



Sustainability report 2012

Aura Light International AB

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If you have questions about this report or our sustainability work at large please contact us. Our contact details can be found on the backside of this report.

Sustainability and Profitability

The lighting industry is going through a phase of fast changes. The ongoing shift from traditional lighting technologies to LED based technology is driving this change. LED is now widely accepted as the lighting technology of the future, which follows the messages we have been sending for a long time: Sustainability, Long Life and Energy saving.

Our mission is to design and supply sustainable lighting solutions to professional customers enabling them to reduce costs, energy consumption and environmental impact.

Aura Light strives to be a socially responsible cleantech company whose business is about meeting the need for resource-efficient lighting solutions that enhance productivity and well-being, as well as the growing need for society to move from unsustainable production and consumption patterns towards a society that adjusts with the resource constraints of our planet.

Sustainability is a key-factor of success for our business and an integral part of our business strategy. Sustainability is of course caring about the generations to come, but it is also about minimizing business risks, as not caring about sustainability matters can seriously jeopardize the company brand and value.

Caring about sustainability in the supply-chain reduces risk of human rights violation, environmental pollution and poor product quality. Caring about sustainability in our product design reduces risk for negative environmental impact or products with bad sustainability performance. Caring about sustainability also enhances our employer brand and strengthens our relationship with employees, the authorities and society.

We believe that sustainability goes hand in hand with profitability, as it reduces costs and attracts new customer categories. Sustainability creates value for Aura Light, our customers and society at large.

After having monitored the LED technology and quality of the LEDs for some time, we were proud to present Aura UltiLED Long Life in 2012, a modular LED light source that forms the basis for a lot of our LED solutions. Aura Light's LED solutions are associated with the high quality as all of our products for discerning customers in industry, retail, public sector etc.

Aura Light is considered by our clients to be a reliable partner able to supply high quality and customized solutions.

Our Long Life products are considered world class and our strong customer focus and the value we create for them is highly appreciated by customers worldwide.

We have expanded our offer, added more products and solutions, where LED is one of several technologies in our portfolio. More and more clients are turning to Aura Light to solve their lighting needs. 88% of our customers consider Aura Light a trustworthy supplier that they want to expand their business with.

Our strong sales force, interacting directly with the customers, are well positioned to act as advisors to the customers, providing information on drawbacks and benefits of different technologies and recommending the best product or solution. Aura Light will continue to create value for our customers, employees and the societies where we operate.

Aura Light makes life simply brighter.



Martin Malmros, CEO Aura Light

About Aura Light

Our mission is to design and supply sustainable lighting solutions for professional customers, enabling them to reduce costs, energy consumption and environmental impact.

This is achieved by providing our customers with our light sources, luminaries and sensors.

At Aura Light we believe that the best thing we can do to contribute to a better world is to encourage companies to replace inefficient lighting with sustainable lighting solutions. Our innovative designs make replacement simple while enabling customers to meet their sustainability goals.

Aura Light's guiding principle is that our customers should save money by doing the right thing from a sustainability perspective. Our lighting solutions help customers save money thanks to guaranteed long lifetime that reduce maintenance and our solutions also save energy, which in turn reduce their electricity bill. At the same time we reduce the use of resources: raw material, packages, transports and also the CO₂ emissions. And the savings can be substantial as the energy consumption can be reduced by up to 80%. So when we design products, we try to minimize the environmental impact at the same time as we maximize the value for our customers. That is good for the business, good for the environment and good for the world at large. And the customers get a high quality lighting that they can trust.

We start considering sustainability at the earliest possible stage of product development. We are, for instance, pioneers within modular LED technology. Unlike other solutions where the entire lighting unit must be discarded to upgrade the LED components, our smart solutions enable easy replacement and upgrading with less waste. Changing LED modules can be as easy as changing a light bulb.

In addition to us being certified on ISO 9001 since 1998 and ISO 14001 since 2002, we use standard ISO 26000 in our work on Social Responsibility.

The structure of the Aura Light Group

Aura Light International AB is the parent company of the subsidiaries in China, Denmark, Finland, France, Germany, Italy, Norway, Portugal, Sweden, Spain and the UK. Aura Light International also covers the markets outside of Europe, mainly through sales partners. Aura Light International AB is also where we have our overhead functions on Product development, Business development, Communications

etc. Our inhouse production is also handled in Aura Light International AB. The subsidiaries include our local sales offices.



**Aura Light Holding AB is not included in the report as all parameters influencing sustainability are taking place within Aura Light International AB and subsidiaries. So figures are referring to Aura Light International including subsidiaries, unless otherwise stated.*

Members of the board

Lennart Sunden (Chairman), born 1952
 Per Etholm, born 1955
 Cato Holmsen, born 1940
 Erik Nelson, born 1977
 Tomas Svanfeldt, born 1954
 Indra Åsander, born 1956

Martin Malmros (CEO), born 1965
 Tomas Bengtsson (Union), born 1981
 Susanne Öhrn (Union), born 1957
 Mattias Ekroth (Union, deputy), born 1968
 Lars-Åke Magnusson (Union, deputy), born 1958

Economical overview

Summary of direct economic value generated and distributed. For more details please see our Annual report in the latter part of this publication.

DIRECT ECONOMIC VALUE GENERATED	2012	2011
Netsales TSEK	517 647	519 305
Interest income SEK	274	568
ECONOMIC VALUE DISTRIBUTED	2012	2011
Costs goods sold	-252 310	-240 801
Selling expenses TSEK	-114 948	-91 594
Administrative expenses TSEK	-76 482	-63 739
Research and development costs TSEK	-18 839	-18 467
Employee wages and benefits TSEK *	-132 851	-125 402
Interest expenses TSEK	-4 847	-4 315
Tax on profit/loss of the year TSEK	-3 590	-21 518

*This amount is included in selling expenses, administrative expenses, research and development costs.

About this report

This is the first time Aura Light makes a sustainability report where we describe how we think and act in sustainability questions. We are reporting according to GRI G3.1 and this is a complement within the CSR area to our annual report. The report comprises data from 2012 and Aura Light International AB, unless otherwise stated. We are reporting at an application level C and the report is third party checked. From now on we aim to report yearly.

In this report we present sustainability information that are linked to our core business. We provide this report to inform

and to create an ongoing dialogue with our key stakeholders such as employees, customers, suppliers, owners and society at large. To decide which information is material to our key stakeholders we conducted a materiality analysis based on knowledge generated by our stakeholder dialogues. This analysis resulted in the following key topics presented in this report such as sustainable products, labor conditions, environmental focus, sustainable supply chain management and ethical business practices.

»In this report we present sustainability information that are linked to our core business.«



Working with sustainability

To ensure complete implementation of relevant sustainability aspects into our core business we have adopted the sustainability principles according to The Natural Step:

- Aura Light seeks to eliminate our contribution to:
1. the progressive build up of substances extracted from the Earth's crust.
 2. the progressive build up of chemicals and compounds produced by society.
 3. the progressive physical degradation and destruction of nature and natural processes.
 4. conditions that undermine people's capacity to meet their basic human needs.

These are our pillars of success:

- **Innovation** for tomorrow – We develop clean technology for a sustainable future.
- Give **customers** brighter lighting – We offer smart

sustainable lighting solutions for professional users.

- Our **people** and partners for change – We drive development towards a sustainable society.
- Responsible business **operations** – We create sustainable operations throughout the value chain.

Our overall long term goal is to include sustainability aspects in everything we do at Aura Light. We have a large number of business goals on various levels and in different functions, with actions to reach them. In order to simplify the communication internally and externally and achieve the best result in our work, we have selected a few as focus goals.

Aura Light CSR group collects information, reports and results and suggests policies, goals and improvements within the CSR area. The decisions that need to be taken are then made in the executive management. The CEO communicates important decisions to the Board of directors of Aura Light International AB.

SUCCESS FACTOR	FOCUS GOALS 2015	RESULT AND ACTIVITIES 2012
Solutions	90% of our sales come from Long Life products and solutions.	We see a negative trend during the year. Acquisitions of companies providing standard products is the main cause as converting to sustainable Long Life solutions takes time (2012: 71%).
	50% of our sales come from energy efficient products and solutions.	We see a negative trend during the year. Acquisitions of companies providing standard products is the main cause as converting to sustainable energy efficient solutions takes time (2012: 11%).
Innovations	Aura Light's product development process secures continual steps towards sustainable lighting.	Product development is focused around LED solutions and modularity.
People	Our vision regarding Sustainable lighting is communicated and well understood by our customers.	Ongoing communication and customer educations throughout the year.
	Our employees have the competence to include the sustainability aspect in their job.	A new code of conduct is implemented.
Business operations	Our carbon dioxide emissions are reduced relative to sales.	We strive to get a total overview of the carbon dioxide emissions of Aura Light.
	More than 95% of all waste materials from production is recycled (Incl energy recycling).	66% is recycled
	40% of the chemicals containing substances from the PRIO list are phased out of production.	Substances from the PRIO list are phased out according to plan, number of chemicals containing PRIO substances reduced by 19%.
	The sustainability performance of our potential and existing key suppliers is monitored and supported by efficient processes.	During 2012 the plan for third party audits was determined for implementation during 2013.

Ethical business

Our code of conduct is the base for the CSR work. An updated version of the code was approved by the board in 2012. The purpose of the code is to create a sound corporate culture and to preserve the integrity of the Aura Light Group by helping employees, managers, board members, owners as well as suppliers and others acting on behalf of Aura Light companies, to promote standards of good and ethical business practice. Our code of conduct is also built on our core values and sustainability principles. It is based on international guidelines such as the UN declaration of human rights, the ILO declaration, the Global compact and the OECD guidelines.

The code explains the Aura Light way of doing business at the same time as it tells us how to treat each other and other stakeholders. It provides the framework for all our operations.

We are a firm opponent of corruption or other unfair dealing in any form and our code of conduct is the base for the anti-corruption work. We have not conducted any anti-corruption training within the reporting period but employees, managers, board members and owners have been informed

about the principles in our code of conduct.

It is every manager's responsibility to ensure compliance with this code and making it a mandatory appendix of employment agreements. Any questions relating to how the code should be interpreted or applied are to be addressed to a manager or the CEO. Non-compliance with our code has to be reported immediately to the manager, to a member of the Aura Light Executive Management or to the Chairman of the Board of directors.

We have not identified any cases of corruption or of other non-compliance with laws or regulations within the reporting period or earlier. No fines or non-monetary sanctions had to be paid by us within the reporting period. During 2013 we are developing internal material clarifying national legislation regarding bribery to facilitate and ensure a high ethical standard in decisions and actions.

We have a close cooperation with our suppliers in order to enable exchange of expertise in our continuous work on supplying products that contributes to a sustainable society.



Sustainable customers

The sustainability impact is evaluated and communicated for all products according to legislation via marking of hazardous content, information on safe usage and disposal. The requirements are stated in the EU Eco design directive regarding energy class/energy efficiency.

Health and safety aspects of our Aura Light products are considered from development of product concept, R&D, manufacturing, marketing, storage and distribution, use and finally end of life and disposal.

Aura Light has not identified any non-compliance with regulations or voluntary codes concerning product and service information or labeling within the reporting period or earlier. Neither has Aura Light identified any non-compliance with regulations or voluntary codes concerning marketing or other communication nor any customer complaints regarding breaches of privacy or losses of data. Aura Light has not been obliged to pay any fines for non-compliance with applicable laws and regulations concerning the provision of products and services within the reporting period or earlier.

For assessing its customers' needs, preferences and satisfaction Aura Light has conducted a customer satisfaction analysis in the Nordic, Central and Southern Europe, during November 2012 until January 2013. Aura Light's customers representing top 75% of sales participated in the analysis. Data was gathered by telephone interviews conducted in the local language. Altogether Aura Light has conducted 166 interviews at 162 customers (response rate 57%). In general Aura Light

analyzes customer satisfaction every two years.

The latest analysis showed that Aura Light has improved in all areas perceived as significantly more important than 2010. 88% of the participating customers, compared to 79% in 2010, viewed Aura Light as a trustworthy supplier that they would like to extend business with.

This of course sets demands on pro-activity, customer dialogue and engagement from our part and a high perceived value of our solutions. After having monitored LED for quite some time, the quality has reached the level of that of our other products and during 2012 the LED range has therefore expanded extensively, something that our customers requested.

Switching to LED technology is a common part of the customers' focus on sustainability. The interest in LED has increased from 73% to 84% compared to 2010 and customers demand more products and more information. The customers are more and more focusing on total solutions.

Within the reporting period Aura Light has, in cooperation with speakers from national lighting associations and professors from different universities, carried out customer educations on both energy efficient lighting and LED. The educations have been carried out in Sweden, Portugal, Spain and Italy and they have been highly appreciated by Aura Light's customers.

»Within the reporting period Aura Light has, in cooperation with speakers from national lighting associations and professors from different universities, carried out customer educations on both energy efficient lighting and LED.«

Our employees

Our people and partners play a critical role in our sustainability efforts. We recognise the importance of individual employee efforts. Everyday actions, such as videoconferencing to cut business travel and associated emissions, using the intranet as a communication channel instead of printed information, recycling office paper and minimizing waste, make a difference. We also recognise the importance of working with like-minded suppliers and partners who place value on sustainable value creation.

The number of employees for 2012 was total 231 of which 34% were women. This is an increase in number of employee by 6% compared to 2011.

The expansions into new markets have meant recruitments mainly within sales. Moving into lighting solutions has also meant that the number of employees within Product development has increased.

The competence of our employees is very important for Aura Light's success, not the least with the new challenges that comes with a greater awareness of sustainability issues. One step in our performance management process to identify competence needs and to develop employees, is our annual employee appraisals between managers and employees. The blue collar workers have employee appraisals every two years.

We continuously strive to reach 100% on the employee appraisals on a group level and are implementing activities to simplify for managers and employees.

In Sweden all employees are represented in health and safety committees, personnel committees and the board of directors.

In Sweden all employees are also part of the company's collective bargaining agreement with the unions IF Metall and

Unionen.

Employee surveys are planned to be conducted every other year on a group level, with a purpose to find areas for improvement. The latest survey was made 2012. It showed, for example, a need to communicate what have been achieved within the sustainability area throughout the organization. As a result, the work with information on the intranet has been in focus. Since a few years, all new employees are also asked to take part of an e-learning regarding sustainability made by The Natural Step.

Health and Safety

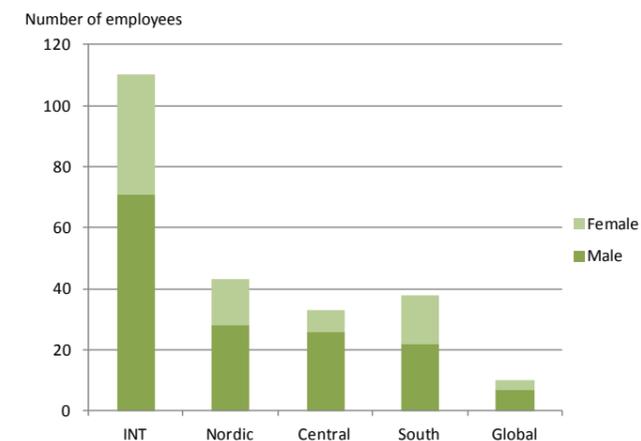
We work proactively with regards to work environment and health. The most important activity is our regular risk assessments, but we also do training related to different areas as well as providing health allowance. We have a close cooperation with our Occupational Health Care in Sweden, where all employees in our factory is offered a free physical examination a year. For employees working with risk elements special health investigations are conducted regularly.

Most incidents and accidents occur in production, and are related to cutting and burning injuries or the risk thereof. We have had focus on making sure that incident are reported which we mean is one of the reasons that reported incidents have increased during 2012.

Sick leave is measured for Sweden. In 2012 our target for sick leave was 3% and the result was 2,3% in total. (For blue collar the result was 3,6%).

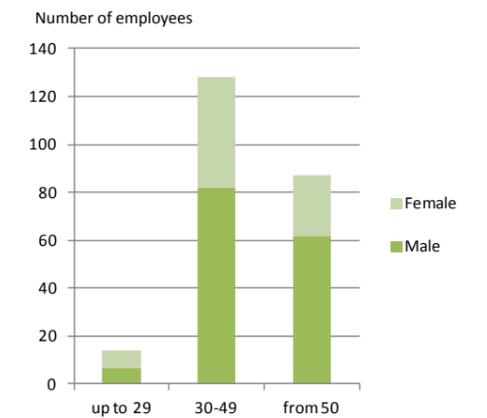
Our employee survey showed that we have a high level of employee satisfaction which is very positive and we see this as a result of a committed and strong leadership.

»The competence of our employees is very important for Aura Light's success, not the least with the new challenges that comes with a greater awareness of sustainability issues.«



Gender distribution by region

The number of males/females working in the different Aura Light regions.



Age distribution by region

The age distribution of the employees of Aura Light.

Environment

The base in our environmental approach is to offer the market sustainable lighting. But the importance of looking at the whole value chain regarding both ethical and environmental aspects is essential to our business.

Our manufacturing is certified according to ISO 14001 and our approach to environmental matters are dealt with accordingly, in practice by our regular work with risk analysis. We are working according to the precautionary principle in questions of health & safety and environmental matters. The most important environmental impacts are caused by energy usage, chemicals, disposal and emissions to air. The supply chain and transportation are indirect environmental aspects where we are increasing our attention.

No violations of laws or regulations have occurred during the reporting period.

In our employee survey suggestions were made regarding the sustainability aspects at our different offices. Therefore we now have a person responsible at each office for taking care of office sustainability and checklists with sustainability aspects to address have been made. When it comes to our local sales office premises, they are not owned by Aura Light, however there is an ongoing dialogue with the landlords regarding the sustainability aspects according to the office sustainability checklist.

Energy and Climate

Our manufacturing site uses electricity and LPG as energy sources in about equal amounts. LPG is used in flames when melting the glass parts of the light sources.

As a result of us striving to reduce our impact on climate change we have made a switch to renewable electrical energy, coming from water and wind based sources, during the reporting period.

Other examples for environmental improvements within the reporting period:

- Reuse of coating suspension. By this measure a distillation process has been eliminated.
- Use of heat excess from new test room for warming of our facilities
- By introducing video conferences our travelling is reduced

We are working on getting better measures from our emissions connected to transportation and business travels.

Carbon emissions created by the production of Long Life sources and outbound goods transports is offset through ClimateCare. They run some of the largest and most innovative voluntary carbon offset programmes in the world. ClimateCare also help their partners to integrate CSR activities in their work and run projects that tackles climate change and stimulates social development.

Through offsetting over 9,000 tonnes since 2008, Aura Light have supported projects including the award-winning LifeStraw Carbon For Water project, which is providing 4.5 million people in Western Kenya with safe water, and Gold Standard clean cookstove projects in Uganda and Ghana. We have also supported renewable energy projects including geothermal, hydro and wind energy in the developing world.

Chemicals and raw materials

The impact chemicals have on society is a matter of great concern and it is consequently also in focus of our work when minimizing risks. For several years we have had the PRIO list as a tool for phasing out chemicals with high risk for health and environment. The phasing out of chemicals containing substances from the PRIO list, together with information associated to this, has increased awareness of the importance of limiting the amount of chemicals in the company. We have since 2010 reduced the amount of chemicals containing substances from PRIO list with 19%. This work is also in line with the REACH legislation.

The dominating raw materials in production are glass, fluorescent powder, packing material – board and corrugated paper. Both the glass and board is to a large extent, up to 75%, made by recycled material. For the fluorescent powder we don't have any possibilities to use recycled material today because of the high quality requirements for Long Life and energy efficient products.

Emissions to air and water

Emissions of SO₂ and NO_x are low. Sulfur dioxide is used in our manufacturing process to improve the properties of glass when exposed to high temperatures thus reducing cracks. Emissions of NO_x are caused mainly by combustion of LPG. Calculated figures are from efficiency measurements of our LPG boiler.

Mercury is the most hazardous emission and we have

since many years routines for safe handling and minimizing use. Steam containing mercury from the exhaust machine is passing a carbon filter and results in an annual emission of about 10-15 g Hg/year. New techniques to obtain a better and safer mercury handling are under evaluation.

Our coating process includes VOC and most vapor from this process is purified by catalyst combustion. The other significant part of VOC is used for the socket paste for fluorescent lamps.

The water we use is municipal water. Water usage in the manufacturing process is very limited, 330 of total 2400 m³ and is treated like normal wastewater in the municipal sewage system.

Waste

Aura Light is governed by the EU Producer Responsibility Regulation concerning its packaging material and products. Our amount of packaging material and products are thus registered by the Swedish Environmental Agency and we pay a yearly fee to the REPA database and Elkretsen. Recycling of light sources is generally very high, and as Aura Lights' customers belong to the professional market, waste is handled in a professional way. This means that recycling rate can be assumed extremely high for our products compared to products at regular consumer market.

In our production we strive to reduce the waste in total. Our main target is to increase the waste fraction that goes to recycling, and hence reduce the landfill fraction. The focus during the year has been on general efficiency improvements in our manufacturing process.

ENERGY USAGE	ENERGY USAGE, KARLSKRONA, TJ	2012	2011	2010
	Total	31,3	30,3	31,7
	Whereof fossil fuel, direct	17,0	15,7	16,9
	Whereof electrical energy, indirect	14,4	14,3	14,8

CO ₂ EMISSION	CO ₂ EMISSION KARLSKRONA, TONNES	2012	2011	2010
	Total	1200	1152	1234
	whereof fossil fuel, direct	1165	1084	1167
	whereof electrical energy, indirect	38	69	71

Calculations made in Klimatkompassen

WASTE, TON	WASTE, TON	2012	2011	2010
	Total	124	119	110
	Hazardous waste	4,1	4,4	4,2
	Recycling	60	59	45
	Energy recycling	23	29	24
Landfill	37	27	38	

EMISSIONS TO AIR	EMISSIONS TO AIR	2012	2011	2010
	VOC (tonnes)	1,7	1,1	1,3
	NO _x (tonnes) from the building	0,4	0,3	0,4
	SO ₂ (tonnes)	0,1	0,3	0,3
Hg (kg)	0,01	0,01	0,01	

CHEMICALS	CHEMICALS	2012	2011	2010
	Number of chemicals containing substances from PRIO list	35	37	43
	% reduction	19	14	

SOLD SOLUTIONS	SHARE SOLD SUSTAINABLE SOLUTIONS OF TOTAL, %	2012	2011	2010
	Share Long Life, %	71	81	83
	Share ECO solutions, %	19	25	16

Some products appear in both categories.

Sustainable supply chain

At Aura Light, we expect all our suppliers to respect human and basic employee rights as well as environmental needs. Business has to be done in an ethical way.

Our suppliers are required to follow our supplier policy. According to this policy our suppliers have to comply with the international conventions on human rights and working condition set by the UN and the ILO. They have to follow applicable laws and regulations in the country they operate, respect human rights and basic employee rights. They should also provide a safe and healthy working environment and minimize environmental impact. Our supplier policy also asks for continuous improvement within the areas above. Compliance with the code is verified by ongoing internal as well as third party external auditing processes.

Both antidiscrimination, the abolition of forced and child labor and the freedom of association are important principles in our supply chain work. To secure compliance with the supplier policy we use a self assessment form to fill in by our suppliers. During 2013 we have started to introduced supplier compliance audits to all key suppliers. These audits are performed by local auditors together with Aura Light

representatives.

During 2012/2013 Aura Light has audited four key suppliers and manufacturing plants, in three different countries. One is located in Germany, one in India and two in China. This means that during 2013 we have followed up policy compliance covering 45 % of our suppliers for finished goods and raw material.

Importance and purchased value are factors taken under consideration when choosing sites to be audited. Geographical location of suppliers is also a main question, suppliers located in countries commonly known for their violations of human rights and basic employee rights have to be audited more closely.

No signs of compulsory and forced labour or child labor were found during the audits. But both areas for labor and environment showed however areas where improvements are needed. The audits resulted in compliance reports and for all deviations we have requested improvement actions. Each audited supplier has to report corrective actions to Aura Light.

Supplier compliance audits will be a reoccurring activity at key suppliers every two years.

»During 2012/2013 Aura Light has audited four key suppliers and manufacturing plants, in three different countries. One is located in Germany, one in India and two in China. This means that during 2013 we have followed up policy compliance covering 45% of our suppliers for finished goods and raw material.«

Stakeholder dialogue

By stakeholder analysis Aura Light has identified its key stakeholders as Customers, Owners, Employees, Suppliers, Associations and Society. Recurring surveys and an ongoing dialogue on an individual level is very important to our company. As an important part of our communication Aura Light will annually report the results through this report. An increased interest and requirements from customers and owners regarding sustainability can be seen during the past year. Questions that more frequently arose are control of supply chain, chemical legislation, conflict minerals and ethical business in general. Social and environmental audits at Aura Light by customers have also been made. See summary below.

	STAKEHOLDER	AREA OF DIALOGUE	ACTIVITIES
STAKEHOLDER DIALOGUE	Customers	Sustainable product solutions and Aura Lights operations in general. Sustainable supply chain.	Customer survey performed every second year. Product development of energy efficient solutions and Long Life solutions. Customer adapted solutions.
	Employees	EHS questions Management. Competence	Code of conduct released. Employee survey every second year. Responsible persons for sustainability questions are designated for each office. Basic general guidelines made.
	Owners	Owners interest in sustainability work Minimize business risks and avoid jeopardizing company value	Information and dialogue in Board of directors CSR survey
	Suppliers	Compliance of requirements in Supplier policy. Quality requirements	Improved process for supplier assessment Third party audits at key suppliers. Intensified work for quality improvement
	Associations*	Legislations, standards	Meetings regarding legislation and standards
	Society	Responsibility in society	Cooperation with BTH (Blekinge Institute of Technology) regarding sustainable supply chain and sustainable product development.

*Aura Light are members of the European lighting association – Lighting Europe, an industry association representing leading European lighting manufacturers and national lighting associations. Aura Light is also represented in a number of national lighting association. We also have cooperation with different universities, where one is Blekinge Tekniska Högskola (BTH), well known for its profile on sustainable development, where we also are represented in the board.

GRI Index

The GRI index below shows which information that is available in this report. It includes all indicators which have been regarded relevant for Aura Light.

AR = Annual report

● = Fully

◐ = Partly

DISCLOSURE	LOCATION OF DISCLOSURE	LEVEL OF REPORTING
1.1 Statement from the most senior decision maker of Aura Light International	3	●
1.2 Description of key impacts risks and opportunities	3,7	●
2. ORGANIZATIONAL PROFILE		
2.1 Name of the organization	4	●
2.2 Primary brands and products	4	●
2.3 Operational structure	4	●
2.4 Location of the headquarter	22	●
2.5 Countries where Aura Light operates	4	●
2.6 Nature of ownership and legal form	22	●
2.7 Markets served	4	●
2.8 Scale of the reporting organization	22,23	●
2.9 Significant changes during the reporting period regarding size, structure and ownership	22	●
2.10 Awards received	No awards	●
3. REPORT PARAMETERS		
Report profile		
3.1 Reporting period	6	●

DISCLOSURE	LOCATION OF DISCLOSURE	LEVEL OF REPORTING
3.3 Reporting cycle	6	●
3.4 Contact point	2	●
Report scope and boundaries		
3.5 Process of defining report content	6,15	●
3.6 Boundaries of the report	6	●
3.7 Specific limitations on the scope or the boundaries of the report	6	●
3.8 Basis for reporting on subsidiaries	6	●
3.12 GRI-content index	16	●
3.13 External assurance - third party check	20	◐
4. Governance, Commitments and Engagement		
Governance		
4.1 Governance structure	4	●
4.2 The Chairman of the Board's roll in the organization	4	●
4.3 If unitary board- independent members		No unitary board
4.4 Mechanisms for shareholders and employees to provide recommendations or directions to the highest governance body	4	◐
4.8 Mission, Values, Code of Conduct	7,8	●
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of sustainability performance	7	◐
4.11 Explanation of whether and how the precautionary principle is addressed	12	●
4.12 Externally sustainability charters, principles or initiatives to which the Aura Light subscribes or endorses	4,8	●
Stakeholder Engagement		
4.14 List of Stakeholders	15	●
4.15 Identification process	15	●

GRI INDEX	DISCLOSURE	LOCATION OF DISCLOSURE	LEVEL OF REPORTING
	4.16 Stakeholder communication	15	●
	4.17 Key topics	15	●
	5. ECONOMIC PERFORMANCE INDICATORS		
	Economic performance		
	EC1 Direct economic value generated and distributed	5	●
	6. ENVIRONMENTAL PERFORMANCE INDICATORS		
	Materials		
	EN1 Materials used by weight or volume	12	◐
	EN2 Percentage of materials used that are recycled	12	◐
Energy			
EN3 Direct energy consumption by primary energy source	12, 13	●	
EN4 Indirect energy consumption by primary source	12, 13	◐	
EN5 Energy saved due to conservation and efficiency improvements	12	◐	
Water			
EN8 Total water withdrawal by source	13	◐	
Emissions, effluents and waste			
EN16 Total direct and indirect greenhouse gas emission by weight	12, 13	●	
EN20 NO _x , SO _x and other significant air emissions by weight and type	12, 13	●	
EN22 Waste	13	●	
EN24 Hazardous waste	13	◐	
Compliance			
EN28 Fines and non-monetary sanctions for non-compliance with environmental laws and regulations	12	●	

GRI INDEX	DISCLOSURE	LOCATION OF DISCLOSURE	LEVEL OF REPORTING
	7. LABOR PRACTICES AND DECENT WORK		
	Employee terms and conditions		
	LA1 Total workforce by employment type, employment contract and region broken down by gender	10, 11	◐
	LA4 Percentage of employees covered by collective bargaining agreements	10	◐
	LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees	10	◐
	LA7 Rates of injury, occupational diseases, lost days and absenteeism and total number of work related fatalities by region and gender	10	◐
	LA10 Average hour of training per year per employee by gender and employee category	10	◐
	LA12 Percentage of employees receiving regular performance and career development reviews by gender	10	◐
	Human Rights		
HR2 Percentage of significant suppliers contractors and other business partners that have undergone human rights screening and actions taken	14	●	
HR5 Operations where freedom of association and collective bargaining may be at significant risk and actions taken	14	●	
HR6 Operations where there is a significant risk of child labour and actions taken	14	●	
HR7 Operations where there is a significant risk of forced or compulsory labour	14	●	
Society			
SO3 Percentage of employees trained in Aura Light's anti-corruption policies and procedures	8	●	
SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	8	●	
Product Responsibility			
PR1: Life cycle stages in which health and safety impacts of products are assessed	9	◐	
PR3 Product labelling and information	9	◐	
PR4 Total number of incidents of non compliance with regulations and voluntary codes concerning product and service information and labelling	9	●	
PR5 Practices related to customer satisfaction including results of customer satisfaction surveys	9	●	
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	9	●	
PR8 Total number of substantiated complaints regarding breaches of customer privacy	9	●	
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	9	●	

Third Party Statement

Statement: GRI Application Level Check

Hereby I state that Aura Light International AB has presented its sustainability report, "Aura Light Sustainability Report 2012", which is part of the company's annual report, to me. As a third party, I have concluded that this report, using the G3.1 Guidelines fulfills the requirement of Application Level C.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the sustainability reporting process.

This statement confirms that the required set and number of disclosures for Application Level C have been addressed in the report and that the GRI Content Index presents a valid presentation of the required disclosures as described in the GRI G3.1 Guidelines.

Application Levels do neither provide an opinion on the sustainability performance of the reporting company nor on the quality of the information in the report.

Malmö, Sweden, 10th of December 2013



Iris Rehnström

Consultant

Business Development – Sustainability

SustainableBiz



Annual Report

Aura Light International AB
Corporate ID no. SE5564911088

Annual accounts and consolidated accounts for the financial year 2012.

The Board of Directors and the CEO hereby present the

annual accounts and the consolidated accounts.

Unless stated otherwise, all amounts are reported in thousands of Swedish kronor. Figures in brackets refer to the previous year.

Management report

Information about the business

The parent company manufactures and markets light source products and lighting solutions. The company and its subsidiaries conduct sales of energy-saving and sustainable Long Life lighting solutions, aimed at professional customers who are endeavouring to reduce their costs and carbon dioxide emissions.

Ownership

Aura Light International AB is the parent company for the wholly-owned subsidiaries

Aura Light AS (Norway)	Aura Light OY (Finland)
Aura Light Trading Co Ltd (China)	Aura Light GmbH (Germany)
Aura Light Italy SRL (Italy)	Aura Long Life Lamps Ltd (United Kingdom)
Aura Light AB (Sweden)	Aura Light France Sarl (France)
Aura Light Spain SL (Spain)	Aura Light Singapore (dormant)
Aura Light Aps (Denmark)	Aura Light Portugal Unipessoal Lda (Portugal)

Aura Light International AB is a wholly-owned subsidiary of Aura Light Holding AB, corporate ID no. 556698-3671, with its registered office in Stockholm. The parent company for the Group is Aura Light Holding AB, corporate ID no. 556698-3671, with its registered office in Stockholm.

Significant events during the financial year

The company further strengthened its position in southern Europe during the year by the acquisition of marketing companies in Portugal.

The Nordic business was also expanded with the acquisition of the Swedish distributor IQ Sensortech (Molbi AB). The production unit in Karlskrona increased its activities by way of investments in production equipment for both HID and LED. The projects were completed during the year and went into operation around the 2012/2013 year-end. The company secured its long-term financing with a new 5-year banking agreement with SEB.

Significant events after the end of the financial year

In the first quarter, the company took back the previously outsourced Treasury function and now runs this business internally.

Future development

Aura's short-term development indicates strong growth with good profitability. Aura's prospects are also judged to be good in the longer term.

Year-on-year comparison

The company's financial development in summary.

		2012	2011	2010	2009	2008
Group						
Net sales,	kSEK	517,647	519,305	448,890	436,628	426,617
Profit/loss after financial items, kSEK		41,505	91,940	58,783	35,378	39,675
Operating margin, %		9.0	18.7	13.1	8.1	9.3
Balance sheet total,	kSEK	484,509	524,418	431,782	356,392	341,823
Number of employees		231	217	191	189	200
Equity/assets ratio,	%	37.5	34.7	30.7	30.4	27.4
Return on equity,	%	22.8	50.5	44.4	32.7	42.4
Parent company						
Net sales	kSEK	269,600	277,449	255,485	246,120	283,112
Profit/loss after financial items, kSEK		34,288	54,344	45,938	34,763	39,403
Operating margin,	%	6.7	16.4	18.0	14.1	13.9
Balance sheet total,	kSEK	326,127	364,874	425,876	346,938	325,091

Number of employees		112	106	105	104	115
Equity/assets ratio,	%	61.8	53.9	35.9	34.8	29.6
Return on equity,	%	17.0	27.6	30.0	28.8	40.9

For definitions of key figures, see note 1

Environmental impact

The Group has environmental permits to produce fluorescent tubes and process pump pipes (production waste) to recover mercury. The operation has an impact on the environment through emissions into the air, noise, and the processing of chemicals and waste. Operations requiring a permit account for approximately 38 % (43 %) of the company's net sales.

Proposed appropriation of profits

The following profit is available for appropriation by the Annual General Meeting (AGM):

Retained earnings	110,953,471
Profit/loss for the year	18,936,553.
	<u>SEK 129,890,024</u>

The Board of Directors proposes that profits be allocated as follows

Carried forward to new account	129,890,024
	<u>SEK 129,890,024</u>

Income statements

	Note	Group		Parent company	
		2012	2011	2012	2011
Net sales	2	517,647	519,305	269,600	277,449
Cost of goods sold	3	-252,310	-240,801	-211,891	-200,703
Gross profit/loss		265,337	278,504	57,709	76,746
Selling expenses	3, 4, 5	-114,948	-91,594	-17,748	-8,879
Administrative overheads	3, 4, 5	-76,482	-63,739	-37,768	-34,931
Research and development costs	3, 4, 5	-18,839	-18,467	-2,916	-7,259
Other operating income	6, 7	7,042	8,519	21,246	21,703
Other operating expenses	6	-16,032	-15,895	-2,404	-1,926
Operating profit/loss	8, 9	46,078	97,328	18,119	45,454
Profit/loss from financial items					
Income from participations in Group companies,	10	-	-1,641	19,963	11,977
Other interest income and similar profit/loss items		274	568	721	538
Interest expenses and similar profit/loss items		-4,847	-4,315	-4,515	-3,625
Total profit/loss from financial items		-4,573	-5,388	16,169	8,890
Profit/loss after financial items		41,505	91,940	34,288	54,344
Appropriations	11	-38,700	-20,300	-15,328	-3,881
Tax on profit/loss for the year	12	-3,590	-21,518	-23	-10,502
Profit/loss for the year		-785	50,122	18,937	39,961

Balance sheets

	Note	Group		Parent company	
		31-12-2012	31-12-2011	31-12-2012	31-12-2011
Assets					
Fixed assets					
<u>Intangible fixed assets</u>					
Patents, licences, trademarks and development costs	13	12,340	8,317	12,247	8,228
Goodwill	14	26,509	22,562	3,062	1,469
		38,849	30,879	15,309	9,697
<u>Tangible fixed assets</u>					
Machinery and other technical facilities	15	12,437	12,721	12,278	12,456
Equipment, tools and installations	16	6,909	8,714	5,505	7,528
Work in progress and advances relating to tangible fixed assets	17	11,099	3,823	11,099	3,823
		30,445	25,258	28,882	23,807
<u>Financial assets</u>					
Participations in Group companies	18	-	-	52,873	44,795
Receivables from Group companies	19	14,082	14,082	14,082	14,082
Deferred tax assets	20	8,309	10,507	-	-
Other long-term receivables		241	348	-	-
		22,632	24,937	66,955	58,877
Total fixed assets		91,926	81,074	111,146	92,381
Balance sheets					
	Note	Group		Parent company	
		31-12-2012	31-12-2011	31-12-2012	31-12-2011
Current assets					
<u>Inventories, etc.</u>					
Raw materials and consumables		9,273	15,611	11,952	15,611
Work in progress		129	136	-	91
Finished goods and goods for resale		79,119	62,754	67,855	56,625
		88,521	78,501	79,807	72,327
<u>Current receivables</u>					
Trade debtors	8	90,741	92,867	6,041	6,325
Receivables from Group companies	19	174,875	217,330	114,694	170,243
Current tax assets		986	463	551	-
Other current receivables		6,147	2,755	5,547	2,305
Prepaid expenses and accrued income		6,469	7,350	5,188	5,152
		279,218	320,765	132,021	184,025
<u>Current investments</u>					
Current investments	21	78	71	-	-
<u>Cash and bank balances</u>					
Total current assets		392,583	443,344	214,981	272,493
Total assets		484,509	524,418	326,127	364,874

	Note	Group		Parent company	
		31-12-2012	31-12-2011	31-12-2012	31-12-2011
Balance sheets					
Equity and liabilities					
Equity					
<u>Restricted equity</u>					
Share capital		40,000	40,000	40,000	40,000
Statutory reserve		5,450	5,450	4,735	4,735
Restricted reserves		27,072	41,175	-	-
		72,522	86,625	44,735	44,735
<u>Non-restricted equity</u>					
Retained earnings		109,936	45,401	110,953	70,993
Profit/loss for the year		-785	50,122	18,937	39,961
		109,151	95,523	129,890	110,954
Total equity		181,673	182,148	174,625	155,689
Untaxed reserves					
	23	-	-	36,552	55,675
Provisions					
<u>Other provisions</u>					
Deferred taxes	24	8,053	8,370	1,382	756
		9,270	14,361	-	-
Total provisions		17,323	22,731	1,382	756
Balance sheets					
	Note	Group		Parent company	
		31-12-2012	31-12-2011	31-12-2012	31-12-2011
Long-term liabilities					
<u>Other liabilities to credit institutions</u>					
Liabilities to Group companies	19	1,025	23,779	-	22,663
		24,560	24,560	24,560	24,560
Total long-term liabilities		25,585	48,339	24,560	47,223
Current liabilities					
<u>Liabilities to credit institutions</u>					
Bank overdraft facilities	25	302	938	-	-
Advance payments from customers		30,090	-	30,090	-
Trade creditors		727	727	-	-
Liabilities to Group companies	19	51,920	82,572	37,262	65,653
Current tax liabilities		131,042	128,835	7,627	18,695
Other current liabilities		4,219	16,112	-	6,601
Prepaid expenses and accrued income		16,367	15,226	1,597	1,005
		25,261	26,790	12,432	13,577
Total current liabilities		259,928	271,200	89,008	105,531
Total equity and liabilities		484,509	524,418	326,127	364,874
Pledged assets					
	26	146,873	141,795	146,873	141,795
Contingent liabilities					
	27	307,821	261,052	307,821	261,052

Cash flow statements

Cash flow statements	Group		Parent company	
	2012	2011	2012	2011
Operating activities				
Operating profit/loss before financial items	46,078	97,328	18,119	45,454
Interest received	274	568	721	538
Dividends received	-	-	19,963	15,128
Interest paid	-4,847	-4,315	-4,515	-3,625
Adjustment for items not affecting cash flow, etc.	9,645	11,713	9,962	-
Income tax paid	-19,817	-16,491	-7,175	-7,371
Provisions	-344	-132	626	-
Increase/decrease in inventories	30,989	88,671	37,504	60,086
Increase/decrease in receivables	-8,286	-33,247	-7,481	-31,976
Increase/decrease in other current liabilities	43,349	-48,855	52,555	105,079
	-30,924	23,050	-9,923	-108,950
Cash flow from operating activities	35,128	29,619	72,655	24,239
Investment activities				
Investments in intangible fixed assets	-6,881	-4,169	-9,265	-4,160
Investments in tangible fixed assets	-12,744	-8,088	-11,187	-7,843
Tangible fixed assets sold	-	-	-	250
Investments in subsidiaries	-1,759	-12,420	-8,078	-22,087
Disposal/amortisation of other financial assets	108	-12	-	-
Group contribution paid	-38,700	-20,300	-38,700	-20,300
Increase/decrease in current investments	-7	-1	-	-
Cash flow from investment activities	-59,983	-44,990	-67,230	-54,140
Financing activities				
Loans raised	30,090	-	-	-
Repayment of debt	-24,476	-	-22,663	-
Group contribution received	-	-	4,250	21,650
Cash flow from financing activities	5,614	0	-18,413	21,650
Cash flow for the year	-19,241	-15,371	-12,988	-8,251
Liquid assets at beginning of year	44,007	59,378	16,141	24,392
Liquid assets at end of year (excl. overdraft facility)	24,766	44,007	3,153	16,141

Notes, common to the parent company and Group

Note 1 Accounting and valuation principles

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and general advice issued by the Swedish Accounting Standards Board.

Information on the Group

The company is a wholly-owned subsidiary of Aura Light Holding AB, corporate ID no. 556698-3671, with its registered office in Karlskrona.

The comprehensive consolidated accounts are prepared by Aura Light Holding AB, corporate ID no. 556698-3671.

Consolidated accounts

The consolidated accounts include subsidiaries in which the parent company, directly or indirectly, holds more than 50 % of the votes or otherwise has a controlling influence.

The Group's accounts have been prepared in accordance with the acquisition accounting method, which means that upon acquisition subsidiaries' equity, recognised as the difference between the fair values of its assets and liabilities, is eliminated in its entirety. The Group's equity thus includes only that portion of the subsidiaries' equity accruing after the acquisition.

Companies acquired during the year are included in the consolidated accounts at amounts relating to the period since their acquisition. Income from companies sold during the year has been included in the consolidated income statement for the period up to the date of sale.

All foreign subsidiaries are classified as independent subsidiaries, which is why the current rate method is used when translating their accounts. This means that the assets and liabilities of foreign subsidiaries are translated using the closing day rate. All the items in the income statements are translated using the average rate for the year. Translation differences are recognised directly in the Group's equity.

Group contributions

Group contributions and any related tax effect are recognised in the income statement.

Foreign currencies

Assets and liabilities in a foreign currency are valued at the closing day rate. In instances when currency hedging has been employed, e.g. forward covers, the forward rate is used.

Transactions in a foreign currency are translated according to the spot price on the transaction date. Exchange rate gains and losses on the operation's receivables and liabilities are recognised in the operating profit/loss. Gains and losses on financial receivables and liabilities are recognised as financial items.

Income

Sales of goods are recognised on delivery of products to the customer, in accordance with the terms of sale. Sales are reported after deductions for VAT and any discounts. Intra-Group sales are eliminated in the consolidated accounts.

Income taxes

Recognised income taxes include tax to be paid or received for the current year, adjustments relating to current tax for previous years, changes in deferred tax, and the share in associated companies' tax.

All the tax liabilities/assets are valued at nominal amounts and in accordance with the tax rules and tax rates that have been set or notified where it is certain that the rate will be introduced.

For items recognised in the income statement, related tax effects are also recognised in the income statement. Tax effects of items recognised directly in equity are recognised in equity.

Deferred tax is calculated according to the balance sheet method based on all temporary differences arising between the carrying amount of assets and liabilities and their tax base. A deferred tax asset from tax loss carry forwards or other future tax credits is recognised to the extent that it is probable that it can be offset against future taxation surpluses.

For the parent company, the deferred tax liability on untaxed reserves is recognised as part of the untaxed reserves due to the connection between reporting and taxation.

Intangible assets

Development work

Costs for research and development work are normally reported as costs as they arise. Certain larger development projects have been deemed to be of significant value to the company over the next few years and have been capitalised in the balance sheet as Capitalised development costs. These assets are amortised on a straight line basis over 3-5 years. The amortisa-

tions are shown in the income statement under Research and development costs.

Patents, licences, trademarks and similar rights

Costs for acquired patents, licences and trademarks are capitalised and are amortised on a straight line basis over the contracted period of use, normally 3 years. The amortisations are shown in the income statement under Research and development costs.

Goodwill

Costs for acquired goodwill are capitalised and are amortised on a straight line basis over the calculated period of use, normally 20 years. Depreciation is included in the income statement items Cost of goods sold, and Administration costs.

Tangible fixed assets

Tangible fixed assets are recognised at cost (acquisition value) less depreciation. Costs associated with improving the performance of assets, beyond their original level, increase the carrying amount of assets. Repair and maintenance costs are recognised as costs.

Tangible fixed assets are depreciated systematically over the asset's estimated service life. Depreciation is included in the income statement items Cost of goods sold, as well as Administration and sales.

A linear method of depreciation is used for all the various tangible assets. The following depreciation periods are applied:

Machinery and other technical facilities 8-10 years
Equipment, tools and installations 3-5 years

Lease contracts

Lease contracts where, in all essentials, all risks and benefits

Note 2 Distribution of income

	Group		Parent company	
	2012	2011	2012	2011
Net sales are distributed among the various geographical markets as follows:				
Sweden	126,348	132,926	86,887	78,086
Norway	111,173	107,007	50,323	29,910
Finland	23,159	36,384	13,338	20,917
Germany	145,808	155,579	87,145	94,753
United Kingdom	18,203	17,497	8,281	10,810
France	8,219	15,193	-40	10,296
Italy	12,015	6,214	1,108	3,285
Denmark	9,007	13,294	4,348	7,412
Other markets	63,715	35,211	18,210	21,980
Total	517,647	519,305	269,600	277,449

associated with ownership fall to the lessor are classified as operating leases. Leasing fees for operating leases are recognised as a cost in the income statement and are distributed on a straight line basis over the term of the lease.

Receivables

Receivables are taken up at the amount that is expected to be paid, after individual review.

Inventories

Inventories are valued, applying the first in, first out principle, at whichever is the lower of cost (the acquisition value) or net realisable value on the closing day. An individual obsolescence assessment is performed.

Raw materials, purchased finished and semi-finished goods and goods for resale are valued at cost (the acquisition value). Finished and semi-finished goods manufactured in-house are valued at the manufacturing cost plus a reasonable proportion of indirect costs.

Cash flow statement

The cash flow statement is prepared according to the indirect method. The reported cash flow only includes transactions involving payments in or out.

Only cash and bank balances are classified as liquid assets.

Definitions of key figures

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) in relation to the balance sheet total.

Return on equity

The profit/loss after financial items in relation to equity and untaxed reserves (less deferred tax).

Note 3 Amortisation and depreciation

	Group		Parent company	
	2012	2011	2012	2011
Amortisation/depreciation				
Research and development	-2,845	-3,022	-2,827	-2,986
Goodwill	-2,321	-1,480	-826	-705
Machinery	-2,918	-2,676	-2,806	-2,671
Equipment	-3,744	-4,535	-3,307	-4,182
	<u>-11,828</u>	<u>-11,713</u>	<u>-9,766</u>	<u>-10,544</u>
Amortisation/depreciation by function				
Cost of goods sold	-4,468	-3,160	-3,229	-3,160
Selling expenses	-735	-685	-263	-122
Administrative expenses	-3,577	-5,297	-3,226	-4,691
Research and development costs	-3,048	-2,571	-3,048	-2,571
	<u>-11,828</u>	<u>-11,713</u>	<u>-9,766</u>	<u>-10,544</u>

Note 4 Remuneration to auditors

	Group		Parent company	
	2012	2011	2012	2011
<u>Audit</u>				
Other auditors	16	-	16	-
<u>Assignments other than audit</u>				
PwC	-	36	-	36
Other auditors	211	-	211	-
Total	227	36	227	36

Most of the audit costs are borne by the parent company Aura Holding AB.

Note 5 Personnel

	Group		Parent company	
	2012	2011	2012	2011
Average number of employees				
Women	80	78	40	42
Men	151	139	72	64
Total	231	217	112	106
Salaries, remuneration, social security contributions and pension costs				
Salaries and remuneration for Board of Directors and CEO	8,882	7,216	636	671
Salaries and remuneration for other employees	91,124	86,675	37,968	40,088
	<u>100,006</u>	<u>93,891</u>	<u>38,604</u>	<u>40,759</u>
Statutory and contractual social security contributions	24,286	24,178	14,193	13,532
Pension costs for Board of Directors and CEO	526	889	33	36
Pension costs for other employees	8,033	6,444	4,506	3,968
Total	<u>132,851</u>	<u>125,402</u>	<u>57,336</u>	<u>58,295</u>

Board members and senior executives

Number of Board members on closing day

Women	2	1	2	1
Men	5	5	5	5
Total	7	6	7	6
Number of CEOs and other senior executives				
Women	6	4	3	2
Men	24	21	6	7
Total	30	25	9	9

Agreement with the CEO

An agreement has been signed with the CEO of Aura Light International AB, which has a notice period of 6 months. In the event of termination by the company, the notice period will be 12 months.

Note 6 Exchange rate differences

	Group		Parent company	
	2012	2011	2012	2011
The operating profit/loss includes exchange rate differences for operating receivables and operating liabilities as follows:				
Other operating income	3,626	5,078	3,567	5,078
Other operating expenses	-2,397	-1,731	-2,371	-1,894
Total	1,229	3,347	1,196	3,184

Note 7 Other operating income

	Group		Parent company	
	2012	2011	2012	2011
Other external services	1,176	3,441	2,968	1,318
Internal services	-	-	12,696	14,317
Exchange rate differences	3,626	5,078	3,567	5,078
Other	2,240	-	2,015	990
	7,042	8,519	21,246	21,703

Note 8 Financial instruments

The Group's operations expose the Group to various financial risks, including the effects of changes in prices on loan and capital markets, exchange rates and interest rates. The Group's extensive risk management programme focuses on the unpredictability of the financial markets and endeavours to minimise potential adverse effects on the Group's financial results. The Group uses derivatives, such as forward exchange contracts and interest rate swaps, to hedge some exposure.

Finance and risk management is the responsibility of an external Treasury function (together with the Group's finance department), which observes principles approved by the Board of Directors, in order to exploit economies of scale and synergies and to minimise management risks. The Treasury function is responsible for the Group's loan financing, currency and interest risk management, and assists in administration of the parent company's internal bank for financial transactions by

Group companies.

The Treasury function identifies, assesses and hedges financial risks in close cooperation with the Group's finance department. The Board of Directors establishes and approves written principles both for overall risk management and for specific areas, such as currency risks, interest risks, credit risks, use of derivatives, and investment of excess liquidity. This policy is subject to continuous review, but is reviewed at least once a year. The Group's financial risks are assessed regularly and followed up to ensure adherence to the financial policy.

Currency risks

The Group operates internationally and is exposed to transaction risks in connection with purchases/sales and financial transactions in a foreign currency. Currency exposure relates primarily to euros, British pounds, US dollars and Norwegian

kroner. The Group uses forward contracts, signed by the Treasury function, to hedge its exposure to currency risks in connection with the reporting currency. The Treasury function is responsible for hedging the net position for each currency using currency loans and external forward exchange contracts.

The Group hedges, on average, approximately 70 % of expected net exposure in each major currency for the following twelve months. During the year, approximately 70 % of expected net exposure in each major currency was designated 'most probable', for which hedge accounting is used.

Interest rate risks

The Group's income and cash flows from the business are essentially unaffected by changes in market interest levels. The Group has no significant interest-bearing assets. The Group's principle is for 0-50 % of its borrowing to have a fixed interest rate. At the end of the year, 0 % had a fixed interest rate. The Group sometimes borrows at a variable rate and uses interest rate swaps as cash flow hedges for future interest payments, which has the economic effect of converting borrowing from variable to fixed interest rates. Interest rate swaps enable the Group to take up long-term loans at a variable interest rate and convert them to a fixed interest rate that is lower than if

the loan had been taken out at a fixed interest rate to begin with. With an interest rate swap, the Group agrees with other parties, at specific intervals (normally per quarter), to exchange the difference between amounts as per a fixed rate contract and variable interest amounts, calculated with reference to agreed nominal amounts.

Credit risk

The Group has no significant concentration of credit risks. The Group has established guidelines for ensuring that sales of products and services involve customers with a suitable credit background.

Counterparties for derivative contracts and cash transactions are limited to financial institutions with a high credit rating. The Group has principles that limit the credit exposure amount for each individual financial institution.

Liquidity risk

A prudent approach is taken to management of liquidity risk. Due to the dynamic nature of the underlying business, the Group strives to maintain flexibility in financing by upholding agreements for withdrawable lines of credit.

Note 9 Salaries and other remuneration by country

Group employees	Board and CEO		Other employees		Board and CEO		Other	
	2012	2011	2012	2011	2012	2011	2012	2011
Sweden	2,318		48,430		2,640		48,931	
Norway			9,434				10,341	
Netherlands								4,629
China		373		823				713
Finland		1,073		1,083		821		1,371
Germany		1,732		16,602		1,340		16,308
United Kingdom		861		1,811		842		1,663
France				2,046				2,083
Italy				2,775				1,634
Spain		1,741		5,592		1,573		39
Portugal		784		1,292				1,540
Denmark				1,236				1,390
			8,882	91,124		7,216		86,675
								10,919
								83,626

Note 10 Income from participations in Group companies

	Group		Parent company	
	2012	2011	2012	2011
Dividends	-	-	19,963	15,128
Impairment	-	-1,641	-	-3,151
Total	0	-1,641	19,963	11,977

Note 11 Appropriations

	Group		Parent company	
	2012	2011	2012	2011
Reversal of tax allocation reserve	-	-	21,363	7,576
Provision for tax allocation reserve	-	-	-	-13,312
Difference between booked depreciation and depreciation according to plan	-	-2,241	505	-
Group contribution received	-	-	4,250	21,650
Group contribution paid	-38,700	-20,300	-38,700	-20,300
Total	-38,700	-20,300	-15,328	-3,881

Note 12 Tax on profit/loss for the year

	Group		Parent company	
	2012	2011	2012	2011
Current tax for the year */	-6,930	-22,897	-89	-10,502
Current tax relating to previous years	-471	66	-	-
Deferred tax	3,811	1,379	-	-
Total	-3,590	-21,518	-23	-10,502

* of which: tax effect of standard rate on tax allocation reserve

287	312	287	312
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Note 13 Patents, licences, trademarks and development costs

	Group		Parent company	
	2012	2011	2012	2011
Opening acquisition values	76,728	72,559	76,531	72,371
Capitalised costs for the year	6,881	4,169	6,846	4,160
Closing accumulated acquisition values	83,609	83,377	76,531	-
Opening depreciation	-68,424	-65,402	-68,303	-65,317
Depreciation for the year	-2,845	-3,022	-2,827	-2,986
Closing accumulated depreciation	-71,269	-68,424	-71,130	-68,303
Closing residual value according to plan	12,340	8,304	12,247	8,228

Note 14 Goodwill

	Group		Parent company	
	2012	2011	2012	2011
Opening acquisition values	25,163	4,544	3,526	3,526
New acquisitions	3,228	-	-	-
Through acquisition from subsidiaries	3,244	20,619	2,419	-
Closing accumulated acquisition values	31,635	25,163	5,945	3,526
Opening depreciation	-3,274	-1,806	-2,057	-1,352
Depreciation for the year	-1,852	-1,480	-826	-705
Translation differences	-	12	-	-

Closing accumulated depreciation	-5,126	-3,274	-2,883	-2,057
Closing residual value according to plan	26,509	21,889	3,062	1,469

Acquisitions for the year in the parent company relate to Molbi AB. Group acquisitions in the year relate to Molbi AB, Gudolo (Spain) and Aura Portugal

Note 15 Machinery and other technical facilities

	Group		Parent company	
	2012	2011	2012	2011
Opening acquisition values	71,360	70,737	71,191	74,114
Purchases	11,233	4,723	11,233	900
Sales and scrapping	-277	-	-	-
Reclassifications	-8,605	-3,823	-8,605	-3,823
Closing accumulated acquisition values	73,988	71,360	73,819	71,191
Opening depreciation	-58,633	-56,136	-58,735	-56,063
Depreciation for the year	-2,918	-2,676	-2,806	-2,672
Translation differences	-	179	-	-
Closing accumulated depreciation	-61,551	-58,633	-61,541	-58,735
Closing residual value according to plan	12,437	12,727	12,278	12,456

During the year, consumables to the value of kSEK 1,329 were reclassified from Tangible assets to Inventories.

Note 16 Equipment, tools and installations

	Group		Parent company	
	2012	2011	2012	2011
Opening acquisition values	34,413	30,898	32,212	29,487
Purchases	1,998	3,515	1,284	3,120
Sales and scrapping	-	-	-	-395
Closing accumulated acquisition values	36,411	34,413	33,496	32,212
Opening depreciation	-25,758	-21,316	-24,684	-20,635
Depreciation for the year	-3,744	-4,404	-3,307	-4,049
Translation differences	-	-38	-	-
Closing accumulated depreciation	-29,502	-25,758	-27,991	-24,684
Closing residual value according to plan	6,909	8,655	5,505	7,528

Note 17 Work in progress and advances relating to tangible fixed assets

	Group		Parent company	
	2012	2011	2012	2011
Opening expenditure	3,823	-	3,823	-
Expenditure during year	7,276	3,823	7,276	3,823
Closing expenditure	11,099	3,823	11,099	3,823

Note 18 Participations in subsidiaries

Group	Corporate ID no.	Registered office
Aura Light AS	926086340	Oslo, Norway
Aura Light Trading (Shanghai) Co Ltd	56961711-X	Shanghai
Aura Light OY	0972214-9	Helsinki, Finland
Aura Light GmbH	HRB54986	Hamburg, Germany
Aura Light AB	556572-8887	Karlskrona, Sweden
Aura Long Life Lamps Ltd	4376065	Maidstone Kent, UK
Aura Light France	4494309909	Nantes, France
Aura Light Italy S.r.l	466461	Bologna, Italy
Aura Light Aps	30804600	Denmark
Aura Light Spain	ESB64755812	Barcelona, Spain
Aura Light Portugal Unipessoal Lda	510138535	Terrugem
Aura Light Singapore	200805416E	Singapore

Parent company value	Number of participations	Capital share %	Equity	Profit loss for the year	Book 31-12-2012
Aura Light AS	3,000	100	11,746	8,014	2,812
Aura Light Trading (Shanghai) Co Ltd		100	1,258	358	849
Aura Light OY	200	100	5,111	431	287
Aura Light GmbH		100	14,852	5,633	2,725
Aura Light AB	1,000	100	420	5	100
Aura Long Life Lamps Ltd	10,000	100	-14,310	619	146
Aura Light France	45,000	100	-1,830	77	8,839
Aura Light S.r.l	50,000	100	301	-176	12,447
Aura Light ApS		100	2,836	126	164
Aura Light Spain		100	10,799	1,283	18,936
Aura Light Portugal Unipessoal Lda	1	100	327	-104	5,468
Aura Light Singapore		100	-810	27	100
Total					<u>52,873</u>

Parent company	2012	2011
Opening acquisition values	44,795	25,708
Incorporation	8,078	849
Capital contribution	-	21,389
Impairment, participations	-	-3,151
Closing carrying amount	52,873	44,795

Note 19 Transactions with related parties

Information on the parent company

The company is a wholly-owned subsidiary of Aura Light Holding AB, corporate ID no. 556698-3671, with its registered office in Karlskrona.

The comprehensive consolidated accounts are prepared by Aura Light Holding AB, corporate ID no. 556698-3671.

Purchases and sales between Group companies

For the parent company, 1 % (1 %) of the year's purchases and 90 % (85 %) of the year's sales in/out relate to own subsidiaries.

In the event of purchases and sales between Group companies, the same pricing principles are applied as for transactions with external parties.

Note 20 Deferred tax

Group	2012	2011
	8,309	10,507
	8,309	10,507

The difference between the income tax recognised in the income statement and the income tax accruing to the business comprises deferred tax on untaxed reserves.

Note 21 Financial current assets

The investment relates to shares in Lars Lampen recycling and Light cycle retourlogis in Germany, and shares in Banco Santander, Spain.

Note 22 Change in equity

Group	Share capital	Restricted reserves	Non-restricted reserves and profit /loss for the year	Total equity
Opening balance 2011	40,000	44,032	48,395	132,427
Change in translation difference for existing subsidiaries	-	-	-401	-401
Transfers between restricted and non-restricted reserves	-	2,593	-2,593	-
Profit/loss for the year	-	-	50,122	50,122
Equity 31-12-2011	40,000	46,625	95,523	182,148
Change in translation difference for existing subsidiaries	-	-11	-326	-337
Transfers between restricted and non-restricted reserves	-	-14,092	14,092	-
Adjustment to opening balance	-	-	647	647
Profit/loss for the year	-	-	-785	-785
Equity 31-12-2012	40,000	32,522	109,151	181,673

Parent company	Share capital	Statutory reserve	Other non-restricted equity	Total equity
Opening balance 2011	40,000	4,735	70,992	115,727
Profit/loss for the year	-	-	39,961	39,961
Equity 31-12-2011	40,000	4,735	110,953	155,688
Profit/loss for the year	-	-	18,937	18,937
Equity 31-12-2012	40,000	4,735	129,890	174,625

The share capital comprises 400,000 shares with a quota value of SEK 100.

Note 23 Untaxed reserves

Parent Company

	31-12-2012	31-12-2011
Accumulated difference between booked amortisation/depreciation and amortisation /depreciation according to plan	10,356	8,115
Tax allocation reserve	26,196	47,560
Total	36,552	55,675

Note 24 Other provisions

	Group		Parent company	
	31-12-2012	31-12-2011	31-12-2012	31-12-2011
Contingent consideration	7,149	7,122	1,382	-
Other provisions	904	1,248	-	756
Total	8,053	8,370	1,382	756

Note 25 Borrowing

	Group		Parent company	
	31-12-2012	31-12-2011	31-12-2012	31-12-2011
Interest-bearing liabilities				
<u>Long-term liabilities</u>				
Liabilities to credit institutions	1,025	23,779	-	22,663
Liabilities to Group companies	24,560	24,560	24,560	24,560
Total	25,585	48,339	24,560	47,223
Current liabilities				
Liabilities to credit institutions	302	938	-	-
Total	302	938	0	0
Total interest-bearing liabilities	25,887	49,277	24,560	47,223

Maturity

Portion of long-term liabilities falling due for payment more than five years after the closing day				
Liabilities to Group companies	24,560	24,560	24,560	24,560
Total	24,560	24,560	24,560	24,560

Note 26 Pledged assets

	Group		Parent company	
	31-12-2012	31-12-2011	31-12-2012	31-12-2011

For own provisions and liabilities

Relating to Liabilities to credit institutions				
Floating charges	94,000	94,000	94,000	94,000
Shares in subsidiaries	52,873	47,795	52,873	47,795
Total pledged assets	146,873	141,795	146,873	141,795

Note 27 Contingent liabilities

	Group		Parent company	
	31-12-2012	31-12-2011	31-12-2012	31-12-2011
Contingent liabilities				
Completion guarantee	7,821	6,770	7,821	6,770
Guarantees for Group companies	300,000	254,282	300,000	254,282
Total contingent liabilities	307,821	261,052	307,821	261,052

Aura Light International AB is included in the credit agreement which the companies in the Aura Light Holding Group have signed, totalling kSEK 300,000 (kSEK 276,945).

This amount includes kSEK 0 (kSEK 22,663) as other liability to credit institutions as per the balance sheet above.

Therefore, Aura Light International has, together with other companies in the Group, provided a contingent liability for credit to other Group companies, totalling kSEK 300,000 (kSEK 254,282).

Note 28 Bank overdraft facilities

		Group	Parent company	
	31-12-2012	31-12-2011	31-12-2012	31-12-2011
Available bank overdraft facilities amount to	50,562	16,000	50,562	16,000

Aura Light provides lighting that is smart; sustainable, economical, long lasting, high quality and environmental. We call it Brighter Lighting. Our sustainable lighting solutions enables professional customers to reduce cost, energy consumption and environmental impact.

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