

Annual Account

1999

Glamox International AS



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Glamox International AS

Annual Report 1999

The annual report of Glamox International AS consists of

**Profit and Loss Account*

**Balance*

**Cash Flow Statement*

**Notes*

The annual account consists of the directors' report, annual report and the auditor's report. The annual account is in full and is presented in accordance with the Norwegian Companies Act, Accounts Act and statutory obligations in Norway

The directors' report elaborated by the company's board and management, should be read in coherence with the annual report and the auditor's report. If the actual figures are not available or ascertained at the moment of the annual report, statutory obligations justify that the management can calculate a best possible estimate for use in the annual report. Deviancies may occur between estimates and actual figures.

The annual report for 1999 is elaborated in accordance with the new Accounts Act. The implementation effect of the new Accounts Act is made in the entering balance 1 January 1999 in order to have the figures from the balance of 1 January comparable to the figures of 31 December 1999. and correspondingly for the notes. The implementation effect is exposed in note 7 attached to the annual report.

The figures for 1998 in the Profit and Loss account and the Cash Flow statement are not adapted and are therefore not quite comparable with the figures for 1999. Correspondingly applies for notes Profit and Loss account and the Cash Flow statement.

GLAMOX INTERNATIONAL AS

Directors' report 1999

Business trade and place

Glamox International AS is a fully owned subsidiary of GLAMOX ASA and have the overall responsibility for international sales and marketing of Glamox products within the maritime and offshore industry.

The company covers this market through its head office in Molde and offices in Ålesund, Bergen, Sandnes, Kristiansand in Norway, Åbo in Finland and London in the United Kingdom, according to the overall Group strategy.

Going concern principle

The account has been made according to the going concern principle as the board is of the opinion that this is the case.

Work environment

The work environment within the company is considered to be satisfying. Sickness absence amounted to 66 days all in all, which is ca 1% of the total work hours. During 1999 no personal injuries or damage of material were reported.

External environment

The company does not pollute the external environment. Environment tax according to EE regulations for electric business products and return of old products through the care-taking company Renas AS is implemented.

Annual Account statement

The international lighting market for marine and offshore was all in all stable in 1999, even though the second half was rather weak. Glamox International AS increased their market shares and had a turnover of 190 million NOK in 1999, which presented a nice increase from 1998.

The price reductions were increasing and the earnings ratio was somewhat weaker than the year before. During the implementation of new data and logistics systems the last six months of 1999 had a negative effect on the development of order receipt and turnover. However, the ordinary net profit after tax turned out to be 6 million NOK stronger than 1998.

The annual account gives a satisfying description of the company's situation at the end of the year.

Prospects for 2000

We expect the decrease of the lighting market from the last months of 1999 to level off and stabilise towards the end of 2000. Glamox International AS is among the world leading companies in their market segment and has over the last years increased their market shares.

After the implementation of new data and logistics systems in 1999 the delivery precision from Glamox International AS has become the best in the market. This fact together with simplified routines in the Group value chains makes us believe that the company can achieve high profits through the already implemented Group investments, and certify their position as the preferred supplier world-wide.

Settlement of net profit

The board proposes to transfer the net profit amounting to NOK 8,073,000 to the equity capital.

Oslo, 30 June 1999

Christian H. Thommessen
chairman of the board

Bjarne T. Haugen
member of the board

Hans Mundal
member of the board

Svein Egil Eide
Managing Director

Glamox International AS
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(1.000 kr.)

Profit and Loss Account

	Note	01.01 - 31.12	
		1999	1998
Sales revenues	2	187,729	150,195
Other operating revenues		2,375	3,131
Total operating revenues		190,104	153,326
Cost of goods intended for resale	3	142,655	118,256
Wages and social security	4	11,631	10,796
Depreciations on fixed assets	5	511	615
Other operating costs		19,233	17,825
Operating profit		16,074	5,833
Other interest revenues		0	0
Other revenues		36	33
Other interest expenses		-3,450	-40
Other financial expenses		-1,308	-3,659
Net profit (loss) before taxes		11,352	2,167
Taxes on ordinary profit & loss account	6	-3,279	0
Ordinary profit and loss account		8,073	2,167
Extraordinary revenues		0	0
Extraordinary costs		0	0
Annual Profit and Loss Account		8,073	2,167

Transfer and adjustments of the Annual Profit and Loss Account

Statuary Group reserves	7	6,600	0
- Taxes Group reservers	6	-1,848	0
Other equity capital	7	3,321	2,167
Total transfers and adjsutments		8,073	2,167

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(1.000 kr.)

Balance	Note	31.12.1999	01.01.1999
Assets			
Fixed Assets			
Immaterial Assets			
Deferred tax assets	6	41	113
Total Immaterial Assets		<u>41</u>	113
Fixed Assets			
Movable property, fixtures, tools, office machines etc	5	849	1,360
Total Fixed Assets		<u>849</u>	1,360
Financial Fixed Assets			
Investments as shares or units	13	6,630	6,630
Pension funds	4	384	151
Total Financial Fixed Assets		<u>7,014</u>	6,781
Total Fixed Assets		<u>7,904</u>	8,254
Current Assets			
Goods			
	3/8	2,190	3,212
Receivables			
Cash Receivables	8/9	74,696	69,402
Other receivables		1,235	416
Total Receivables		<u>75,931</u>	69,818
Current accounts, cash etc	11	1,092	1,491
Total Current Assets		<u>79,213</u>	74,521
Total Assets		<u>87,117</u>	82,775

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(1.000 kr.)

Balance	Note	31.12.1999	01.01.1999
Equity capital and Liabilities			
Equity capital			
Deposit Equity			
Share Capital	7	2,000	1,000
Premium funds	7	6,500	0
Total Deposit Equity		8,500	1,000
Deferred Equity			
Other Equity	7	312	-3,009
Total Deferred Equity		312	-3,009
Total Equity		8,812	-2,009
Debt			
Other long-term debt			
Further long-term debt		250	375
Total other long-term debt		250	375
Short-term debt			
Debt to Credit Institutions		20,873	44,173
Trade debt	9	44,125	35,180
Payable taxes	6	1,359	0
Payable duties		1,621	1,400
Group Contribution	7	6,600	0
Other Short-term Debt		3,477	3,656
Total Short-term Debt		78,055	84,409
Total Debt		78,305	84,784
Total Equity Capital and Debt		87,117	82,775

Molde, 20 June 2000

Christian H. Thommessen
Styrets leder

Hans Mundal
Styremedlem

Bjarne T. Haugen
Styremedlem

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(1.000 kr.)

Cash Flow Statement

Note

01.01 - 31.12

1999

1998

Cash Flow from operational activities

Net Profit before Tax		11,352	2,167
Paid tax		0	0
Profit/loss of sales fixed assets		0	0
Ordinary depreciation		511	615
Change of stock, cash receivables or trade credit	10	3,854	905
Change of other accruals		-191	1,322
Net Cash Flow from operating activities		15,526	5,009

Cash Flow from investment activities

Paid-up sales of fixed assets		0	0
Payment purchase of fixed assets		0	-110
Net Cash Flow from investment activities		0	-110

Cash Flow from funds activities

Payment from repayment of long-term debt		-125	-125
Payment from repayment of short-term debt		-23,300	-3,624
Paid-up equity		7,500	0
Net Cash Flow from funds activities		-15,925	-3,749

Net changes of cash and cash equivalents

Cash and cash equivalents 01.01	1	-399	1,150
	1	1,491	341

Cash and cash equivalents 31.12

	1/11	1,092	1,491
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Note 1 Generally accepted accounts principles

General principles

Assets/debts attached to the circulation of goods and entries payable less than one year after date of balance, are classified as current asset/short-term debt. Evaluation of current assets/short-term debt is set to the lowest/highest value of purchase costs and actual value. Actual value is defined as estimated future sales price reduced with the expected sales costs. Other assets are classified as fixed assets. Evaluation of fixed assets is set to the purchase costs. Fixed assets reduced in value are depreciated. A reduction of value of fixed assets, not only for a short time, are considered to be write-down. Corresponding principles are also the basis for debt.

By using accounts principle and presenting transactions and other actions, we emphasise economic realities, not only the legal version. Qualified losses possible and quantifying are entered as costs.

Accounts principles concerning considerable accounts items

Take to income time

Income is accounted when it is earned. The income is normally accounted when goods and services are sold.

Carry to expence time / matching

Expences are matched and carried to expence at the same time as the referred income for the expence is accounted. Expences not directly referring to income, are accounted as soon as they are accrued.

Other operating income (or costs)

Considerable income or costs with no correlation to the ordinary operation, are classified as other operating income or costs. Entries which are unusual, irregular or considerable are classified as extraordinary.

Fixed assets

Fixed assets are accounted in the balance at purchase costs, less accumulated depreciations and write-downs.

Ordinary depreciations are calculated linear to the assets economical operation time based on the historic cost price. Depreciations are classified as ordinary operating costs.

Stock reserves and cost of goods

The stock reserves are estimated to the lowest cost price after the principle "first in - first out" and the presumed sales price. Cost price for purchased goods is the purchase price. The annual cost of goods consists of cost price of goods sold plus write-down according to generally accepted accounting principles at the end of the year.

at the end of the year.

Account receivables

Account receivables are entered at nominal value deducted expected loss.

Pension funds and pension costs

The company has pension arrangements entitling the employees to future pension benefits, called commitment plans. The pension commitments are calculated according to a linear earning based upon conditions concerning number of years employed, discount rate, future earning ratio of pension funds, future salaries, pensions and contribution from the National Insurance as well as actuarial conditions concerning mortality, voluntary retirement, etc. Pension funds are valued according to actual value.

Deferred tax and tax costs

Deferred tax is calculated on the basis of provisional differences between accounting and tax values at the end of the accounting year. Normal tax ratio is used for the calculation. Positive and negative differences are evaluated against each other during the same time period. Certain entries are, however, evaluated in a special way, for example excess value at purchase and pension commitments. Deferred tax assets may arise if temporary differences can be basis for future tax deductions. Annual tax costs are in fact changes of deferred tax and deferred tax assets, and in addition payable tax for the annual income tax, corrected for errors made in earlier calculations.

Cash Flow statement

The Cash Flow statement is elaborated according to the indirect method. Cash and cash equivalent comprise cash, bank deposits and other short-term, liquid placing which immediately can be converted to known cash amounts without any exchange rate risk and a due date shorter than three months from purchase date.

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Note 2 Segment Information (1.000 kr.)

Activity areas	Marine/Offshore	Varme	1.1-31.12.99 Totalt
Sales revenues	187,138	591	187,729

Geographical areas

Sales revenues:

Norway	42,998
Scandinavia ex Norway/Norden ex. Norge	15,023
Europe ex. Scandinavia	79,000
North America	1,900
Asia	45,000
Other	3,808
Total	187,729

Note 3 Goods (1.000 kr.)

Goods	31.12.99	01/01/1999	Endring
Finished products	2,190	3,212	-1,022
Total Goods	2,190	3,212	-1,022

Note 4 Cost of labour / Number of employees / Remunerations / Personal loans employees / Pensions

Cost of labour etc (1.000 kr.)

1.1 -31.12.

	1999	1998
Wages	9,915	8,776
National insurance contribution	1,476	1,212
Other payments	239	809
Total cost of labour	11,631	10,796

Average number of employees throughout 1999	27	25
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Remunerations

Wages	Manager 1,035,510	Board 0
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The company has no obligations to the manager beyond the above statement.

Accountant

The accountant fee for 1999 amounts to NOK.42,500. In addition another assistance amounting to NOK 12,

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Note 4 Cost of labour / Number of employees / Remunerations / Personal loans to

employees / Pensions cont.

Composition of all pensions and pension commitments

Pension commitments are treated and accounted according to preliminary NRS. The company pension commitments are treated according to benefit plan. The company has agreed to pension commitments with 99 persons. Our commitments lay down defined future benefits. These are mainly based on service time, wage level at pension age as well as how big benefits are paid by the National health security. These commitments are covered by an insurance company.

Amount in NOK 1,000.

	1.1 - 31.12	
	<u>1999</u>	<u>1998</u>
Actual value of this year's pension income	-144	-122
Interest costs of pension commitments	-134	-82
Yield/earnings of pension funds	191	103
Effect of estimated deviation on the result	1	-561
annual pension costs	<u>-87</u>	<u>-661</u>
In additon the annual contribution	320	274
Changes in pension funds	<u>233</u>	<u>-387</u>

Reconsiliation of financing status of pension commitments according to amounts in the balance:

	31.12.1999	01.01.1999
Calculated pension commitments	-2,177	-1,382
Pension fund (at market value)	2,718	1,533
Estimated deviation not yet accounted for	-157	0
Net pension fund in the balance	<u>384</u>	<u>151</u>

Economic conditions:

Discount interest	7%	7%
Expected wage adjustments	3%	3%
Expected pension adjustments	0%	0%
Expected G adjustments	3%	3%
Expected yield/earnings of funds	8%	8%

Actuary conditions for demographic factors and retirements are based on usual conditions within insurance.

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Note 5 Fixed assets and immaterial properties (NOK 1,000)

	31.12.1999	01.01.1999
	Driftsløsøre, inventar mv.	Driftsløsøre, inventar mv.
Original cost 01.01	4,157	4,047
Access to purchased operating assets	0	110
Retirement	-1,237	0
Original cost 31.12	2,920	4,157
Depreciations, write-downs and rev. w-d. 01.01	2,797	2,182
Accumulated depreciations 31.12	2,071	2,797
Book value as per 31.12	849	1,360
Annual depreciations	511	615
Annual write-downs	0	0
Economical lifetime	Max 7 years	
Depreciation plan	Linear	

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Note 6 Taxes (NOK 1,000)

	1.1 - 31.12	
	<u>1999</u>	<u>1998</u>
Payable tax to be calculated like this:		
Ordinary result before taxes	11352	2,167
Permanent differences	357	311
Adjustment of provisional differences	286	911
Total loss to put forward	-542	-3,920
Basis for payable taxes	<u>11,453</u>	<u>-531</u>
Payable taxes from the annual result	3,207	0
- payable taxes on Group contributions	-1,848	0
Payable taxes in the balance	<u>1,359</u>	<u>0</u>

The annual taxes are calculated like this:

Payable taxes from the annual result	3,207	0
Gross adjustments of deferred taxes	72	0
Total annual taxes	<u>3,279</u>	<u>0</u>

Specification of the basis for deferred taxes:

Differences to be balanced:

Fixed assets	-9	168
Current assets	576	535
Dept	-713	-563
Losses to be balanced	0	-542
Total	<u>-146</u>	<u>-402</u>
Deferred taxes / Tax advantage (-)	-41	-113

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Note 7 Equity capital and information on shareholders (NOK 1,000)

Equity capital:	<u>Share capital</u>	<u>Premium funds</u>	<u>Other equity</u>	<u>Total</u>
Revision of equity by implementation of new Accounting law:				
Equity capital 31.12.1998	1,000	0	-3,122	-2,122
Balance accounting of deferred tax adva	0	0	113	113
Equity capital 01.01.1999	1,000	0	-3,009	-2,009
Adjustment of annual equity capital:				
Annual result	0	0	3,321	3,321
Capital extension	1,000	6,500	0	7,500
Equity capital 31.12.1999	<u>2,000</u>	<u>6,500</u>	<u>312</u>	<u>8,812</u>

Share capital and information on shareholders:

The share capital in Glamox Norge AS as per 31.12.99 is as follows:

	<u>Number</u>	<u>Nominal value</u>	<u>Accounted</u>
A shares	2,000	1,000	2,000,000
Total	<u>2,000</u>	<u>1,000</u>	<u>2,000,000</u>

All shares owned by Glamox ASA

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Note 8 Secured debt and guarantees (NOK 1,000)

	31.12.99	01.01.99
Book value of properties guaranteed for debt to other company in the Group:		
Cash receivables	74,696	0
Stock capital	2,190	3,212
Total	76,886	3,212

Note 9 Accounts between companies in the Group etc (NOK 1,000.)

	Cash receivables		Trade credit	
	31.12.99	01.01.99	31.12.99	01.01.99
Company in the Group	20,746	26,842	41,699	33,871
Attached company	10,079	7,628	0	0
Total	30,825	34,470	41,699	33,871

Note 10 Merged items (NOK 1,000)

Merged items in the Cash Flow statement:

	1.1 - 31.12	
	1999	1998
Changes of stocks	1,022	-1,923
Changes of cash receivables	-6,113	-14,920
Changes of trade credit	8,945	17,748
Total	3,854	905

Note 11 Cash etc

The operating credit of the company is to be included in the Glamox Group bank overdraft.
 NOK 454,943 in bank account is undistributable.

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Note 12 Close parties

Companies, important shareholders and board members within the Glamox Group, as well as management and are considered as close parties.

No agreements have been entered or transactions carried out except for normal business transactions between close parties and mother/sister companies during the accounting year 1999 or the comparable years.

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Note 13 Shareholding in subsidiary companies or attached companies (NOK 1,000)

The company's shares in subsidiary companies or attached companies are treated according to the cost method. According to the Accounting Act § 3-7 a Group annual account is not made.

The Group annual account is set up by the parent company Glamox ASA.

The company's shares in subsidiary companies and attached companies are as follows:

	Subsidiary company	Attached company
Company	Glamox Far East Lt	Versalux
Business offices	Singapore	Australia
Ownership stakes	59.0 %	20.1 %
Shares of voting share capital	59.0 %	20.1 %
Net profit after tax	1,777	2,462
Accounted equity capital 31.12.1	1,168	35,121
Owned share of company equity	689	7,059
Accounted shareholding value	366	6,264