Annual report 2013

Content

In 2013 Glamox won the Norwegian Award for Design Excellence for the Glamox C75-P pendant luminaire.

The Glamox Group

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 AS 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 2 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.

Main points

- Revenue growth of 9.3% with total revenues of NOK 1,997 m despite a difficult market situation.
- Operating profit of NOK 202.6 m (10.1%) compared with NOK 166.7 m (9.1%) in 2012. This corresponds to an increase of 21.5%.
- Profit after tax for the year was NOK 148.5 m (NOK 118.2 m), the best in the Group's history.
- Positive operational cash flow of NOK 168.0 m compared with NOK 141.7 m the previous year.
- Strong growth in sales of products with LED technology and several new product families introduced through the year.
- Net interest-bearing deposits totalled NOK 317 m compared with NOK 215 m the previous year.
- NOK 13.0 m (NOK 12.1 m) has been allocated for extraordinary bonus for all employees.
- Proposed ordinary dividend of NOK 1.50 per share.

Key figures

		2013	2012	2011	2010	2009
Total revenue	MNOK	1 997.0	1 827.9	1 714.0	1 789.5	1 763.3
Operating profit/loss	MNOK	202.6	166.7	151.7	136.9	124.9
Profit/loss before tax	MNOK	208.1	163.5	150.3	143.7	108.9
Profit/loss after tax	MNOK	148.5	118.2	107.6	112.8	66.1
Cash flow from operations	MNOK	168.0	141.7	117.1	199.4	162.9
Total profitability	%	16.6	15.0	13.9	15.0	15.8
Equity ratio	%	45.4	46.5	43.7	41.1	39.3
Earnings per share	NOK	2.25	1.79	1.63	1.71	1.00

The lighting company

Our product brands

The Glamox Group owns five international product 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.

Our mission

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

Our values

Customers
We value the importance of understanding customer needs and expectations.

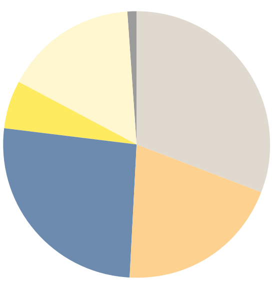
Cooperation
We team up with customers and colleagues to find the best solutions.

Commitment
We are dedicated to deliver as promised.

Quality
We understand the importance of quality in products and performance.

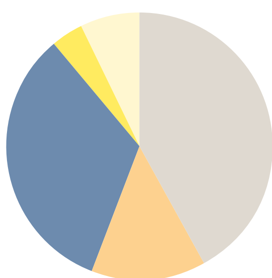
Ethics
We treat people with respect and dignity.

Revenues by market: 1 997 MNOK



31 % Norway
20 % Nordic Region ex. Norway
26 % Europe ex. Nordic Region
6 % North-America
16 % Asia
1 % Others

Man-years (average) by market: 1 240



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

Group organisation

From 1st of March 2014 the Group's operations are divided between three independent divisions: Professional Building Solutions, Global Marine & Offshore and Sourcing, Production and Logistics. Each division is responsible for its group of companies.

Professional Building Solutions

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

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 industry lighting.

Sourcing, Production and Logistics

Sourcing, Production and Logistics has a key role in the Glamox value chain. Responsibilities include order handling, procurement, manufacturing of goods, warehousing and distribution. The division operates production units in eight different locations in Europe and China. Its prime objective is to serve the sales units and their customers with excellent services and products.

President & CEO
Kjell Stamnes

Accounting, finance, HR & IT
Thomas Lindberg
CFO/Senior Vice President

Technology
Jakob Meiland Hansen
Vice President

Professional Building Solutions Knut Rusten Senior Vice President	**Global Marine & Offshore** Jan Berner Senior Vice President	**Sourcing, Production and Logistics** Håkan Westin Senior Vice President
Glamox Luxo Lighting Norway	**Glamox International** Norway	**Glamox Production Molde** Norway
Glamox Luxo Lighting AB Sweden	**Glamox Aqua Signal GmbH** Germany	**AS Glamox HE** Estonia
Glamox Luxo Lighting A/S Denmark	**Glamox Aqua Signal Corporation** USA	**Luxo Production Kirkenær** Norway
Glamox Luxo Lighting Oy Finland	**Glamox Far East Pte. Ltd.** Singapore	**Glamox Luxo Lighting AB** Sweden
AS Glamox HE Estonia	**Glamox Canada Inc.** Canada	**Norselight** Norway
Glamox Luxo Lighting GmbH Germany	**Glamox (Suzhou) Lighting Co. Ltd** China	**aqua signal Teterow GmbH & Co KG** Germany
Glamox Ireland Ltd. Ireland	**Suzhou Glamox Trading Co. Ltd** China	**Glamox (Suzhou) Lighting Co. Ltd** China
Glamox Luxo Lighting Ltd. United Kingdom	**Glamox Korea Co. Ltd.** South Korea	
Luxo Corporation USA	**Glamox do Brasil Iluminação LTDA** Brasil	

Main points from the divisions

Professional Building Solutions (PBS)

The division offers total solutions within the following segments: Office and commercial buildings, industrial buildings, educational establishments, health institutions, retail and shopping centers, hotels and restaurants.

Office and commercial buildings

Industrial buildings

Educational establishments

Health institutions

Retail and shopping centers

Hotels and restaurants

Division Professional Buildings Solutions (PBS) 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 the United States, where we only use the Luxo name.

PBS develops 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 most segments and areas of use.

PBS has its own sales companies in

Key figures		2013	2012	2011
Revenues	MNOK	1,284	1,188	1,147
Operating profit	MNOK	134.0	116.4	102.3
Operating margin	%	10.4	9.8	8.9

Norway, Denmark, Sweden, Finland, Estonia, Great Britain, Ireland, Germany and the United States. We are represented through distributors in the other markets. Until 1 March 2014, PBS also had its own production units in Norway, Sweden and Estonia, which now is organized under the Group's Sourcing Production and Logistics (SPL) division.

At year-end 2013, the number of man-labour years in PBS was 834 (2012: 822), of which 47% (2012: 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 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.

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 office furniture 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 new construction, restoration and professional building modernisation sectors drives developments in the individual markets. Once again, market development varied considerably in 2013 in 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. With the exception of the German market, all of our main markets experienced a decline in demand for light

Main points from the divisions

Professional Building Solutions (PBS)

fittings throughout 2013. This has been compensated to some degree by growing interest in energy-saving solutions and more use of LED-technology, both factors which contribute to a higher sales price per light fitting or lighting solution. The lighting industry in Europe is highly fragmented, with production overcapacity. This can be seen in pressure on prices, which has grown in 2013. The increase in order intake and revenues are due to our success in increasing our market share in most of our main markets.

Profit development

PBS achieved total revenues in 2013 of NOK 1,284 m, which represents an increase of 8% compared to 2012. The operating result was NOK 134.0 m compared to NOK 116.4 m in 2012. The improvement in profit of 15% is mainly the result of growth in revenues. Greater pressure on our sales prices has been largely compensated by more focus on supply management activities and productivity measures. Capacity within our sales apparatus and product development has increased in 2013.

A continuous and long-term emphasis on the development of new products is an important component of our strategy. Many new products have been 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.

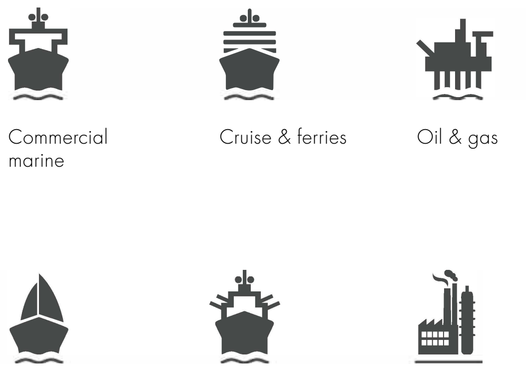
Expectations for 2014

There continues to be much uncertainty concerning market development in 2014. Overall, we expect that the markets will remain at the same level as in 2013 or will improve somewhat. Our products are typically delivered at the end of the construction phase, so that major startups 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 that are currently 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 bolstering our sales forces, focusing on product development and sales management and continuing strong cost control.

Main points from the divisions

Global Marine & Offshore (GMO)

The division offers total solutions within the following segments: Commercial marine, cruise & ferry, oil & gas, recreational boats, navy and industry.



Commercial marine | Cruise & ferries | Oil & gas

Recreational boats | Navy | Wind & industry

Division Global Marine & Offshore (GMO) 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 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 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. Until 1 March 2014, GMO also had its own production units in Norway, Germany, China and Canada. The PBS Division factories in Molde and Estonia also produced products for this division. Since 1 March 2014, with the exception of Canada, all of these production units have been transferred to the newly established Sourcing, Production and Logistics division as part of our new Group organization structure.

At year-end 2013, the number of man-labour years in Global Marine & Offshore was 388 (2012: 390). 89% (2012: 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

Key figures		2013	2012	2011
Revenues	MNOK	713	637	564
Operating profit	MNOK	84.2	68.0	57.0
Operating margin	%	11.8	10.7	10.1

certain regions outside Europe and signal lights for wind turbines and multi-storey buildings. The division is the global leader in the commercial marine and cruise and ferry sectors. GMO also holds a strong position in the oil and 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 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. Shipyards experienced a significant increase in contracts for new commercial ships in 2013 after several years with a downturn in new orders. The biggest increase was within bulk and other standard ship types. Most contracts, nearly 90%, were made with yards in Asia. The yards in Europe suffered a downturn in new orders. There was also a downturn in new orders for Norwegian yards, which need more new orders to be fully booked after 2014. The growing number of ships being built in Asia also entails greater competition from Asian suppliers.

Within the cruise and ferry segment, several new contracts for cruise ships were signed in the course of 2013 at shipyards in Germany, Italy and France, for deliveries up until 2016. The recreational boat segment was weak throughout 2013. The sale of new recreational boats has been very low in recent years, which corresponds to low economic growth in Europe and the U.S. Aftermarket sales have been relatively good in the U.S. and parts of Europe.

There has been much activity within the oil and gas segment in most of the regions in which GMO competes. There continued to be a high level of activity in the maintenance and upgrading market in the North Sea in 2013. Many new contracts were also won in 2013 for rigs and floating drilling constructions for Asian yards. Contracts have

Main points from the divisions

Global Marine & Offshore (GMO)

been signed for 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 2014 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 2013 of NOK 713 m, an increase of 12% compared to 2012. An operating profit of NOK 84.2 m, compared to NOK 68.0 m in 2012. The operating margin was 11.8% (10.7% in 2012). The reason for the improved results was higher volume than in 2012. GMO invested in reinforcing its sales activities and organisations once more in 2013, especially in Norway, China and Brazil. The business unit also registered its own company in Brazil in order to reinforce its marketing efforts. Product development was boosted further in 2013 with the launch of several new products, including EX products with LED technology.

Expectations for 2014

The high level of activity in the main segments is expected to continue. Building activities involving advanced offshore-related ships at yards in Norway and other specialised yards in Europe and Asia is expected to continue at the same level as in 2013. GMO is also in an excellent position to take on new orders for special ships to be built in Korea and China. The market situation in the oil and gas segment is positive in most regions, with deliveries for new construction contracts in Korea and Singapore.

Further investments will be made in 2014 in product development and marketing. The launching of several new product groups based on LED-technology is planned for 2014. Marketing efforts will be boosted in several regions and a company has been established in Brazil to boost marketing efforts in that region.

Photo: Øyvind Hagen · Statoil

Photo: Øyvind Hagen - Statoil

The Board's annual statement

Main points and key figures

- Revenue growth of 9.3% with total revenues of NOK 1,997 m despite a difficult market situation.
- Operating profit of NOK 202.6 m (10.1%) compared with NOK 166.7 m (9.1%) in 2012. This corresponds to an increase of 21.5%.
- Profit after tax for the year was NOK 148.5 m (NOK 118.2 m), the best in the Group's history.
- Positive operational cash flow of NOK 168.0 m compared with NOK 141.7 m the previous year.
- Strong growth in sales of products with LED technology and several new product families introduced through the year.
- Net interest-bearing deposits totalled NOK 317 m compared with NOK 215 m the previous year.
- NOK 13.0 m (NOK 12.1 m) has been allocated for extraordinary bonus for all employees.
- Proposed ordinary dividend of NOK 1.50 per share.

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, USA, Canada and Brazil. The Group is organised with Glamox AS as parent company. The parent company changed its form of incorporation from public limited company (ASA) to limited company (AS) in December 2013. The registered office is in Oslo.

In 2013, the Glamox Group had incoming orders of NOK 2,056 m compared to NOK 1,906 m in 2012, an increase of 7.8%. Revenues were NOK 1,997 m, compared to NOK 1,828 m in 2012, an increase of 9.3%.

Operating profit was NOK 202.6 m compared to NOK 166.7 m in 2013. Operating margin was 10.1% compared to 9.1% in 2012. NOK 13.0 m has been allocated for an extraordinary bonus for all employees within the Group in 2013, whilst NOK 12.1 m was allocated in 2012. The increase in turnover of 9.3% is the main factor behind an increase in the operating result of 21.5%.

The profit before tax was NOK 208.1 m, compared with NOK 163.5 m the previous year. The Group had net financial earnings of NOK 5.5 m in 2013 compared to net financial costs of NOK 3.2 m in 2012. Higher interest earnings and currency exchange gains contributed to net financial earnings in 2013. Profit after tax was NOK 148.5 m compared to NOK 118.2 m the previous year. As of 31.12.2013, the Group has a tax deficit for carrying forward of NOK 36 m, and an untaxed profit of NOK 207 m.

The market development in our main markets has been variable throughout 2013 as we expected. Market development within our land-based division (Division Professional Building Solutions) was governed by activities within new-build, rehabilitation and modernisation of commercial buildings. Activities on several of our most important markets have shown a downturn compared to 2012, and the market fell in overall terms. Market trends within our maritime and offshore-related division (Division Global Marine & Offshore) are dictated by the level of activity within new-build, refurbishment and rehabilitation

Photo: Per Eide Studio

The Board's annual statement

of all types of maritime vessels and offshore installations. We experienced a continued downturn on the global markets for commercial ships, navy vessels and recreational boats, whilst the market for cruise ships and ferries - and particularly oil and gas - developed well.

The Group achieved growth of 9.3% in revenues compared to 2012. On several of the main markets, we have experienced a better revenues development than the market development. At the same time the oil and gas market was particularly strong. The Group grew in all main regions, with particularly high growth in Asia and Norway. We further strengthened the sales team in several markets throughout 2013. The improvement in the Group's results is mainly derived from the increase in revenues.

In 2013, the Group also had a high level of activity in product development and several new product series were launched. Glamox AS won the Award for Design Excellence from the Norwegian Design Council for the LED light fitting C75-P. All new product families are now launched with LED technology as a result of the developments in the technology and market demand. Sales of LED–based products increased by over 100% in 2013. LED-based products also comprised a significantly higher percentage of total turnover. Products with conventional technology continue to represent the largest part of our revenues.

The Group once again generated positive cash flow in 2013. Cash flow from operations (operational and investment activities) comprised NOK 168.0 m compared to NOK 141.7 m in 2012, and is higher as a result of better results from operations. The Group obtained more working capital as of 31.12.2013 as a result of using higher currency exchange rates for the consolidation of foreign units, compared to the previous year. Neutral currency shows a further reduction in working capital despite the increase in Group revenues. In 2013 investments in fixed assets of NOK 23.9 m were made compared to NOK 23.6 m in 2012.

Revenues in the parent company Glamox AS were NOK 1,240 m, compared to NOK 1,138 m in 2012. Operating profit was NOK 89.3 m compared to NOK 79.1 m in 2012. The increase in operating profit was primarily due to growth in revenues. Profit before tax was NOK 83.0 m, compared to NOK 122.4 m in 2012. Profit before tax showed a downturn in 2013, mainly due to unrealised currency exchange loss. Higher operational profit and higher dividends from subsidiaries failed to compensate for the unrealised currency exchange loss. The parent company had unrealised currency exchange gains in 2012. In accordance with the Group's currency policy, the parent company takes currency exchange positions to even out exchange rate exposure arising at Group level, primarily as a result of equity values in subsidiary companies. The extraordinary bonus for all Group employees of NOK 13.0 m was charged as an expense in its entirety to the parent company in 2013. The bonus set-aside in 2012 was NOK 12.1 m.

The Board is pleased that the Group has

shown healthy growth in revenues, further improvement in results and profit margins, and consequently for the second consecutive year has achieved the best operating result 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 Group top management and the entire workforce for their excellent efforts in 2013.

Capital and liquidity

The closing balance as of 31.12.2013 was NOK 1,399 m, compared with NOK 1,230 m as at 31.12.2012.

At the turn of the year, the Group's equity capital was NOK 635 m. The equity ratio was 45.4%. Glamox AS had equity capital of NOK 362 m and an equity ratio of 31.6%.

Cash flow from operations was NOK 168.0 m, compared to NOK 141.7 m in 2012.

At the turn of the year, the liquidity reserve amounted to NOK 718 m, compared with NOK 616 m the previous year.

The Group's net interest-bearing deposits as of 31.12.2013 were NOK 317.0 m compared to NOK 215.4 m in 2012.

The board deems the company's equity and liquidity to be good even after allocation of dividends of NOK 99 m.

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

Professional Building Solutions (PBS)

This business area achieved order intake in 2013 of NOK 1,289 m (NOK 1,193 m), an increase of 8.1% compared to 2012. In the same period, revenues were NOK 1,284 m (NOK 1,188 m), which is an increase of 8.1% compared to 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. Demand has been falling on most of our main markets for light fittings throughout 2013. This has been compensated to some degree by growing interest in energy-saving solutions and more use of LED technology, both factors which contribute to a higher sales price per light fitting or lighting solution. The lighting industry in Europe is highly fragmented, with production overcapacity. This can be seen in pressure on prices, which has grown in 2013. The increase in order intake and revenues is due to our success in increasing our market share in several important markets.

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This business area increased its operating profit and operating margin from NOK 116.4 m and 9.8% in 2012 to NOK 134.0 m and 10.4% in 2013. The main reason for the better result is an increase in revenues. Greater pressure on our sales prices has been almost compensated by more focus on supply management activities. Meanwhile, the business area made a range of investments again in 2013 in the form of more sales resources on certain markets, and increasing capacity within product development.

In 2013, we saw continued increasing interest in energy-saving lighting solutions and new technological solutions. Several new products were launched in this business area during the year, which have been well received in the market. The market has more focus on LED, and our new product families with LED technology contribute to good solutions. 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 767 m (NOK 713 m), an increase of 7.5%. Revenues were NOK 713 m (NOK 637 m), an increase of 11.9%.
The increase in order intake and revenues was the result of a high activity level in individual countries within the commercial ship segment, and generally high within the oil and gas segment. There was an especially large increase in deliveries to Korea and Norway. Deliveries were made in Korea for offshore rigs and LNG ships, and the division also won orders for delivery to this market in 2014. There have been multiple deliveries to yards in Norway and for the maintenance and upgrading market within offshore.

Shipyards achieved a significant increase in contracts for new commercial ships in 2013. The biggest increase was within bulk and other standard ship types. Most contracts, nearly 90%, were made with yards in Asia. The yards in Europe suffered a downturn in new orders. There was also a downturn in new orders for Norwegian yards, which need more new orders to be fully booked after 2014.

The division increased its operating profit and operating margin from NOK 68.0 m and 10.7% in 2012 to NOK 84.2 m and 11.8% in 2013. The main reason for the improvement was higher revenues.

The division increased further the investments in product development in 2013, and reinforced its sales activities, especially in Norway, China and Brazil. It also set up a separate Glamox company in Brazil as part of its efforts to win a greater share of this market.

There was a further increasing interest in energy-saving solutions and solutions able to operate under Arctic conditions in 2013. New LED-based EX products were introduced and well received by the market. The business area is market leader within lighting solutions for extreme environments.

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 1,248 as of 31.12.2013, compared to 1,240 in 2012. At year-end, the number of man-labour years in Glamox AS was 519, compared to 526 in 2012.

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

Sick leave rate at Glamox AS was 6.1% in 2013, compared to 6.0% in 2012. The reduction in the sick leave rate for our Norwegian production units stopped in 2013 and continues to be too high. A reduction is essential to maintain competitiveness for the Norwegian units. Reduced sick leave rate will remain on the agenda in 2014. Sick leave rate in the Group's other units is lower than in the Norwegian units.

There were two cases of injury that led to absence from work in Glamox AS in 2013, the same total as in 2012. H-value was 2.3 in 2013, the same as in 2012. H-value is defined as the number of work-related injuries, which in the subsequent working day causes absence, per 1 million working hours. 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 AS was 556 (548). The percentage of women was 34 % (34%).

There were 41% (40%) women among operators. The percentage of female office workers was 24% (24%). The percentage of women in management positions with personnel responsibility was 20% (17%).

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 AS has employees originating from 34 countries. The company works with skill-training establishments and makes traineeships available on a regular basis. The company received a newly established award in Molde given to individuals or organisations that have demonstrated particular engagement and social responsibility through inclusion, skills improvements and links to the workplace.

Fees and remunerations

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

Shareholder situation

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 AS of TNOK 66,329 be allocated as follows:

- Transferred from other equity capital: TNOK (32,654)
- Allocation to dividend (NOK 1.50 per share): TNOK 98,983

Photo: Trude Refsahl - Statoil

The Board's annual statement

New group structure

As of 1 March 2014, the Group adopted a new structure with three divisions. A new division, entitled Sourcing, Production and Logistics (SPL) was set up. The two other divisions will continue to be responsible for marketing, sales, product development and product management. The Professional Building Solutions (PBS) division is responsible for lighting solutions for the land-based market and the Global Marine & Offshore (GMO) is responsible for lighting solutions for the maritime and offshore-related markets, plus petrochemical plants.

The intention of the new structure is to put more focus and energy into implementation of our production strategy with related operational measures, and to reinforce our coordinated efforts within sourcing. The Group has ambitious growth targets, and management focus in both sales divisions will be directed to an even greater degree on strategic and operational measures to realise them.

Outlook

Developments on our main markets are still characterized by uncertainty.

In the PBS business area the markets 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 remain at the same level as in 2013 or slightly better.

The GMO business area expects the market to remain good in 2014 within the oil and gas segment, with deliveries for new-build contracts in Korea and Singapore. We also expect good activities within the maintenance and upgrade market in Norway and Britain. We expect the market within commercial ships to stay at the same level as in 2013.

The Group's long-term strategy continues to focus on profitable organic growth. The European lighting industry continues to be very fragmented, with many small and medium-sized companies. We expect a period with more restructuring within the industry. Technological changes resulting from LED technology will also lead to restructuring in the industry. To further develop our position on the lighting market, Glamox will seek to supplement organic growth with acquisitions in the next few years.

For the year as a whole, the Group expects a somewhat lower result than in 2013. The Group has an ambition of continued organic growth, and intends to implement further strengthening of the sales divisions, and more investment in product development. These moves will go ahead despite uncertainty concerning market development.

Glamox has extensive production in Norway. To be able to maintain competitiveness, it is important that a stable Norwegian kroner is kept at current levels, combined with wage increases in Norway that are not higher than in comparable countries.

Oslo, 5 March 2014

Bjørn Arnestad Chairman of the Board	Torfinn Kildal	Kristine Landmark
Heidi Marie Petersen	Sverre Valvik	Henny Eidem
Trond Skalstad Pedersen	Rudi Aas	Kjell Stamnes Chief Executive Officer


SHOEDAY

Profit and loss account

Parent 01.01 - 31.12 2013	2012	NOK thousands	Note	Group 01.01 - 31.12 2013	2012
1 151 794	1 054 096	Sales revenue	2	1 968 953	1 802 350
88 699	84 043	Other operating revenue	2	28 024	25 506
1 240 493	**1 138 139**	**Total revenue**		**1 996 978**	**1 827 855**
670 320	600 449	Raw materials and consumables used	4	922 063	840 637
340 255	319 811	Payroll and related costs	5	624 936	579 605
24 624	28 005	Depreciation of fixed assets	7	44 836	47 929
115 958	110 742	Other operating expenses	5	202 555	192 936
89 337	**79 132**	**Operating profit/loss**		**202 587**	**166 749**
31 364	17 390	Dividend and group contribution from subsidiaries			
3 486	6 918	Interest income from other group companies			
10 727	28 030	Other financial income	6	15 733	14 109
-51 879	-9 118	Other financial expenses	6	-10 270	-17 352
83 035	**122 352**	**Profit/loss before tax**		**208 051**	**163 506**
-16 706	-26 507	Tax	11	-59 544	-45 322
66 329	**95 846**	**Profit/loss after tax**		**148 507**	**118 185**
66 329	**95 846**	**Profit/loss for the year**		**148 507**	**118 185**

Allocation of profit/loss for the year

98 983	65 989	Proposed dividends	12	98 983	65 989
-32 654	29 857	Other equity	12	49 093	52 011
		Minority share	12	431	185
66 329	**95 846**	**Total allocation**		**148 507**	**118 185**

Cash flow statement

Parent 01.01 - 31.12 2013	2012	NOK thousands	Note	Group 01.01 - 31.12 2013	2012
		Cash flow from operating activities			
83 035	122 352	Profit before tax		208 051	163 506
-29 254	-18 524	Taxes paid		-37 783	-25 938
		Profit/loss on sale and fixed assets		-12	109
24 624	28 005	Depreciation	7	44 836	47 929
-6 614	-255	Changes in inventory		-45 343	1 479
-11 896	-33 858	Changes in accounts receivables		-29 968	-25 151
32 971	3 144	Changes in account payables		45 397	1 615
1 725	-3 130	Changes in pension scheme assets/liabilities		1 154	-3 081
-2 386	2 503	Changes defined benefit plan recognised directly in equity		-2 386	2 503
16 671		Effect of change in exchange rate		-9 945	3 025
-11 403	48 321	Changes in other balance sheet items		17 584	9
97 473	**148 558**	**Net cash flow from operating activities**		**191 585**	**166 005**
		Cash flow from investing activities			
		Proceeds from sale of tangible fixed assets		53	287
-9 043	-8 417	Purchase of tangible fixed assets and intangible assets		-23 929	-23 593
-130	-2 463	Purchase of investments in shares and joint ventures			
97 724	20 130	Payment of loan to group-companies			
		Payment regarding long term receivables			-1 031
		Proceeds from sale of other investments		326	
88 551	**9 250**	**Net cash flow from investing activities**		**-23 550**	**-24 337**
		Cash flow from financing activities			
-19 763	-26 109	Repayment of long-term loans		-24 738	-29 623
-65 989	-65 989	Payment of dividends to share holders		-65 989	-65 989
		Effect of change in exchange rate		21 339	
-85 752	**-92 098**	**Net cash flow from financing activities**		**-69 388**	**-95 612**
100 272	**65 710**	**Net change in cash and cash equivalents**		**98 647**	**46 056**
412 038	**346 328**	**Cash and cash equivalents 01.01**	**1/14/15**	**420 424**	**374 368**
512 310	**412 038**	**Cash and cash equivalents 31.12**	**1/15**	**519 071**	**420 424**

Assets

Parent 31.12 2013	Parent 31.12 2012	NOK thousands	Note	Group 31.12 2013	Group 31.12 2012
		Fixed assets			
		Intangible fixed assets			
	154	Research and development	7	117	589
64	318	Rights, IT system etc.	7	5 390	7 732
12 470	9 511	Deferred tax assets	11	15 721	12 822
		Goodwill	7	10 730	13 092
12 534	**9 983**	**Total intangible fixed assets**		**31 958**	**34 236**
		Tangible fixed assets			
73 539	79 913	Land, buildings and other property	7/13	133 526	135 923
36 973	42 929	Machinery and plant	7/13	73 846	74 954
12 440	15 282	Fixtures and fittings, tools, office equipment etc.	7/13	31 510	32 515
122 951	**138 123**	**Total tangible fixed assets**		**238 882**	**243 392**
		Financial fixed assets			
103 915	101 979	Investments in subsidiaries	8/13		
72 526	170 250	Loans to group companies	9/14		
115	115	Investments in shares		195	131
		Other long term receivables	9	1 145	1 471
176 556	**272 344**	**Total financial fixed assets**		**1 340**	**1 602**
312 041	**420 450**	**Total fixed assets**		**272 180**	**279 229**
		Current assets			
121 777	115 163	Inventory	4	303 665	258 321
		Debtors			
188 642	176 746	Account receivables	14	276 420	246 452
11 858	12 965	Other receivables	14	27 171	25 564
200 501	**189 711**	**Total receivables**		**303 590**	**272 016**
512 310	412 038	Cash and cash equivalents	14/15	519 071	420 424
834 588	**716 912**	**Total current assets**		**1 126 326**	**950 761**
1 146 629	**1 137 362**	**Total assets**		**1 398 505**	**1 229 990**

Equity and liabilities

Parent 31.12 2013	Parent 31.12 2012	NOK thousands	Note	Group 31.12 2013	Group 31.12 2012
		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			
160 379	194 751	Other equity	12	433 176	369 958
160 379	**194 751**	**Total retained earnings**		**433 176**	**369 958**
		Minority interests	12	605	174
361 822	**396 194**	**Total equity**		**635 224**	**571 574**
		Liabilities			
		Provisions			
		Deferred tax	11	51 620	38 558
26 178	24 453	Pension liabilities	5	27 104	25 950
10 621	3 368	Other provisions		20 866	11 112
36 799	**27 821**	**Total provisions**		**99 590**	**75 621**
		Other long-term liabilities			
156 439	159 527	Liabilities to financial institutions	10/13	183 968	188 118
100	100	Other long-term loans	10/13	6 425	5 671
156 540	**159 627**	**Total other long-term liabilities**		**190 393**	**193 790**
		Current liabilities			
148 699	115 728	Account payable	14	173 087	127 689
18 199	29 158	Tax payable	11	49 525	53 060
17 456	12 328	Public duties payable		35 341	26 250
98 983	65 989	Dividends	12	98 983	65 989
308 132	330 516	Other current liabilities	5/14	116 363	116 018
591 469	**553 720**	**Total current liabilities**		**473 299**	**389 005**
784 807	**741 168**	**Total liabilities**		**763 282**	**658 416**
1 146 629	**1 137 362**	**Total equity and liabilities**		**1 398 505**	**1 229 990**

Oslo, 5 March 2014

Bjørn Arnestad
Chairman of the Board

Heidi Marie Petersen

Sverre Valvik

Torfinn Kildal

Kristine Landmark

Henny Eidem

Trond Skalstad Pedersen

Rudi Aas

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 2013.

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.

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

Note 1 Accounting principles (cont.)

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.

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 phase 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 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.

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.

Note 1 Accounting principles (cont.)

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**	
		2013	**2012**	**2013**	**2012**
Professional Building Solutions (PBS)	MNOK	1 284	1 188	134	116
Global Marine & Offshore (GMO)	MNOK	713	637	84	68
Group staff/Other items	MNOK		3	-16	-18
Total Glamox Group	**MNOK**	**1 997**	**1 828**	**203**	**167**

Sales revenue and other operating revenue divided into geographical areas

		Parent		**Group**	
		2013	**2012**	**2013**	**2012**
Norway	MNOK	612	559	613	560
Nordic region, excl. Norway	MNOK	180	173	408	385
Europe, excl. Nordic region	MNOK	216	219	519	489
North America	MNOK	26	21	118	110
Asia	MNOK	182	155	310	257
Other	MNOK	25	10	29	28
Total	**MNOK**	**1 240**	**1 138**	**1 997**	**1 828**

Note 3 Gain on sales of assets/ Other operating expenses/ Restructuring expenses and other special expenses

Effects on Parent

The accounts of 2013 contains no significant non recurring-items.
The same applies for 2012.

Effects on Group

The accounts of 2013 contains no significant non recurring-items.
The same applies for 2012.

Note 4 Inventory

	Parent		
Inventory	**2013**	**2012**	**Change**
Raw materials	46 355	44 235	2 120
Work in progress	16 815	17 138	-323
Manufactured goods	58 607	53 791	4 817
Total inventory	**121 777**	**115 163**	**6 614**

	Group		
Inventory	**2013**	**2012**	**Change**
Raw materials	126 672	102 019	24 653
Work in progress	36 098	30 218	5 880
Manufactured goods	140 895	126 084	14 811
Total inventory	**303 665**	**258 321**	**45 343**

Note 5 Salary 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	**2013**	**2012**	**2013**	**2012**
Salaries	264 229	248 330	486 692	449 188
National insurance	40 262	37 073	80 561	75 736
Pension costs	13 479	12 545	22 352	20 724
Other remuneration	9 285	9 763	22 331	21 857
Bonus to all employees *	13 000	12 100	13 000	12 100
Payroll and related costs	**340 255**	**319 811**	**624 936**	**579 605**
Average number of man-years	518	508	1 240	1 202

* During Glamox ASA's board meeting held on 16.12.2013, 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 13.0 million NOK on these bonuses.

Benefits for CEO – agreements on severance pay, bonuses, etc.
The CEO has an agreement for severance pay of 24 months, until the originally agreed retirement age 65 years.

On the 10th of October 2013, the board made an agreement with the CEO regarding extension of the current employment contract. The CEO had an agreement where the retirement age was 65 years, that is 24.06.2014. The extension of the agreement applies with effect from that date and one year forward, with an option to extend for a further year if both parties agree.

In his contract, the CEO has a pension contribution limit of 65 years, having a pension scheme of 70% of the basic salary starting at 65 years of age until reaching 67 year. 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. Payment of accrued pension benefits begin upon retirement.

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 2012 in challenging markets. Both bonuses relates to 2012 and has given a total payment of NOK 902.547 in 2013. The amount is included in the listed item for performance related bonuses in the summary below.

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

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 CEO in 2013	Salary	Performance-related bonus	Change Pension*	Other remuneration
Kjell Stamnes - CEO	2 889	903	941	155

*Change pension = change in earned pension rights

Remuneration to Board members in 2013	Directors' fees	Salaries*	Other remuneration*
Total remuneration	1 027	1 589	18

*Salaries and other remuneration regards employees' representatives.

	Parent		Group	
Auditor	**2013**	**2012**	**2013**	**2012**
Fee for statutory audit	904	921	2 577	2 418
Other attestation services	20		142	178
Tax advisory service	421	307	796	691
Other services, beyond audit		37	84	130
Total	**1 344**	**1 265**	**3 600**	**3 417**

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 valid for Norwegian companies and some foreign subsidiaries in the Group. Pension costs in most foreign subsidiaries are handled as contribution plans, and that the amounts paid out are charged as expenses.

The pension schemes are handled in the accounts according to IAS. Estimated deviations from previous years is charged directly to 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 01.01 - 31.12		Group 01.01 - 31.12	
Pension expenses	**2013**	**2012**	**2013**	**2012**
Current value of this years pension accrual	1 166	1 155	1 166	1 155
Interest cost of pension commitments	926	958	926	958
Defined contribution pension scheme	11 388	10 432	20 260	18 610
Net pension expenses / (income)	**13 479**	**12 545**	**22 352**	**20 724**

	Parent		Group	
Reconciliation of pension scheme's financed against sum in balance sheet:	**31.12.13**	**31.12.12**	**31.12.13**	**31.12.12**
Calculated pension commitments	-32 836		-35 297	
Pension reserves	6 658		8 193	
Net pension liabilities	**-26 178**	**-24 453**	**-27 104**	**-25 950**

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

Financial conditions:	**2013**	**2012**
Discount rate	4,10 %	3,90 %
Anticipated salary settlement	3,50 %	3,25 %
Anticipated pension increase	3,50 %	3,25 %
Anticipated change in national insurance base rate	3,50 %	3,25 %

Standard conditions used in the insurance industry form the basis of the actuarial preconditions for demographic factors and retirement. The discount rate as of 31.12.2013 is based on the rate of norwegian corporate bonds (Obligasjoner med fortrinnsrett - OMF).

Note 6 Specification of financial items

	Parent 01.01 - 31.12		**Group 01.01 - 31.12**	
	2013	**2012**	**2013**	**2012**
Other financial income	10 727	28 030	15 733	14 109
Other financial expenses	-51 879	-9 118	-10 270	-17 352
Total other financial items	**-41 152**	**18 912**	**5 463**	**-3 243**
Of which:				
Currency effect	-46 942	14 591	2 291	-6 221

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/ buildings	**Machinery**	**Fixtures and Fittings**	**Total**
Acquisition costs 31.12.2012	126 326	194 463	37 579	358 368
Additions		6 887	2 156	9 043
Acquisition costs 31.12.2013	**126 326**	**201 350**	**39 735**	**367 411**
Accumulated depreciation 31.12.2012	46 413	151 534	22 297	220 244
This years depreciation	6 374	12 843	4 998	24 216
Accumulated depreciation 31.12.2013	**52 787**	**164 378**	**27 295**	**244 460**
Balance sheet value at 31.12.2013	**73 539**	**36 973**	**12 440**	**122 951**
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 2013 amounted to 4.5 MNOK.

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

	Rights, IT systems	Product Development	Total
Acquisition costs 31.12.2012	109 495	4 532	114 027
Additions			
Acquisition costs 31.12.2013	**109 495**	**4 532**	**114 027**
Accumulated depreciation 31.12.2012	109 177	4 378	113 555
This years depreciation	254	154	408
Accumulated depreciation 31.12.2013	**109 431**	**4 532**	**113 963**
Balance sheet value at 31.12.2013	**64**	**0**	**64**
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 31.12.2012	235 236	286 276	121 892	643 404
Currency translation effects with rates at 31.12.2013	8 492	13 420	8 431	30 343
Acquisition cost 01.01.2013	**243 728**	**299 696**	**130 323**	**673 747**
Additions	72	15 699	8 123	23 893
Disposals		-300	-3 189	-3 489
Reclassification	8	-16	8	
Acquisition cost 31.12.2013	**243 808**	**315 079**	**135 264**	**694 151**
Acc. depreciation and write downs at 31.12.2012	99 313	211 322	89 377	400 012
Currency effect on balance with rates at 31.12.2013	2 418	9 378	6 141	17 937
Acc. depreciation and write downs at 01.01.2013	**101 731**	**220 700**	**95 518**	**417 949**
This years depreciation	8 549	20 813	11 407	40 769
Reversed acc. depreciation and write down due to disposal		-273	-3 175	-3 448
Reclassification	2	-6	4	
Acc. depreciation and write downs at 31.12.2013	**110 282**	**241 234**	**103 754**	**455 270**
Balance sheet value at 31.12.2013	**133 526**	**73 846**	**31 510**	**238 882**
Financial life	Up to 20 yrs.	Up to 10 yrs.	Up to10 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 2013 amounted to 4,5 MNOK.

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

	Rights, IT systems	Product Development	Goodwill	Total
Acquisition cost 31.12.2012	132 039	6 949	76 719	215 707
Currency translation effects with rates at 31.12.2013	778	226		1 003
Acquisition cost 01.01.2013	**132 817**	**7 175**	**76 719**	**216 710**
Additions	36			36
Acquisition cost 31.12.2013	**132 853**	**7 175**	**76 719**	**216 747**
Acc. depreciation and write downs at 31.12.2012	124 307	6 360	63 627	194 294
Currency effect on balance with rates at 31.12.2013	671	179		850
Acc. depreciation and write downs at 01.01.2013	**124 978**	**6 538**	**63 627**	**195 143**
This years depreciation	2 485	519	2 363	5 367
Acc. depreciation and write downs at 31.12.2013	**127 463**	**7 058**	**65 989**	**200 510**
Balance sheet value at 31.12.2013	**5 390**	**117**	**10 730**	**16 236**
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 2013 are translated at the currency exchange rates on 31.12.2013. 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	46 136
Sum this years depreciation ref. Profit & Loss	44 836
Currency deviation = Deviation average-rate and closing-rate	**1 300**

Note 8 Subsidiaries and jointly controlled companies for the parent

Name of company		Share capital	Shareholding in Glamox AS	Book value in Glamox AS 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%
Aqua Signal Corporation, USA	USD	100 000	100,0%	443	100,0%
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% [1]
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%
Glamox Korea Co. Ltd., South Korea	KRW	775 020 000	95,0%	3 543	95,0% [2]
Luxo AS, Norway	NOK	1 759 250	100,0%	15 034	100,0%
Luxo Corporation, USA	USD	101	100,0%	6 765	100,0%
Glamox Brasil Iluminacao LTDA, Brasil	BRL	50 000	100,0%	130	100,0% [3]
Birger Hatlebakks veg 15 AS, Norway	NOK	100 000	100,0%	1 373	100,0%
Total book value				**103 915**	

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

2) Minority interests in Glamox Korea Co. Ltd is 5,0%.

3) In 2013, Glamox AS has established a subsidiary in Brazil. The company's name is Glamox Brasil Iluminacao LTDA. Minority interests in this company owns 1 share of totally 50.000 shares, corresponding to 0,002%.

4) The subsidiary, Luxo Lamp Ltd., Canada, was liqudated and dissolved in 2013.

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	
	31.12.2013	**31.12.2012**	**31.12.2013**	**31.12.2012**
Receivables, Group Companies	54 711	136 066		
Other long term receivables			1 145	1 471
Total	**54 711**	**136 066**	**1 145**	**1 471**

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

	Parent		Group	
	31.12.2013	**31.12.2012**	**31.12.2013**	**31.12.2012**
Liabilities to financial institutions	61 935	65 026	63 224	66 336

Note 11 Tax

	Parent		Group	
	01.01 - 31.12		**01.01 - 31.12**	
	2013	**2012**	**2013**	**2012**
Tax payable calculated as follows:				
Ordinary profit before tax	83 035	122 352		
Permanent differences	-24 474	-18 587		
Change in temporary differences	12 219	3 145		
Change defined benefit plan recognised directly against equity	-2 386	2 503		
Basis for tax payable	**68 394**	**109 413**		
Tax payable on profit for the year	**19 150**	**30 636**	**34 401**	**46 680**
Tax for the year is calculated as follows				
Tax payable on profit for the year	19 150	30 636	34 401	46 680
Correction for tax payable for previous years	-153	-2 547	-153	-2 547
Change deferred tax/deferred tax assets in Balance sheet	-2 959	-881	10 163	1 890
Change in deferred tax booked directly against equity	668	-701	668	-701
Estimated tax related to currency hedging booked against equity			14 466	
Total tax for the year	**16 706**	**26 507**	**59 544**	**45 322**
Total tax for the year on group level:				
Norwegian companies			16 029	25 240
Foreign companies			43 515	20 082
Total tax for the year			**59 544**	**45 322**
Current tax liabilities consist of:				
Tax payable for the year as above	19 150	30 636	34 401	46 680
- of which paid in fiscal year			-3 645	-4 819
- not due for earlier years			19 019	11 410
- tax on group contribution from subsidiaries	-702	-1 267		
- payment of withholding tax	-250	-211	-250	-211
Current tax liabilities 31.12	**18 199**	**29 159**	**49 525**	**53 060**

Note 11 Tax (cont.)

	Parent		Group	
Specification of basis for deferred tax:	**31.12.2013**	**31.12.2012**	**31.12.2013**	**31.12.2012**
Offsetting differences:				
Fixed assets	-9 319	-3 900	17 944	20 805
Other current assets	3 240	1 002	1 255	1 709
Liabilities	-13 929	-6 616	2 982	2 889
Net pension reserves/commitments	-26 178	-24 453	-26 178	-24 453
Gross basis for deferred tax:	**-46 186**	**-33 967**	**-3 997**	**950**
Losses carried forward (including tax credit)			-36 094	-40 102
Untaxed profit			207 324	140 360
Basis for deferred tax liabilities/ (assets):	**-46 186**	**-33 967**	**167 233**	**101 208**
Calculated deferred tax assets	**12 470**	**9 511**	**18 614**	**21 477**
- not posted as deferred tax assets in balance sheet			-2 893	-8 655
Deferred tax assets posted in balance	**12 470**	**9 511**	**15 721**	**12 822**
Calculated deferred tax and posted in balance			**-51 620**	**-38 558**

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, 15.7 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 sharesholders

Parent	Share capital	Other reserves	Other equity	Total
Equity 31.12.2012	**65 989**	**135 454**	**194 751**	**396 194**
Change in equity for the year:				
Profit for the year			66 329	66 329
Proposed dividends			-98 983	-98 983
Pension actuarial gain/loss recognized in equity			-2 386	-2 386
Tax on pension actuarial gain/loss recognized in equity			668	668
Equity 31.12.2013	**65 989**	**135 454**	**160 379**	**361 822**

Group	Share capital	Other reserves	Reserves in Group	Minority interests	Total
Equity 31.12.2012	**65 989**	**135 454**	**369 957**	**174**	**571 574**
Change in equity for the year:					
Profit for the year			148 076	431	148 507
Proposed dividends			-98 983		-98 983
Dividends to minority			-75		-75
Pension actuarial gain/loss recognized in equity			-2 386		-2 386
Tax on pension actuarial gain/loss recognized in equity			668		668
Remitted liability in liquidated subsidiary			1 008		1 008
Estimated tax related to currency hedging booked against equity			14 466		14 466
Conversion differences			446		446
Equity 31.12.2013	**65 989**	**135 454**	**433 176**	**605**	**635 224**

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 sharesholders (cont.)

Share capital and shareholder information:

Share capital in Glamox AS at 31.12.2013 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 AS at 31.12.2013 were:	**Total shares**	**Shareholding/ Voting**
Arendals Fossekompani ASA	47 134 160	71,43 %
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	**65 593 128**	**99,40 %**
Others (208 shareholders)	395 540	0,60 %
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	
	31.12.2013	**31.12.2012**	**31.12.2013**	**31.12.2012**
Secured balance sheet liabilities				
Liabilities to financial institutions	156 439	159 527	183 968	188 118
Balance sheet value of assets pledged as security for secured liabilities:				
Land, buildings etc.	73 539	79 913	117 166	119 520
Machinery and plant			5 819	6 292
Fixture and fittings			15 930	14 481
Rights, IT system			475	823
Shares	6 344	6 344		
Inventory	121 777	115 163	188 873	162 890
Accounts receivable	188 642	176 746	166 593	158 417
Total	**390 302**	**378 166**	**494 856**	**462 423**

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

The Parent company and the Group company has not given guarantees towards third party as of 31.12.2013. The same applies for 2012.

Note 14 Outstanding accounts against Group companies and associated companies

	Parent		Group	
	31.12.2013	**31.12.2012**	**31.12.2013**	**31.12.2012**
Account receivables	70 809	74 572		
Loans to Group companies	72 526	170 250		
Total receivables on Group companies	**143 335**	**244 822**		
Account payables to Group companies	47 087	30 159		
Other short term liabilities to Group companies	227 561	249 608		
Total payables to Group companies	**274 648**	**279 767**		

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.

Of Other short term liabilities to Group companies amounted to 227.6 mnok (249.6 mnok in 2012) is 225.1 (mnok 245.1 mnok in 2012) the subsidiaries share of the parent's cash deposit.

Note 15 Cash etc.

	Parent		Group	
	31.12.2013	**31.12.2012**	**31.12.2013**	**31.12.2012**
Liquidity reserve	*675 629*	*575 847*	*718 325*	*615 875*

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 AS and the Group amounted to 11.7 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 AS and other group companies

	2013	**2012**
Sales revenue	320 960	300 081
Services	63 211	61 488
Interest income	3 486	6 918
Cost of Goods	207 668	152 031

No transactions or agreements of significance were entered into with related parties in 2013 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

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 is used to manage the interest risk.

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 31.12.2013, the Group had forward contracts for both sale and purchase of currencies. Currency sales amounted to 111 MNOK while the currency purchase amounted to 51 MNOK based on 31.12.2013 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 AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Glamox AS, which comprise the financial statements of the parent company Glamox AS, showing a profit of NOK 66 329 000, and the consolidated financial statements of Glamox AS and its subsidiaries, showing a profit of NOK 148 507 000. The parent company's and the consolidated financial statements comprise balance sheet as at 31 December 2013, 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 AS and of Glamox AS and its subsidiaries as at 31 December 2013, 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, 13 March 2014
KPMG AS

Henning Aass
State authorised public accountant

[Translation has been made for information purposes only]

Key figures

			2013	2012	2011	2010	2009
	Sales / Profit						
1.	Total income	MNOK	1 997.0	1 827.9	1 714.0	1789.5	1763.3
2.	Operating profit/loss	MNOK	202.6	166.7	151.7	136.9	124.9
3.	Profit/loss before tax and extraordinary items	MNOK	208.1	163.5	150.3	143.7	108.9
4.	Profit/loss before extraordinary items	MNOK	148.5	118.2	107.6	112.8	66.1
	Profitability						
5.	Operating margin	%	10.1	9.1	8.9	7.7	7.1
6.	Gross profit margin	%	10.4	8.9	8.8	8.0	6.2
7.	Gross profit margin	%	7.4	6.5	6.3	6.3	3.7
8.	Total profitability	%	16.6	15.0	13.9	15.0	15.8
9.	Return on equity	%	24.6	21.7	21.6	24.7	16.1
	Capital / Liquidity						
10.	Current ratio		2.4	2.4	2.4	2.2	2.2
11.	Cash flow	MNOK	215.1	185.5	181.4	192.0	146.0
12.	Cash flow from activities	MNOK	168.0	141.7	117.1	199.4	162.9
13.	Equity	MNOK	635.2	571.6	518.7	479.7	434.7
14.	Equity ratio	%	45.4	46.5	43.7	41.1	39.3
15.	Investments	MNOK	23.9	23.6	24.1	23.9	36.1
	Share-related key figures						
16.	Earnings per share	NOK	2.25	1.79	1.63	1.71	1.00
17.	Cash flow per share	NOK	3.26	2.81	2.75	2.91	2.21
18.	Book equity per share	NOK	9.63	8.66	7.86	7.27	6.59

Definition of key figures

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
18) **Book equity per share:** Book equity (not incl. subordinated loans) divided on number of ordinary shares

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