 392**	**265 514**
		FINANCIAL FIXED ASSETS			
101 979	96 257	Investments in subsidiaries	8/13		
170 250	194 907	Loans to group companies	9/14		
115	115	Investments in shares		131	131
		Other long term receivables	9	1 471	440
272 344	**291 279**	**TOTAL FINANCIAL FIXED ASSETS**		**1 602**	**571**
420 450	**458 093**	**TOTAL FIXED ASSETS**		**279 229**	**306 316**
		CURRENT ASSETS			
115 163	114 908	Inventory	4	258 321	259 801
		DEBTORS			
176 746	142 888	Account receivables	14	246 452	221 301
12 965	15 772	Other receivables		25 564	26 461
189 711	**158 660**	**TOTAL RECEIVABLES**		**272 016**	**247 762**
412 038	346 328	Cash and cash equivalents	14/15	420 424	374 368
716 912	**619 895**	**TOTAL CURRENT ASSETS**		**950 761**	**881 931**
1 137 362	**1 077 988**	**TOTAL ASSETS**		**1 229 990**	**1 188 247**

EQUITY AND LIABILITIES



PARENT				GROUP	
31.12	31.12		Note	31.12	31.12
2012	2011	NOK THOUSANDS		2012	2011
		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			
194 751	163 092	Other equity	12		
		Group reserve	12	369 958	318 020
194 751	**163 092**	**TOTAL RETAINED EARNINGS**		**369 958**	**318 020**
		Minority interests	12	174	-741
396 194	**364 534**	**TOTAL EQUITY**		**571 574**	**518 721**
		LIABILITIES			
		PROVISIONS			
		Deferred tax	11	38 558	35 885
24 453	27 583	Pension liabilities	5	25 950	29 031
3 368	2 535	Other provisions		11 112	10 729
27 821	**30 118**	**TOTAL PROVISIONS**		**75 621**	**75 644**
		OTHER LONG-TERM LIABILITIES			
159 527	185 650	Liabilities to financial institutions	10/13	188 118	219 413
100	86	Other long-term loans	10/13	5 671	4 000
159 627	**185 736**	**TOTAL OTHER LONG-TERM LIABILITIES**		**193 790**	**223 413**
		CURRENT LIABILITIES			
115 728	112 584	Account payable	14	127 689	126 075
29 158	20 860	Tax payable	11	53 060	34 865
12 328	13 378	Public duties payable		26 250	28 855
65 989	65 989	Dividends	12	65 989	65 989
330 516	284 790	Other current liabilities	14	116 018	114 684
553 720	**497 600**	**TOTAL CURRENT LIABILITIES**		**389 005**	**370 468**
741 168	**713 454**	**TOTAL LIABILITIES**		**658 416**	**669 525**
1 137 362	**1 077 988**	**TOTAL EQUITY AND LIABILITIES**		**1 229 990**	**1 188 247**

Oslo, 4 March 2013

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 2012.

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.

Unusual, sporadically and significant items
Items that are unusual, occur sporadically and are significant are specified in a separate note.

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 the joint scheme 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. The Group does not have any pension reserves as of 31.12.2012.

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.

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 31.12.2012 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	
		2012	**2011**	**2012**	**2011**
Professional Building Solutions (PBS)	MNOK	1 188.2	1 146.8	116.4	102.3
Global Marine & Offshore (GMO)	MNOK	636.9	563.7	68.0	57.0
Group staff/Other items	MNOK	2.8	3.5	-17.7	-7.6
Total Glamox Group	**MNOK**	**1 827.9**	**1 714.0**	**166.7**	**151.7**

Sales revenue and other operating revenue divided into geographical areas

		PARENT		GROUP	
		2012	**2011**	**2012**	**2011**
Norway	MNOK	559.2	515.7	559.8	518.1
Nordic region, excl. Norway	MNOK	173.4	196.0	384.6	403.2
Europe, excl. Nordic region	MNOK	219.5	205.9	489.5	484.3
North America	MNOK	20.9	15.8	109.5	103.6
Asia	MNOK	155.2	70.6	256.6	167.4
Other	MNOK	10.0	16.5	27.9	37.5
Total	**MNOK**	**1 138.1**	**1 020.5**	**1 827.9**	**1 714.0**

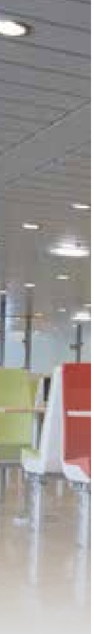
Note 3 Gain on sales of assets, other operating expenses, restructuring expenses and other special expenses

Effects on Parent

The accounts of 2012 contains no significant non recurring-items. The same applies for 2011.

Effects on Group

The accounts of 2012 contains no significant non recurring-items. The same applies for 2011.



Note 4 Inventory

		PARENT	
Inventory	**31.12.2012**	**31.12.2011**	**Change**
Raw materials	44 235	42 134	2 101
Work in progress	17 138	15 837	1 301
Manufactured goods	53 791	56 937	-3 147
Total inventory	**115 163**	**114 908**	**255**

		GROUP	
Inventory	**31.12.2012**	**31.12.2011**	**Change**
Raw materials	102 019	105 295	-3 276
Work in progress	30 218	28 449	1 769
Manufactured goods	126 084	126 057	28
Total inventory	**258 321**	**259 801**	**-1 479**

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

	PARENT		GROUP	
	01.01 - 31.12		01.01 - 31.12	
Payroll and related costs	**2012**	**2011**	**2012**	**2011**
Salaries	248 490	229 846	449 348	420 479
National insurance	37 073	34 021	75 736	71 518
Pension costs	10 290	9 812	18 469	18 570
Other remuneration	11 858	8 931	23 952	20 368
Bonus to all employees*	12 100	9 500	12 100	9 500
Payroll and related costs	**319 811**	**292 110**	**579 605**	**540 435**
Average number of man-years	508	491	1 202	1 178

* During Glamox ASA's board meeting held on 17.12.2012, 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 12.1 million NOK on these bonuses.

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

Guidelines for 2013

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 7, 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 Salary costs/ Number of man-years/ Remuneration / Loans to employees/ Pensions etc. (cont.)

Managerial salary policies completed in 2012
Salaries for leading employees in 2012 have been in accordance with the declarartion presented to the General Assembly in 2012.

The declaration for 2013, cf. requirements in the Joint Stock Public Companies Act § 6-16a, will be attached to the summons to the General Assembly for 2013.

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 addition, the Board accorded an extraordinary bonus of one month salary as a result of extraordinary good achivement and profit growth of the Group for 2011 in challenging markets. Both bonuses relates to 2011 and has given a total payment of NOK 867,816 in 2012. The amount is included in the listed item for performance related bonuses in the summary below.

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 2012	**Salary**	**Performance-related bonus**	**Change Pension***	**Other remuneration**
Kjell Stamnes - CEO	2 765	868	1 482	156
Jan Berner - Senior Vice President GMO	2 078	130	41	176
Thomas Lindberg - Chief Financial Officer	2 056	286	41	157
Håkan Westin - Senior Vice President Manufacturing	1 762	119	41	125
Knut Rusten - Senior Vice President Marketing and R&D	1 706	343	41	40

* Change pension = change in earned pension rights

Remuneration to Board members in 2012	**Directors' fees**	**Salaries**	**Other remuneration**
Bjørn Arnestad	264		
Heidi Marie Petersen	132		
Sverre Valvik (paid to Arendals Fossekompani ASA)	132		
Kristine Landmark	132		
Torfinn Kildal	132		
Trond Skalstad Pedersen	11	374	2
Sigmund Johansen	55	348	1
Henny Eidem	66	550	9
Nils Erik Iversen	66	344	2
Total	**990**		

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

	PARENT		GROUP	
Auditor	**2012**	**2011**	**2012**	**2011**
Fee for statutory audit	921	866	2 418	2 114
Other attestation services		30	178	415
Tax advisory service	307	474	691	1 041
Other services, beyond audit	37	28	130	73
Total	**1 265**	**1 398**	**3 417**	**3 643**

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.

The Group's Norwegian companies have contribution pension schemes that include all employees over the age of 20 years old and who hold more than a 20% position. Further, the Group's Norwegian companies operate an early retirement scheme for their employees (AFP).

	PARENT		GROUP	
	01.01 - 31.12		01.01 - 31.12	
Pension expenses	**2012**	**2011**	**2012**	**2011**
Current value of this years pension accrual	1 155	1 436	1 155	2 308
Interest cost of pension commitments	958	1 057	958	1 057
Defined contribution pension scheme	8 177	7 319	16 355	15 205
Net pension expenses/(income)	**10 290**	**9 812**	**18 468**	**18 570**

	PARENT		GROUP	
Reconciliation of pension scheme's financed against sum in balance sheet:	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
Calculated pension commitments	-24 453	-27 583	-25 950	-29 031
Net pension liabilities	**-24 453**	**-27 583**	**-25 950**	**-29 031**

Financial conditions:	**2012**	**2011**
Discount rate	3.90 %	3.00 %
Anticipated salary settlement	3.25 %	3.75 %
Anticipated pension increase	3.25 %	3.00 %
Anticipated change in national insurance base rate	3.25 %	3.75 %

Standard conditions used in the insurance industry form the basis of the actuarial preconditions for demographic factors and retirement. The discount rate as of 31.12.2012 is based on the rate of norwegian corporate bonds (Obligasjoner med fortrinnsrett - OMF). Earlier the Group has used the rate of government bonds as discount rate.

Note 6 Specification of financial items

	PARENT		GROUP	
	01.01 - 31.12		01.01 - 31.12	
	2012	**2011**	**2012**	**2011**
Other financial income	28 030	12 964	14 109	12 216
Other financial expenses	-9 118	-5 451	-17 352	-13 655
Total other financial items	**18 912**	**7 513**	**-3 243**	**-1 439**
Of which:				
Currency effect	14 591	1 529	-6 221	-482

The Group's policy regarding conversion of foreign subsidiariesis that 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 and Buildings	**Machinery**	**Fixtures and Fittings**	**Total**
Acquisition costs 31.12.2011	126 326	189 110	34 515	349 951
Additions		6 496	1 921	8 417
Reclassification		-1 143	1 143	
Disposals				
Acquisition costs 31.12.2012	**126 326**	**194 463**	**37 579**	**358 368**
Accumulated depreciation 31.12.2011	40 039	136 221	17 649	193 909
This years depreciation	6 374	15 313	4 648	26 335
Reclassification				
Accumulated depreciation 31.12.2012	**46 413**	**151 534**	**22 297**	**220 244**
Balance sheet value at 31.12.2012	**79 913**	**42 929**	**15 282**	**138 124**
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 in 2012 amounted to 4.0 MNOK.

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

	Rights, IT systems	Product Development	Total
Acquisition costs 31.12.2011	109 495	4 532	114 027
Additions			
Acquisition costs 31.12.2012	**109 495**	**4 532**	**114 027**
Accumulated depreciation 31.12.2011	108 503	3 382	111 885
This years depreciation	674	996	1 670
Accumulated depreciation 31.12.2012	**109 177**	**4 378**	**113 555**
Balance sheet value at 31.12.2012	**318**	**154**	**472**
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 and Buildings	Machinery	Fixtures and Fittings	Total
Acquisition cost 31.12.2011	240 900	277 313	120 658	638 871
Currency translation effects with rates at 31.12.2012	-5 821	-5 872	-1 096	-12 789
Acquisition cost 01.01.2012	**235 079**	**271 441**	**119 562**	**626 082**
Additions	493	14 951	7 886	23 330
Disposals	-336	-1 761	-4 549	-6 646
Reclassification		1 645	-1 007	638
Acquisition cost 31.12.2012	**235 236**	**286 276**	**121 892**	**643 404**
Acc. depreciation and write downs at 31.12.2011	94 629	193 590	85 112	373 331
Currency effect on balance with rates at 31.12.2012	-3 402	-4 456	-263	-8 121
Acc. depreciation and write downs at 01.01.2012	**91 227**	**189 134**	**84 849**	**365 210**
This years depreciation	8 331	22 094	10 222	40 647
Reversed acc. depreciation and write down due to disposal	-245	-1 671	-4 340	-6 256
This years write downs				
Reclassification		1 765	-1 354	411
Acc. depreciation and write downs at 31.12.2012	**99 313**	**211 322**	**89 377**	**400 012**
Balance sheet value at 31.12.2012	**135 923**	**74 954**	**32 515**	**243 392**
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 in 2012 amounted to 4.0 MNOK.

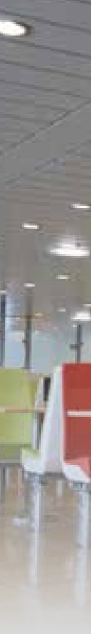
Note 7 Tangible fixed assets and intangible fixed assets - GROUP (cont.)

	Rights, IT systems	Product Development	Goodwill	Total
Acquisition cost 31.12.2011	133 774	6 986	76 719	217 479
Currency translation effects with rates at 31.12.2012	-468	-37		-505
Acquisition cost 01.01.2012	**133 306**	**6 949**	**76 719**	**216 974**
Additions	263			263
Disposals	-892			-892
Reclassification	-638			-638
Acquisition cost 31.12.2012	**132 039**	**6 949**	**76 719**	**215 707**
Acc. depreciation and write downs at 31.12.2011	122 801	4 967	61 519	189 287
Currency effect on balance with rates at 31.12.2012	-458	-22		-480
Acc. depreciation and write downs at 01.01.2012	**122 343**	**4 945**	**61 519**	**188 807**
This years depreciation	3 261	1 415	2 108	6 784
Reversed acc. depreciation and write down due to disposal	-886			-886
Reclassification	-411			-411
Acc. depreciation and write downs at 31.12.2012	**124 307**	**6 360**	**63 627**	**194 294**
Balance sheet value at 31.12.2012	**7 732**	**589**	**13 092**	**21 413**
Financial life	Up to 7 yrs.	Up to 7 yrs.	10 år	
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 2012 are translated at the currency exchange rates on 31.12.2012. 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	47 431
Sum this years depreciation ref. Profit & Loss	47 929
Currency deviation = Deviation average-rate and closing-rate	**-498**



Note 8 Subsidiaries, and jointly controlled companies for the parent

Name of company		Share capital	Shareholding in Glamox ASA	Book value in 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 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	5 844 874	0,0%	0	100,0%	
Glamox Aqua Signal Corporation, USA	USD	100 000	100,0%	443	100,0%	1)
Glamox Canada Inc., Canada	CAD	2 207 510	100,0%	0	100,0%	
Glamox Far East Pte Ltd., Singapore	SGD	6 100 000	98,7%	23 666	98,7%	2)
Glamox (Suzhou) Lighting Co. Ltd, China	CNY	20 387 517	100,0%	4 050	100,0%	
Suzhou Glamox Trading Co. Ltd, China	CNY	500 000	0,0%	0	100,0%	5)
Glamox Korea Co. Ltd., South Korea	KRW	775 020 000	95,0%	3 543	95,0%	3)
Luxo AS, Norway	NOK	1 759 250	100,0%	13 228	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%	4)
Birger Hatlebakks veg 15 AS, Norway	NOK	100 000	100,0%	1 373	100,0%	
Total book value of shares in subsidiaries				**101 979**		

1) In 2012, the parent acquired 100% of the shares in Glamox Aqua Signal Corporation from its subsidiary aqua signal GmbH.

2) 2) Minority interests in Glamox Far East Pte Ltd is 1.27%.

3) 3) In 2012, the parent acquired further 15% of the shares in Glamox Korea. Minority interests in Glamox Korea Co. Ltd is now 5%.

4) The company is in liquidation process and will formally be dissolved in 2013.

5) The subsidiary of Glamox ASA, Glamox (Suzhou) Lighting Co. Ltd has established a subsidiary, Suzhou Glamox Trading Co. Ltd, 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

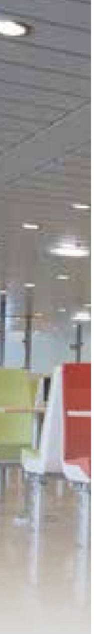
	PARENT		GROUP	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
Receivables, Group Companies	136 066	171 595		
Other long term receivables			1 471	440
Total	**136 066**	**171 595**	**1 471**	**440**

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

	PARENT		GROUP	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Liabilities to financial institutions	65 026	91 149	66 336	92 764

Note 11 Tax

	PARENT		GROUP	
	01.01 - 31.12		01.01 - 31.12	
	2012	2011	2012	2011
Tax payable calculated as follows				
Ordinary profit before tax	122 352	81 216		
Permanent differences	-18 587	344		
Change in temporary differences	3 145	-787		
Change defined benefit plan recognised directly against equity	2 503	-801		
Basis for tax payable	**109 413**	**79 972**		
Tax payable on profit for the year	**30 636**	**22 392**	**46 680**	**33 843**
Tax for the year is calculated as follows				
Tax payable on profit for the year	30 636	22 392	46 680	33 843
Correction for tax payable for previous years	-2 547		-2 547	
Change deferred tax/deferred tax assets in balance sheet	-881	59	1 890	8 604
Change in deferred tax booked directly against equity	-701	224	-701	224
Total tax for the year	**26 507**	**22 675**	**45 322**	**42 671**
Total tax for the year on group level				
Norwegian companies			25 240	21 245
Foreign companies			20 082	21 426
Total tax for the year			**45 322**	**42 671**
Current tax liabilities consist of				
Tax payable for the year as above	30 636	22 392	46 680	33 843
- of which paid in fiscal year			-4 819	-2 458
- of which not paid for last year			11 410	3 578
- tax on group contribution from subsidiaries	-1 267	-1 434		
- payment of withholding tax	-211	-98	-211	-98
	29 158	**20 860**	**53 060**	**34 865**



Note 11 Tax (cont.)

	PARENT		GROUP	
Specification of basis for deferred tax:	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
Offsetting differences:				
Fixed assets	-3 900	3 233	20 805	33 815
Other current assets	1 002	181	1 709	23
Liabilities	-6 616	-6 653	2 889	-4 148
Net pension reserves/commitments (-)	-24 453	-27 583	-24 453	-27 583
Gross basis for deferred tax	**-33 967**	**-30 822**	**950**	**2 107**
Losses carried forward (including tax credit)			-40 102	-48 949
Untaxed profit			140 360	121 404
Basis for deferred tax liabilities (assets)	**-33 967**	**-30 822**	**101 208**	**74 562**
Calculated deferred tax assets	**9 511**	**8 630**	**21 477**	**23 087**
- not posted as deferred tax assets in balance sheet			-8 655	-11 049
Net deferred tax assets posted in balance	**9 511**	**8 630**	**12 822**	**12 038**
Calculated deferred tax and posted in balance			**-38 558**	**-35 885**

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, 12.8 MNOK have been booked as deferred tax assets in the balance sheet.

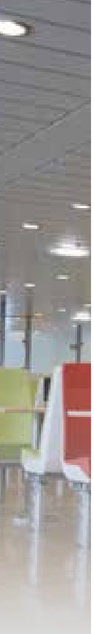
The parent company has write-down on receivables from its subsidiaries. These write-downs are done without any tax reduction effect, but are also not included in the above basis of deferred tax since there is uncertainty if or when the differences will be reversed.
Due to changes in the tax legislation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

Note 12 Equity and shareholders

PARENT	Share capital	Other reserves	Other equity	Total
Equity 31.12.2011	**65 989**	**135 454**	**163 092**	**364 534**
Change in equity for the year				
Profit for the year			95 846	95 846
Proposed dividends			-65 989	-65 989
Pension actuarial gain/loss recognized in equity			2 503	2 503
Tax on pension actuarial gain/loss recognized in equity			-701	-701
Equity 31.12.2012	**65 989**	**135 454**	**194 751**	**396 194**

GROUP	Share capital	Other reserves	Reserves in Group	Minority interests	Total
Equity 31.12.2011	**65 989**	**135 454**	**318 019**	**-741**	**518 721**
Change in equity for the year					
Profit for the year			118 000	185	118 185
Proposed dividends			-65 989		-65 989
Transfer of minority in subsidiary to majority			-730	730	
Pension actuarial gain/loss recognized in equity			2 503		2 503
Tax on pension actuarial gain/loss recognized in equity			-701		-701
Conversion differences			-1 145		-1 145
Equity 31.12.2012	**65 989**	**135 454**	**369 957**	**174**	**571 574**

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 31.12.2012 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 31.12.2012 were	Total shares	Shareholding/ Voting
Arendals Fossekompani ASA	47 114 347	71.40 %
Fondsavanse AS	15 160 083	22.97 %
Kjell Stamnes	1 391 750	2.11 %
Erik Must	639 388	0.97 %
SBL Vintage 1999 Ltd P565	573 518	0.87 %
Arendals Fossekompani Pensjonskasse	207 418	0.31 %
Fondsfinans ASA Pensjonskasse	168 337	0.26 %
Lege Fr Arentz Legat	118 474	0.18 %
Rebecka Must	100 000	0.15 %
Iben Must	100 000	0.15 %
Total 10 largest shareholders	**65 573 315**	**99.37 %**
Others (222 shareholders)	415 353	0.63 %
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	26 666
Henny Eidem	Board member	14

Note 13 Assets pledged as security and guarantee liabilities

	PARENT		GROUP	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Secured balance sheet liabilities				
Liabilities to financial institutions	159 527	185 650	188 118	219 413
Balance sheet value of assets pledged as security for secured liabilities				
Land, buildings etc.	79 913	86 288	119 520	129 075
Machinery and plant			6 292	8 136
Fixture and fittings			14 481	15 261
Rights, IT system			823	1 499
Shares	6 344	6 344		
Inventory	115 163	114 908	162 890	177 623
Accounts receivable	176 746	142 888	158 417	133 976
Total	**378 166**	**350 428**	**462 423**	**465 570**

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 56.3 MNOK are pledged as security. Book value of the assets in these subsidiaries are also included in the table above.

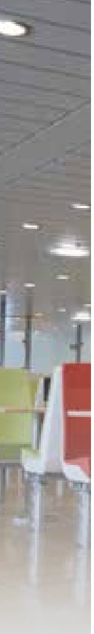
	PARENT		GROUP	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Guarantee liabilities				
Guarantee liabilities towards third party		24		24

Note 14 Outsanding accounts against Group companies and associated companies

	PARENT		GROUP	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Account receivables	74 572	61 329		
Loans to Group companies	170 250	194 906		
Total receivables on Group companies	**244 822**	**256 235**		
Account payables to Group companies	30 159	28 404		
Other short term liabilities to Group companies	249 608	211 392		
Total payables to Group companies	**279 767**	**239 796**		

Some subsidiaries participate in the Group's common cash pool arrangement. In the parent company this is presented as cash deposit and liabilities to subsidiaries. This regrouping was not implemented in the financial statements of 2011, but the comparative figures for 2011 is adjusted in the financial statments of 2012.

Of other short term liabilities to Group companies amounting to 249.6 mnok (211.4 mnok in 2011) 245.1 mnok (206.3 mnok in 2011) is the subsidiaries share of the parent's cash deposit.



Note 15 Cash etc.

	PARENT		GROUP	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
Liquidity reserve	575 847	305 706	615 875	573 339

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 11.2 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.

Transactions between Glamox ASA and other group companies

	2012	**2011**
Sales revenue	300 081	295 770
Services	61 488	48 932
Interest income	6 918	8 962
Cost of Goods	152 031	29 865

No transactions or agreements of significance were entered into with related parties in 2012 or in the financial years for which comparison figures are given, other than standard business transactions with subsidiaries and associated companies.

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

TThe 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 31.12.12 was 194 MNOK. Of these, 28 MNOK are NOK liabilities. As of 31.12.12, the Group had 53 MNOK fixed interest loans where 28 MNOK are NOK fixed interest liabilities.

As of 31.12.2012, the Group has a net interest bearing deposits, after taking into account the interest bearing loans, of 227 MNOK. Based on the Group's loan portfolio and deposits structure as of 31.12.2012, a 1% change in interest rate in all the currencies, the Group's interest expense will change by 2.8 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 31.12.12, the Group had forward contracts for both sale and purchase of currencies. Currency sales amounted to 112 MNOK while the currency purchase amounted to 35 MNOK based on 31.12.12 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 95 846 000, and the consolidated financial statements of Glamox ASA and its subsidiaries, showing a profit of NOK 118 185 000. The parent company's and the consolidated financial statements comprise balance sheet as at 31 December 2012, 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 accounting standards and practices generally accepted 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 2012, 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.

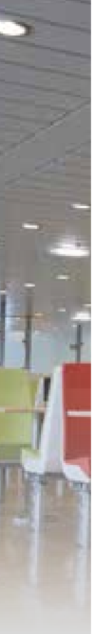
Opinion on Accounting Registration and Documentation

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, 6 March 2013
KPMG AS

Henning Aass
State authorised public accountant

[Translation has been made for information purposes only]



KEY FIGURES

			2012	2011	2010	2009	2008
	SALES / PROFIT						
1.	TOTAL INCOME	MNOK	1 827.9	1 714.0	1 789.5	1 763.3	1 606.8
2.	OPERATING PROFIT/LOSS	MNOK	166.7	151.7	136.9	124.9	147.5
3.	PROFIT/LOSS BEFORE TAX AND EXTRAORDINARY ITEMS	MNOK	163.5	150.3	143.7	108.9	144.3
4.	PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS	MNOK	118.2	107.6	112.8	66.1	117.4
	PROFITABILITY						
5.	OPERATING MARGIN	%	9.1	8.9	7.7	7.1	9.2
6.	GROSS PROFIT MARGIN	%	8.9	8.8	8.0	6.2	9.0
7.	NET PROFIT MARGIN	%	6.5	6.3	6.3	3.7	7.3
8.	TOTAL PROFITABILITY	%	15.0	13.9	15.0	15.8	16.4
9.	RETURN ON EQUITY	%	21.7	21.6	24.7	16.1	32.8
	CAPITAL / LIQUIDITY						
10.	CURRENT RATIO		2.4	2.4	2.2	2.2	2.4
11.	CASH FLOW	MNOK	185.5	181.4	192.0	146.0	164.1
12.	CASH FLOW FROM ACTIVITIES	MNOK	141.7	117.1	199.4	162.9	39.7
13.	EQUITY	MNOK	571.6	518.7	479.7	434.7	384.1
14.	EQUITY RATIO	%	46.5	43.7	41.1	39.3	35.9
15.	INVESTMENTS	MNOK	23.6	24.1	23.9	36.1	51.1
	SHARE-RELATED KEY FIGURES						
16.	EARNINGS PER SHARE	NOK	1.79	1.63	1.71	1.00	1.78
17.	CASH FLOW PER SHARE	NOK	2.81	2.75	2.91	2.21	2.49
18.	BOOK EQUITY PER SHARE	NOK	8.66	7.86	7.27	6.59	5.82

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:** Profit/loss before tax and extraordinary items, minus tax payable, plus ordinary depreciation
12) **Cash flow from activities:** From cash flow statement. Net cash flow from operating activities plus net cash flow from investing activities
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 for the year 2008 are calculated based on 65 988 668 shares
17) **Cash flow per share:** Cash flow per share for the years 2008 anr 2009 are calculated based on 65 988 668 shares
18) **Book equity per share:** Book equity (not incl. subordinated loans) divided on number of ordinary shares

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