



Sustainability report 2013

Including annual report for 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 backcover of this report.

A Bright Future

We strive for a bright future, and we have a long history of doing so. Aura Light has produced high-quality sustainable lighting solutions for a long time, starting in Sweden back in 1930.

The lighting market is now going through rapid changes, largely initiated by the change to LED based technology. LED brings promises of areas that Aura Light have been addressing for many years: Sustainability, Long Life and Energy Saving. Many new players have emerged, not all of them necessarily focused on quality and sustainability. The many players are now leading to consolidation on the market. It also creates an even larger need from the customer for the extensive guarantees we provide. Our quality is connected to our sustainability work in a clear way, with lighting solutions you can trust.

In 2013 we started production in Karlskrona, Sweden, of our own-developed Aura UltiLED Long Life. All our own-developed LED platforms are modular, which means that the light source is replaced without having to discard the whole luminaire – an important part of our work with sustainability.

Sustainability is 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. I constantly try to find opportunities to preach this to the business community I encounter. For us, it is obvious that sustainability and profitability go hand in hand, as our sustainable lighting solutions reduce costs and attract new customer categories. Sustainability creates value for Aura Light, our customers and society at large.

Our work continues with supplier audits. We will make sure that our suppliers comply with the requirements in Aura Light's supplier policy. The aim for 2014 is to complete audits at our most important suppliers, covering a total of over 70% of our purchase value.

Another important sustainability milestone during 2013 was that we became Swedish National Champions in the European Business Award in the category of Environmental & Corporate Sustainability. We are honored that EBA recognizes us as one

of the leading organizations in our country and in our field. We were also awarded the 2013 European Growth Leadership Award in the Lighting Equipment Market. Frost & Sullivan appreciates the fact that we address the challenges related to LED lighting solutions by understanding the market dynamics and customer needs. This award confirms that our focus on sustainable lighting solutions is acknowledged by the experts in the industry.

Our sales force, working closely with the customers to find the best, most energy-efficient and sustainable lighting solutions for their needs, is an important part of our business. We bring with us over 80 years of lighting expertise to share with our customers.

Aura Light provides lighting that is smart, sustainable, economical, long lasting, high-quality and environmentally friendly.

We call it Brighter Lighting.



A stylized, handwritten signature in black ink, which appears to read 'Martin Malmros'.

Martin Malmros, CEO Aura Light International AB

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 lifetimes that reduce maintenance and energy-saving solutions that lower electric bills. At the same time we reduce the use of resources: raw material, packaging, transports and also 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 to 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. Our main markets are north- and central Europe, whereas we work mainly through partners in our Global segment.



**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. Figures therefore refer 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	2013	2012
Netsales TSEK	580,522	517,647
Interest income SEKt	171	274
ECONOMIC VALUE DISTRIBUTED		
Costs goods sold	-295,095	-252 310
Selling expenses TSEK	-117,632	-114 948
Administrative expenses TSEK	-74,354	-76 482
Research and development costs TSEK	-15,745	-18 839
Employee wages and benefits TSEK *	-155,672	-132 851
Interest expenses TSEK	-3,675	-4 847
Tax on profit/loss of the year TSEK	-8,303	-3 590

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



About this report

In this sustainability Report, we describe how Aura Light thinks and acts in sustainability issues. 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 2013 and Aura Light International AB, unless otherwise stated. Our Sustainability Report contains the required disclosures for application level C in accordance with the Global Reporting Initiative's Sustainability Reporting Guidelines, G3.1 We have consulted sustainability advisors from WSP Sverige AB to review our sustainability report through a third-party check and thereby verify our self-declared GRI application level. Our report has not been externally assured in terms of the quality of the data or information. Our reporting is done on a yearly basis. The last report was published in 2013-12-20.

No significant changes from last year regarding scope,

boundary or measurement methods applied. In case of minor changes, they are noted in the relevant sections

In this report we present sustainability information that is 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 resulted in the 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 is 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 buildup of substances extracted from the Earth's crust
2. the progressive buildup 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

In our long term strategy to become sustainable we have identified these 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. In the short term, 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 results in our work, we have selected a few as focus goals - "2015-goals" - representing all our pillars of success.

Aura Light CSR group collects information, reports results and suggests policies, goals and improvements within the CSR area. This is followed up twice a year by 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 2013
Solutions	90% of our sales come from Long Life products and solutions.	Target not reached. Acquisitions of companies providing standard products is the main cause, as converting to sustainable energy-efficient solutions takes time (2013: 72%).
	50% of our sales come from energy-efficient products and solutions	Target not reached. Acquisitions of companies providing standard products is the main cause, as converting to sustainable energy-efficient solutions takes time (2013: 16%).
Innovations	Aura Light's product development process secures continual steps towards sustainable lighting	Product development is focused around LED solutions and modularity. A project with Blekinge Institute of Technology, BTH, was started to improve our product development process.
People	Our vision regarding Sustainable lighting is communicated and well understood by our customers	We have been reporting according to GRI since 2012.
	Our employees have the competence to include the sustainability aspect in their job	Customer education on energy- and resource-efficiency.
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. Travel and meeting policies and car policies are reviewed. 47% of energy usage in production is renewable energy, according to plan.
	More than 95% of all waste materials from production is recycled (including energy recycling)	67% is recycled 2013, according to plan
	40% of the chemicals containing substances from the PRIO list are phased out of production	Substances from the PRIO list are phased out, better than plan (2013 35%)
	The sustainability performance of our potential and existing key suppliers is monitored and supported by efficient processes	During 2013 Aura Light process for third party audits was implemented and four social /environmental audits done. Plan for audits 2014 is made and ongoing

Ethical Business

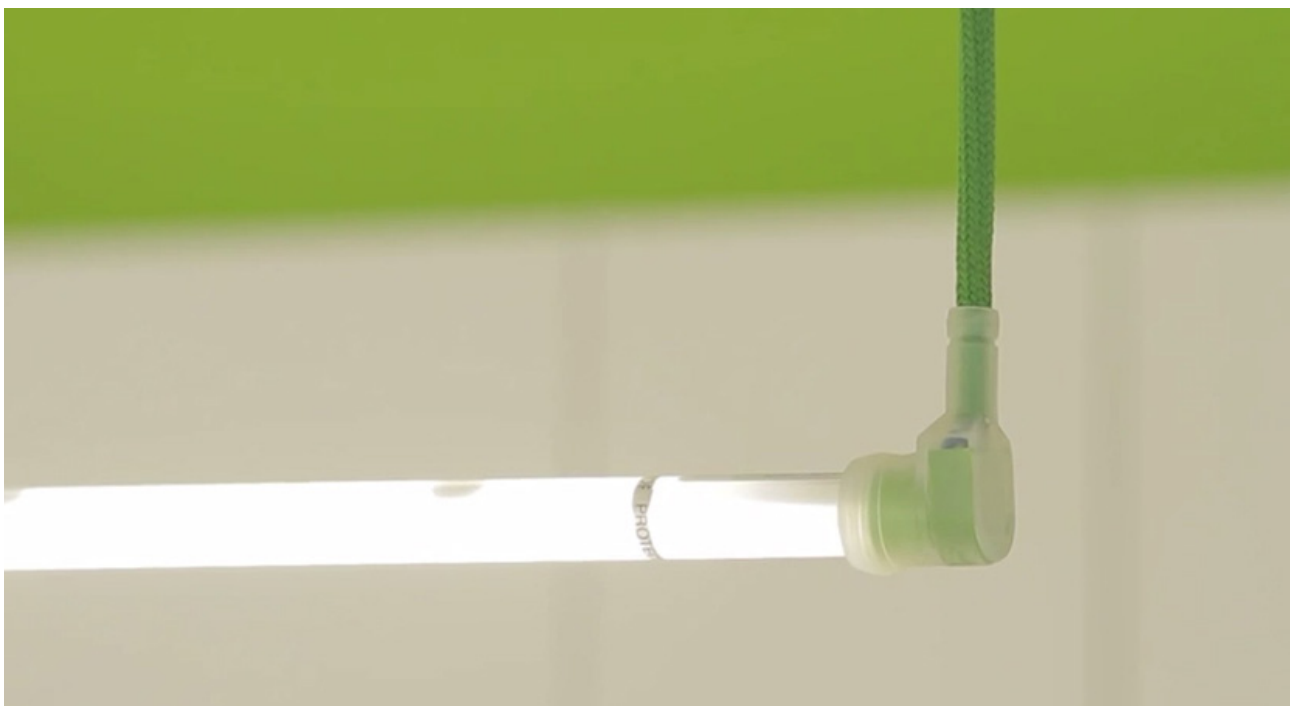
Our Code of Conduct is the basis for our CSR work. The purpose of the code is to create a sound corporate culture and to preserve the integrity of the Aura Light Group by helping employees, managers, board members, owners, suppliers and others acting on behalf of Aura Light companies, to promote standards 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 relevant ILO declarations, 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 our work with anti-corruption. 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 make 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.

We have a close cooperation with our suppliers in order to enable exchange of expertise in our continuous work on supplying products that contribute 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 Ecodesign Directive regarding stating energy class/energy efficiency are followed.

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

Aura Light has not identified any non-compliance with regulations or labeling concerning product and service information 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.

This of course sets demands on proactivity, customer dialogue and engagement from our part and a high perceived value of our solutions. After having monitored LED for some

time, until the quality reached the level of that of our other products, our LED range expanded extensively during 2012. This was something that our customers requested and this expansion has continued during 2013 and has come also to include LED luminaires for different segments.

Switching to LED technology is a common part of the customers' focus on sustainability. Another important part that has increased during the year is lighting control and sensors. The interest in LED is increasing all the time and customers demand more products and more information. The customers are increasingly focusing on total solutions including lighting source, luminaire and sensors.

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

»Switching to LED technology is a common part of the customers' focus on sustainability. Another important part that has increased during the year is lighting control and sensors. «

Our Employees

Our people and partners play a critical role in our sustainability efforts. We recognize the importance of individual employee efforts. Everyday actions, such as video conferencing 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 recognize the importance of working with like-minded suppliers and partners who place value on sustainable value creation.

The number of employees in 2013 was in total 254, of which 31.8% were women. This is a 10% increase in the number of employees compared to 2012.

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, particularly with the new challenges that come 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 this 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 the aim of finding areas for improvement. The latest survey was conducted in 2012 and the next is planned for Q2 2014.

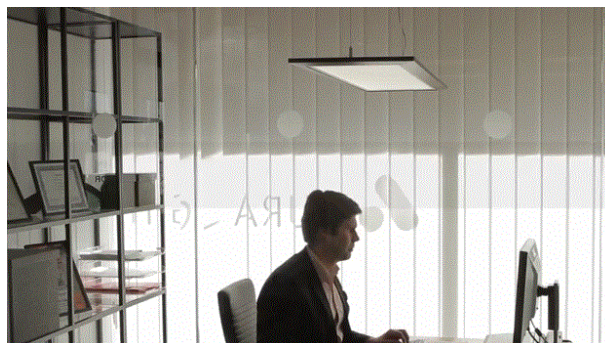
During 2012 we have been working with improvements from the survey in 2012. IT equipment and sales has been one focus area, and sharing information on the intranet was another. For several years now, all new employees are also asked to take part in an e-learning on sustainability produced by The Natural Step.

Health and Safety

We work proactively with regard to work environment and health. The most important activity is our regular risk assessments, but we also conduct training related to different areas and provide health allowances. We have a close cooperation with our Occupational Health Care in Sweden, where all employees in our factory are offered free annual physical examinations. For employees working with risk elements special health investigations are conducted regularly.

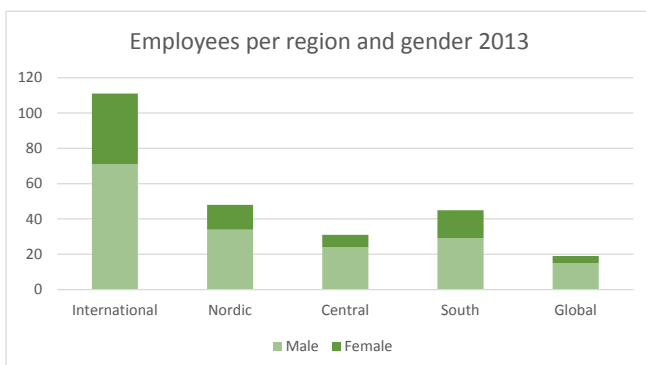
Most incidents and accidents occur in production, and are related to cutting and burning injuries or the risk thereof. We have placed focus on making sure that incidents are reported, which we believe is one of the reasons reported incidents have increased during 2012.

Sick leave is measured for Sweden. In 2013, our target for sick leave was 3% and the result was 2.73% in total. (For blue-collar the result was 3.89%).





»The competence of our employees is very important for Aura Light's success, particularly with the new challenges that come with a greater awareness of sustainability issues.«



Environment

The base in our environmental approach is to offer the market sustainable lighting. But the importance of seeing to 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 is dealt with accordingly, mainly based on our regular work with risk analysis. We work according to the precautionary principle in questions of health & safety and environmental matters.

Our most important environmental aspects are energy usage, chemicals, disposal and emissions to air. Indirect environmental aspects we are putting more effort into are supply chain and transportation. Efficiency improvements in our manufacturing process and our organization as a whole is a matter of continuous focus since it to a large extent influences all our important environmental aspects.

During 2013 we have started up the production of Aura UltraLED Long Life at our manufacturing site. This has not affected our environmental impact in a significant way. No violations of laws or regulations have occurred during the reporting period.

We have a person responsible at each office for taking care of office sustainability. When it comes to our local sales offices, the properties 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 in about equal amounts as energy sources. LPG is used in flames when melting glass parts on light sources. All electrical energy that we use is renewable, coming from water and wind-based sources. Carbon emissions are reported according to the GHG protocol scope 1 and 2. *

During the period we have started to review our policies for travel and business cars. We are also striving to get better measurements from our emissions connected to transportation and business travel.

Carbon emissions created by the production of all Aura Light light sources and outbound goods transports is offset through ClimateCare. They run some of the largest and most

innovative voluntary carbon offset programs in the world. ClimateCare also helps their partners integrate CSR activities in their work and run projects that tackle climate change and stimulate social development.

We compensate for all Aura Light branded products. In 2013, we compensated for 2300 metric ton (*from here on referred to as 'ton'*) of carbon dioxide. Through offsetting over 11.000 ton carbon dioxide since 2008, Aura Light has supported projects including the award-winning LifeStrew 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, both related to environment and health. The PRIO list is our primary guidance for phasing out chemicals with high risk for health and environment. This has been a successful initiative and we have since 2010 reduced the number of chemicals containing substances from the PRIO list by 35%. This work is also in line with the REACH Directive. The dominating raw materials in production is glass, fluorescent powder and packing material as board and corrugated paper. Both the glass and board is to 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 and thus reduce 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 have had routines in place for many years to keep quantities as low as possible. Steam containing mercury from the exhaust machine passes a carbon filter and results in an annual emission of

*Specified energy usage does not include the energy consumed by energy producers.

about 10-15 g Hg/year. New techniques to obtain better and safer mercury handling are under evaluation.

Our process includes VOC mainly from the coating process. Vapor from this process is purified by catalyst combustion.

The other significant part is used for the socket part for fluorescent lamps.

The water we use is municipal water. Water usage in the manufacturing process is usually very limited, but in 2013 we used 1500 m³ of a total of 3700 m³. More than 1000 m³ of this was cooling water used in our HPS production line and did not contribute to emissions to the water recipient. All outgoing water 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 FTI (Packaging and Newspaper Collection Service) and El-kretsen. Recycling of light sources is generally very high, and as Aura Light's customers belong to the professional market, waste is handled in a professional way. This means that the recycling rate is very high for our products compared to products in regular consumer market.

In our production we strive to reduce the waste in total. Our main target is to increase the waste fractions that go to recycling and thus reduce the landfill fraction. Focus during 2013 has been on searching for new possibilities to improve mercury waste handling, we calculate that the result of this will be that about three tons of waste will be recycled annually instead of being sent to storage.

ENERGY USAGE	ENERGY USAGE, TJ KARLSKRONA	2013	2012	2011	2010
	Total	31.1	31.3	30.3	31.7
	Of which fossil fuel, direct	16.3	17.0	15.7	16.9
	Of which electrical energy, indirect	14.8	14.4	14.3	14.8

CO ₂ EMISSION	CO ₂ EMISSION, TON KARLSKRONA	2013	2012	2011	2010
	Total	1123	1200	1152	1234
	Of which fossil fuel, direct	1123	1165	1084	1167
	Of which electrical energy, indirect	0	38	69	71

WASTE, TON	WASTE, TON KARLSKRONA	2013	2012	2011	2010
	Total	131	124	119	111
	Hazardous waste	29	35	35	30
	Recycling	58	60	59	44
	Energy recycling	31	23	28	24
	Landfill	37	41	31	42

EMISSIONS TO AIR	EMISSIONS TO AIR, TON KARLSKRONA	2013	2012	2011	2010
	VOC (ton)	2.2	1.7	1.1	1.3
	NO _x (ton) from the building	0.4	0.4	0.3	0.4
	SO ₂ (ton)	0.1	0.1	0.3	0.3
	Hg (kg)	0.01	0.01	0.01	0.01

CHEMICALS	CHEMICALS KARLSKRONA	2013	2012	2011	2010
	% reduction of the number of chemicals containing substances from PRIO-list	35	19	14	

SOLD SOLUTIONS	SHARE SOLD SUSTAINABLE SOLUTIONS OF TOTAL, % KARLSKRONA	2013	2012	2011	2010
	Share Long Life, %	72	71	81	83
	Share Energy saving solutions, %	16	19	25	16

Some products appear in both categories.
Calculations made in *Klimatpassen*.

Sustainable Supply Chain

As Aura Light grows, our suppliers grow in importance. As a consequence, focus is increasing on having suppliers that share our vision on sustainability and live up to our requirements when it comes to respecting human and basic employee rights as well as environmental needs. Business has to be conducted 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 conditions set by the UN and the ILO. They have to follow applicable laws and regulations in the country they operate in, and 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 this policy is verified by our third-party external auditing processes.

Antidiscrimination, the abolition of forced and child labor and the freedom of association are important principles in our supply chain work.

Compliance with the supplier policy is screened according to the self-assessment principle.

We are increasing the awareness of social and

environmental issues by conducting regular audits at all key suppliers to ensure compliance with our Aura Light Supplier policy. Audits are performed by local auditors together with Aura Light representatives.

In 2013 Aura Light 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 39% of the purchased value for finished goods and raw material.

Importance and purchased value are factors taken into consideration when choosing sites to be audited. Geographical location of suppliers is also a main issue; 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 or forced labor or child labor were found during the audits. However, improvement needs were identified in the areas of both labor and environment. Non-compliance is followed up by reporting routines of corrective actions.

»We are increasing the awareness of social and environmental issues by conducting regular audits at all key suppliers to ensure compliance with our Aura Light Supplier Policy.«

Stakeholder Dialogue

Aura Light has by stakeholder analysis 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 our status on sustainability issues through this report.

It is very clear that questions concerning sustainability are increasing in importance. Ethical and sustainable business is an important issue to our customers, in regard to both our internal work and our way of thinking and doing business throughout the value chain.

STAKEHOLDER DIALOGUE	STAKEHOLDER	AREA OF DIALOGUE	ACTIVITIES
	Customers	Sustainable products and solutions and Aura Light's operations in general. Sustainable supply chain.	Customer survey performed every second year. Product development of energy-efficient solutions and Long Life solutions. Customized solutions.
	Employees	EHS questions Management, competence	Code of Conduct released. Employee survey every second year. Persons responsible for sustainability issues 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 from owners.
	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. Education.	Meetings regarding legislation and standards.
	Society	Responsibility in society. Projects to combat climate change and poverty, improve health and increase community welfare.	Cooperation with BTH (Blekinge Institute of Technology) regarding sustainable supply chain and sustainable product development.

*Aura Light is 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 cooperate with different universities, including Blekinge Tekniska Högskola (BTH), well known for its profile on sustainable development, where we also are represented on 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.

● = Fully
◐ = Partly

	DISCLOSURE	LOCATION OF DISCLOSURE	LEVEL OF REPORTING
GRI INDEX	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 headquarters	19	●
	2.5 Countries where Aura Light operates	4	●
	2.6 Nature of ownership and legal form	4,19	●
	2.7 Markets served	4	●
	2.8 Scale of the reporting organization	19,20	●
	2.9 Significant changes during the reporting period regarding size, structure and ownership	19	●
	2.10 Awards received	3	●
	3. REPORT PARAMETERS		
	Report profile		
	3.1 Reporting period	6	●
	3.2 Date of most recent report	6	●

	DISCLOSURE	LOCATION OF DISCLOSURE	LEVEL OF REPORTING
GRI INDEX	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	Not applicable	●
	3.8 Basis for reporting on subsidiaries	6	●
	3.12 GRI-content index	16	●
	3.13 Policy and practice regarding external assurance	6	◐
	4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT		
	Governance		
	4.1 Governance structure	4	●
	4.2 The Chairman of the Board's role 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	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 if and how the precautionary principle is addressed	12	●
	4.12 Externally sustainability charters, principles or initiatives to which Aura Light subscribes or endorses	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 raised by stakeholders	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	●
	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	●

GRI INDEX	DISCLOSURE	LOCATION OF DISCLOSURE	LEVEL OF REPORTING
	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 labeling 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	15	●
	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	●

Annual Report

Aura Light International AB

CIN SE5564911088

Annual report and consolidated financial statement for financial year 2013.

The Board of Directors and CEO hereby present the following annual report and consolidated financial statement.

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Unless otherwise indicated, all amounts are given in SEK thousands. Figures in brackets are for the previous year.

Director's report

Information about the business

Aura Light is a lighting company that offers sustainable solutions to professional customers, enabling them to reduce their costs, energy consumption and environmental impact. Aura Light is known for long life, high quality and energy savings. The foundation for the Aura Light of today was laid in 1930, when the company was founded as LUMA. Aura Light's lighting solutions are sold around the world through the Group's subsidiaries and dealers. Our customers are primarily found in industry, retail trade and the public sector.

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, CIN 556698-3671, which has its seat in Stockholm. The parent company of the Group is Aura Light Holding AB, CIN 556698-3671, which has its seat in Stockholm.

Significant events during the financial year

In order to achieve and communicate the change work undertaken in response to the shift towards LED products and solutions, the Company changed to a modern and updated brand platform and logo during the year.

The Company's range of LED products, luminaires and sensors expanded significantly during the financial year, which parallels a substantial increase in sales in these areas. During the year, the company received the 2013 Growth Leadership Award from Frost & Sullivan and was named Swedish master in the European Business Award in the category Millicom Award for Environmental & Corporate Sustainability.

During the financial year, the company transitioned to handling the previously outsourced Treasury operations internally.

Significant events after the end of the financial year

In harmony with the increasing geographical spread of turnover and a drive in the North and South American markets, during the first quarter of 2014 the Company established a wholly owned subsidiary in the USA – Aura Light US Inc.

Future development

Based on Aura Light's short-term development, the Company predicts strong growth and good profitability.

Aura Light's prospects are also considered good in the long term.

Multi-year comparison

Summary of the Company's financial development.

		2013	2012	2011	2010	2009
Group						
Net turnover	kSEK	580,522	517,647	519,305	448,890	436,628
Profit/loss after financial items	kSEK	70,545	41,505	91,940	58,783	35,378
Operating margin	%	12.5	9.0	18.7	13.1	8.1
Balance sheet total	kSEK	533,846	484,509	524,418	431,782	356,392
Number of employees		250	231	217	191	189
Equity/assets ratio	%	42.6	37.5	34.7	30.7	30.4
Return on equity	%	31.0	22.8	50.5	44.4	32.7
Parent company						
Net turnover	kSEK	328,941	269,600	277,449	255,485	246,120
Profit/loss after financial items	kSEK	23,781	34,288	54,344	45,938	34,763
Operating margin	%	6.7	6.7	16.4	18.0	14.1

Balance sheet total	kSEK	362,783	326,127	364,874	425,876	346,938
Number of employees		113	112	106	105	104
Equity/assets ratio,	%	58.7	61.8	53.9	35.9	34.8
Return on equity,	%	11.2	17.0	27.6	30.0	28.8

Key ratios are defined in Note 1

Environmental impact

Environmental permits are held for the production of fluorescent lamps and handling of pump tubes (production waste) for mercury recovery. The Company impacts the environment through air emissions, noise and the handling of chemicals and waste. Operations subject to mandatory authorisation account for approximately 26% (38%) of the Company's net turnover.

Proposed distribution of profit

The following profit is available to the Annual General Meeting:

Profit brought forward	129,890,024
Profit for the year	7,801,464
	<u>SEK 137,691,488</u>

The Board of Directors proposes
that profits be allocated as follows

Carried forward to new account	137 691 488
	<u>SEK 137 691 488</u>

Income statements

		Group		Parent company	
	Note	2013	2012	2013	2012
Net turnover	2	580,522	517,647	328,941	269,600
Cost of goods sold	3	-295,095	-252,310	-229,007	-211,891
Gross profit/loss		285,427	265,337	99,934	57,709
Selling expenses	3, 4, 5	-117,632	-114,948	-14,769	-17,748
Administrative expenses	3, 4, 5	-74,358	-76,482	-74,287	-37,768
Research and development expenses	3, 4, 5	-15,745	-18,839	-15,758	-2,916
Other operating income	6, 7	10,571	7,042	21,461	21,246
Other operating expenses	6	-15,501	-16,032	-1,687	-2,404
Operating profit/loss	8, 9	72,762	46,078	14,894	18,119
Profit/loss from financial items					
Income from participations in Group companies	10	-	-	7,767	19,963
Other interest income and similar items		6373	274	8,421	721
Interest expenses and similar items		-8,590	-4,847	-7,301	-4,515
Total profit/loss from financial items		-2,217	-4,573	8,887	16,169
Profit/loss after financial items		70,545	41,505	23,781	34,288
Appropriations	11	-18,650	-38,700	-15,799	-15,328
Tax on profit/loss for the year	12	-8,303	-3,590	-181	-23
Profit for the year		43,592	-785	7,801	18,937

Balance sheets

		Group		Parent company	
	Note	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Assets					
Fixed assets					
<u>Intangible assets</u>					
Patents, licences, trademarks and development costs	13	17,340	12,340	17,269	12,247
Goodwill	14	23,984	26,509	2,236	3,062
		41,324	38,849	19,505	15,309
<u>Tangible assets</u>					
Plant and machinery	15	21,732	12,437	21,644	12,278
Equipment, tools and installations	16	7,895	6,909	6,095	5,505
Construction in progress and advance payments related to fixed assets	17	5,944	11,099	5,944	11,099
		35,571	30,445	33,683	28,882
<u>Financial assets</u>					
Participations in Group companies	18	-	-	52,873	52,873
Receivables from Group companies	19	14,081	14,082	14,081	14,082
Deferred tax assets	20	8,475	8,309	-	-
Other long-term receivables		458	241	-	-
		23,014	22,632	66,954	66,955
Total fixed assets		99,909	91,926	120,142	111,146
		Group		Parent company	
Balance sheets	Note	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Current assets					
<u>Inventory, etc.</u>					
Raw materials and consumables		12,547	9,273	14,370	11,952
Work in progress		262	129	261	-
Finished goods and goods for resale		87,142	79,119	75,075	67,855
		99,951	88,521	89,706	79,807
<u>Current receivables</u>					
Accounts receivable	8	97,344	90,741	13,064	6,041
Receivables from Group companies	19	196,040	174,875	127,463	114,694
Current tax assets		6,323	986	5,868	551
Other current assets		2,832	6,147	2,566	5,547
Prepaid expenses and accrued income		5412	6,469	3,019	5,188
		307,951	279,218	151,980	132,021
<u>Current investments</u>					
Current investments	21	81	78	-	-
<u>Cash and bank equivalents</u>		25,954	24,766	955	3,153
Total current assets		433,937	392,583	242,641	214,981
Total assets		533,846	484,509	362,783	326,127

		Group		Parent company	
Balance sheets	Note	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Equity and liabilities					
Equity	22				
<u>Restricted equity</u>					
Share capital		40,000	40,000	40,000	40,000
Statutory reserve		5,468	5,450	4,735	4,735
Restricted reserves		30,463	27,072	-	-
		75,931	72,522	44,735	44,735
<u>Unrestricted equity</u>					
Profit brought forward		107,865	109,936	129,890	110,953
Profit for the year		43,592	-785	7,801	18,937
		151,457	109,151	137,691	129,890
Total equity		227,388	181,673	182,426	174,625
Untaxed reserves	23	-	-	39,252	36,552
Provisions					
Other provisions	24	6,685	8,053	1,382	1,382
Deferred taxes		8,432	9,270	-	-
Total provisions		15,117	17,323	1,382	1,382
		Group		Parent company	
Balance sheets	Note	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Long-term liabilities	25				
Liabilities to credit institutions		-	1,025	-	-
Liabilities to Group companies	19	24,560	24,560	24,560	24,560
Total long-term liabilities		24,560	25,585	24,560	24,560
Current liabilities					
Liabilities to credit institutions	25	402	302	-	-
Bank overdraft facilities		19,614	30,090	19,614	30,090
Advances from customers		365	727	114	-
Accounts payable		63,866	51,920	43,178	37,262
Liabilities to Group companies	19	133,285	131,042	38,151	7,627
Current tax liabilities		3,792	4,219	-	-
Other current liabilities		19,343	16,367	1,238	1,597
Accrued expenses and accrued income		26,114	25,261	12,868	12,432
Total current liabilities		266,781	259,928	115,163	89,008
Total equity and liabilities		533,846	484,509	362,783	326,127
Pledged assets	26	146,873	146,873		146,873
Contingent liabilities	27	361,421	307,821		307,821

Cash flow statements

Cash flow statements	Note	Group 2013	2012	Parent company 2013	2012
Operating activities					
Operating profit before financial items		72,762	46,078	14,894	18,119
Interest received		171	274	8,421	721
Dividends received		-	-	7,767	19,963
Interest paid		-3,675	-4,847	-7,301	-4,515
Exchange rate difference		180	-	-	-
Adjustment for items not included in cash flow, etc.	29	13,154	9,645	11,035	9,765
Income tax paid		-13,391	-19,817	-5,498	-7,175
Allocation to provisions		80	-344	-	626
		69,281	30,989	29,318	37,504
Increase/decrease in inventory		-11,430	-8,286	-9,899	-7,481
Increase/decrease in receivables		-23,395	43,349	-14,642	52,555
Increase/decrease in other current liabilities		17,657	-30,924	26,155	-9,923
Cash flow from operating activities		52,113	35,128	30,932	72,655
Investment activities					
Investments in intangible assets		-8,542	-6,881	-8,551	-9,265
Investments in tangible assets		-12,328	-12,744	-11,479	-11,187
Investments in subsidiaries		-	-1,759	-	-8,078
Sale/repayment of other financial assets		-	108	-	-
Group contribution paid		-18,650	-38,700	-18,650	-38,700
Increase/decrease in current investments		-3	-7	-	-
Cash flow from investment activities		-39,523	-59,983	-38,680	-67,230
Financing activities					
Borrowings		-	30,090	-	-
Repayment of debt		-11,402	-24,476	-	-22,663
Group contribution received		-	-	5,550	4,250
Cash flow from financing activities		-11,402	5,614	5,550	-18,413
Cash flow for the year		1,188	-19,241	-2,198	-12,988
Cash and cash equivalents at start of year		24,766	44,007	3,153	16,141
Cash and cash equivalents at year-end (excl bank overdraft facilities)		25,954	24,766	955	3,153

Notes, common to the parent company and Group

Note 1

Accounting and valuation principles

The annual accounts were prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice, except for BFNAR 2008:1 Annual report in small company (K2 rules) and BFNAR 2012:1 Annual report and consolidated financial statements (K3 rules).

Information about the Group

The Company is a wholly owned subsidiary of Aura Light Holding AB, CIN 556698-3671, which has its seat in Karlskrona. The consolidated financial statement was prepared by Aura Light Holding AB, CIN 556698-3671.

Consolidated accounts

The consolidated financial statement includes subsidiaries in which the parent company directly or indirectly holds more than 50% of the votes or otherwise exercises control.

The consolidated annual accounts were prepared following the acquisition method, which means that the subsidiaries' equity at acquisition, defined as the difference between assets and liabilities, is eliminated in its entirety. Consolidated equity thereby only includes the portion of the subsidiary equity arising after the acquisition.

Companies acquired during the year are included in the consolidated financial statement at an amount that relates to the time after the acquisition. Profit from companies sold during the year is included in the consolidated income statement for the time up until the date of sale.

All foreign subsidiaries are classified as independent subsidiaries. The current method is therefore applied for the translation of their annual accounts. This means that the assets and liabilities of the foreign subsidiaries are translated to the closing day rate. All items in the income statements are translated at the average rate for the year. Translation differences are posted directly to Group equity.

Group contributions

Group contribution with related tax effect is reported in the income statement.

Foreign currencies

Assets and liabilities in foreign currencies are translated at the

closing day rate. In cases where hedging measures have been used, such as forward cover, the forward rate is used. Transactions in foreign currency are translated using the transaction day's current rate. Exchange profits and exchange losses on operating receivables and liabilities are included in the operating profit/loss. Profits and losses from financial receivables and liabilities are reported as financial items.

Income

Sale of goods is recognised upon delivery of products to the customer in accordance with the terms of sale. Sales are reported net of VAT and discounts. Group sales are eliminated from the consolidated financial statement.

Income taxes

Reported income taxes include tax payable or receivable for the current year, adjustments for prior years' taxes, changes in deferred tax and share of associated companies' tax.

All tax liabilities/assets are measured at their nominal amounts based on tax regulations and tax rates that are enacted or that have been announced and will in all likelihood be adopted.

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

Deferred tax is calculated using the balance sheet method on all temporary differences arising between the reported values and tax values of assets and liabilities. Deferred tax assets related to loss carry-forward or other future tax deductions are reported to the extent that it is probable that the deduction can be offset against future tax surplus.

Due to the relationship between accounting and taxation, the deferred tax liability of untaxed reserves is recognised as a part of the untaxed reserves.

Intangible assets

Development work

Expenditures for research and development work are normally expensed as incurred. Some major development projects are considered to be of significant value to the Company in the coming years and have been capitalised in the balance sheet as Capitalised development expenditures. These assets are

amortised on a straight-line basis over 3-5 years. The amortisation is included in the line item "Research and development expenses" in the income statement.

Patents, licences, trademarks and similar rights

Expenditures for acquired patents, licenses and trademarks are capitalised and amortised on a straight-line basis over their contractual useful life (normally 3 years). The amortisation is included in the line item "Research and development expenses" in the income statement.

Goodwill

Expenditures for acquired goodwill are capitalised and amortised on a straight-line basis over their expected useful life (normally 20 years). The amortisation is included in the line items "Cost of goods sold" and "Administrative expenses" in the income statement.

Tangible assets

Tangible assets are recognised at acquisition value less depreciation. Expenditures for improving the performance of assets beyond their original level increase the reported value of the asset. Expenditures for repair and maintenance are reported as expenses.

Tangible assets are systematically depreciated over the estimated useful life of the asset. The depreciation is included in line items "Cost of goods sold", "Administration", "Sales" and "Research and development".

Straight-line depreciation is used for all types of tangible assets. The following depreciation periods apply:

Plant and machinery	8-10 years
Equipment, tools and installations	3-5 years

Lease contracts

Leasing contracts where, in essence, all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Lease payments for operating leases are recognised as an expense in the income statement and are distributed linearly over the term of the contract.

Receivables

Receivables are stated at the amount they are expected to be paid.

Inventories

Inventory is valued (using the first-in, first-out principle) at the lower of acquisition value and net realisable value on the closing day. Individual obsolescence assessment is applied.

Raw materials, purchased finished and semi-finished goods and goods for resale are valued at acquisition value. In-house manufactured finished and semi-finished goods are valued at manufacturing cost plus a reasonable share of indirect costs.

Cash flow statement

The cash flow statements were prepared using the indirect method. The reported cash flow only includes transactions that involve payments made and payments received. Liquid assets only include cash and bank balances.

Definitions of key ratios

Equity/assets ratio

Equity and untaxed reserves (not of deferred tax) in relation to total assets.

Return on equity

Profit after financial items in relation to equity and untaxed reserves (net of deferred tax).

Note 2 Distribution of income

	Group		Parent company	
	2013	2012	2013	2012
Net turnover is distributed by geographic market as follows:				
Sweden	140,031	126,348	98,747	86,887
Norway	104,845	111,173	53,488	50,323
Finland	20,923	23,159	10,088	13,338
Germany	144,281	145,808	92,435	87,145
England	24,396	18,203	11,230	8,281
France	20,248	8,219	11,507	-40
Italy	15,846	12,015	-690	1,108
Spain	32,721	36,733	-1,745	-6,467
Denmark	9,493	9,007	5,570	4,348
China	1,526	6,438	852	6,438
Portugal	18,492	5,529	215	-
Other markets	47,720	15,015	47,244	18,239
Total	580,522	517,647	328,941	269,600

Note 3 Amortisation and depreciation

	Group		Parent company	
	2013	2012	2013	2012
Amortisation and depreciation				
Research and development	-2 484	-1,988	-2,469	-1,970
Patents	-1 061	-857	-1,061	-857
Goodwill	-2 393	-2,321	-826	-826
Goodwill	-3 896	-2,918	-3,875	-2,806
Equipment	-3 232	-3,744	-2,802	-3,307
	-13 066	-11,828	-11,033	-9,766
Amortisation and depreciation per function				
Cost of goods sold	-4,779	-4,468	-4 304	-3,229
Selling expenses	-534	-735	-399	-263
Administrative expenses	-4,103	-3,577	-2,680	-3,226
Research and development expenses	-3,650	-3,048	-3,650	-3,048
	-13,066	-11,828	-11,033	-9,766

Note 4 Remuneration to auditors

	Group		Parent company	
	2013	2012	2013	2012
<u>Audit</u>				
Other accountants	-	16	-	16
<u>Assignments other than the audit</u>				
Other accountants	133	211	133	211
Total	133	227	133	227

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

Note 5 Personnel

	Group		Parent company	
	2013	2012	2013	2012
Average number of employees				
Women	86	80	43	40
Men	164	151	70	72
Total	250	231	113	112

Wages, remuneration, social security contributions and pension expenses

Wages and remuneration to the Board of Directors and CEO	12,583	8,882	686	636
Wages and remuneration to other employees	104,172	91,124	43,360	37,968
	116,755	100,006	44,046	38,604
Social security contributions in accordance with the law and contracts	30,210	24,286	14,475	14,193
Pension expenses for the Board of Directors and CEO	1,094	526	37	33
Pension expenses for other employees	7,613	8,033	4,465	4,506
Total	155,672	132,851	63,023	57,336

	Group		Parent company	
	2013	2012	2013	2012
Board members and senior executives				
Number of Board members on closing day				
Women	2	2	2	2
Men	8	5	6	5
Total	<u>10</u>	<u>7</u>	<u>8</u>	<u>7</u>
Number of managing directors and other senior executives				
Women	6	6	3	3
Men	24	24	6	6
Total	<u>30</u>	<u>30</u>	<u>9</u>	<u>9</u>

Contract with the CEO

A contract has been signed with the CEO of Aura Light International AB, with a notice period of 6 months. For termination initiated by the Company, a 12-month notice period applies.

Note 6 Exchange rate differences

	Group		Parent company	
	2013	2012	2013	2012
The operating profit/loss includes exchange rate differences related to operating receivables and liabilities as follows:				
Other operating income	6,556	3,626	6,228	3,567
Other operating expenses	-1,768	-2,397	-1,657	-2,371
Total	<u>4,788</u>	<u>1,229</u>	<u>4,571</u>	<u>1,196</u>

Note 7 Other operating income

	Group		Parent company	
	2013	2012	2013	2012
Other external services	2,185	1,176	2,396	2,968
Internal services	-	-	11,858	12,696
Exchange rate differences	6,556	3,626	6,228	3,567
Other	1,830	2,240	979	2,015
	<u>10,571</u>	<u>7,042</u>	<u>21,461</u>	<u>21,246</u>

Note 8 Financial instruments

Through its operations, The Group is exposed to various financial risks, including the effects of price changes in the credit and capital markets, exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to limit potential adverse effects on the Group's financial results. The Group uses derivative instruments, such as forward exchange agreements, options and interest rate swaps to reduce the Group's exposure to financial risks.

Finance and risk management is handled by the Treasury department (Group Treasury) following the policies approved by the Board to capitalise on the economies of scale and synergies and to minimise operational risks. Group Treasury is responsible for the Group's loan financing, foreign exchange and interest rate risk management and assists in the adminis-

tration of the parent company's internal bank for the Group's financial transactions.

Group Treasury identifies, evaluates and hedges financial risks. The Board reviews and approves written policies regarding both general risk management and specific areas, such as liquidity risk, foreign exchange risks, interest rate risks, credit risks, use of derivative instruments and any investment of excess liquidity. The policy is subject to ongoing revision. The Group's financial risks are continuously monitored to ensure compliance with the financial policy.

Foreign exchange risks

The Group operates internationally and is exposed to foreign exchange risks associated with purchases/sales in foreign currencies and with financial transactions in foreign currencies. Currency exposure relates primarily to EUR, USD, NOK

and DKK. The Group uses derivative instruments, taken out by Group Treasury on behalf of Aura Light International AB, in order to hedge its exposure to foreign exchange risks. On average, the Group hedges approximately 50% of the expected net exposure in each major currency for up to twelve months. Foreign exchange risks related to income generated in foreign currency by Group subsidiaries (known as translation risk of operating profit/loss in foreign subsidiaries) are not hedged.

Interest rate risks

The Group's income and cash flow from operations are generally independent of changes in market interest rate levels. The Group has no significant interest-bearing assets. The Group's policy is to have 0-50% of its borrowings at fixed interest rates. At year-end, 0% was at a fixed interest rate. The Group borrows at short floating interest rate and may use interest rate swaps as cash flow hedges of future interest payments. This has the economic effect of converting borrowings from floating to fixed interest rates. Interest rate swaps allow the Group to raise long-term floating rate loans and convert them to fixed rates that are lower than on loans made directly at a fixed rate. With an interest rate swap, Group Treasury agrees with the other party to exchange – at specified intervals (usually quarterly) – the difference between the amounts under

contracts with fixed and floating interest amounts calculated with reference to agreed nominal amounts.

Credit risk

The Group has no significant concentration of credit risks. The Group has guidelines to ensure that products and services are sold to customers with an appropriate credit history. Counterparties derivative contracts and cash transactions are limited to financial institutions with a high credit rating. The Group has policies that limited the amount of credit exposure to each financial institution.

Liquidity risk

A cautious approach is applied to the handling of liquidity risk. Due to the dynamic nature of the underlying business, the Group strives to maintain flexibility in financing by keeping committed credit lines available.

Note 9 Salaries and other remuneration by country

Group	Board and CEO 2013	Other employees 2013	Board and CEO 2012	Other employees 2012	Board and CEO 2011	Other 2011
Sweden	2,442	55,589	2,318	48,430	2,640	48,931
Norway		8,391		9,434		10,341
China	827	705		823		713
Finland	1,914	2,137	1,073	1,083	821	1,371
Germany	3,541	19,326	1,732	16,602	1,340	16,308
England	980	2,397	861	1,811	842	1,663
France		2,191		2,046		2,083
Italy		4,266		2,775		1,634
Spain	1,806	5,973	1,741	5,592	1,573	2,241
Portugal	1,073	1,914	784	1,292		
Denmark		1,283		1,236		1,390
	12,583	104,172	8,509	91,124	7,216	86,675

Note 10 Income from participations in Group companies

	Group 2013	2012	Parent company 2013	2012
Dividends	-	-	7,767	19,963
Total	0	0	7,767	19,963

Note 11 Appropriations

	Group 2013	2012	Parent company 2013	2012
Reversal of tax allocation	-	-	-	21,363
Difference between book depreciation and depreciation according to plan	-	-	-2,699	-2,241
Group contribution received	-	-	5,550	4,250
Group contribution paid	-18,650	-38,700	-18,650	-38,700
Total	<u>-18,650</u>	<u>-38,700</u>	<u>-15,799</u>	<u>-15,328</u>

Note 12 Tax on profit/loss for the year

	Group 2013	2012	Parent company 2013	2012
Current tax for the year	-6,839	-6,930	-120	-89
Current tax related to previous year	-788	-471	-61	66
Deferred tax	-676	3,811	-	-
Total	<u>-8,303</u>	<u>-3,590</u>	<u>-181</u>	<u>-23</u>

Note 13 Patents, licences, trademarks and development costs

	Group 2013	2012	Parent company 2013	2012
Opening acquisition values	83,609	76,728	83,377	76,531
Capitalised expenditures for the year	8,545	6,881	8,552	6,846
Closing accumulated acquisition values	<u>92,154</u>	<u>83,609</u>	<u>91,929</u>	<u>83,377</u>
Opening amortisation and depreciation	-71,269	-68,424	-71,130	-68,303
Amortisation and depreciation for the year	-3,545	-2,845	-3,530	-2,827
Closing accumulated amortisation and depreciation	<u>-74,814</u>	<u>-71,269</u>	<u>-74,660</u>	<u>-71,130</u>
Closing residual value according to plan	<u>17,340</u>	<u>12,340</u>	<u>17,269</u>	<u>12,247</u>

Note 14 Goodwill

	Group 2013	2012	Parent company 2013	2012
Opening acquisition values	31,635	25,163	5,945	3,526
New acquisitions	-	3,228	-	-
Through acquisition from subsidiaries	-	3,244	-	2,419
Write-downs	-742	-	-	-
Exchange rate difference	610	-	-	-
Closing accumulated acquisition values	<u>31,503</u>	<u>31,635</u>	<u>5,945</u>	<u>5,945</u>
Opening amortisation and depreciation	-5,126	-3,274	-2,883	-2,057
Amortisation and depreciation for the year	-2,393	-1,852	-826	-826
Closing accumulated amortisation and depreciation	<u>-7,519</u>	<u>-5,126</u>	<u>-3,709</u>	<u>-2,883</u>
Closing residual value according to plan	<u>23,984</u>	<u>26,509</u>	<u>2,236</u>	<u>3,062</u>

Last year's acquisition in the parent company regards acquisition of Molbi AB. Last year's acquisition in the Group regards acquisition of Molbi AB, Gudolo in Spain, and Aura Portugal.

Note 15 Plant and machinery

	Group 2013	2012	Parent company 2013	2012
Opening acquisition values	73,989	75,183	73,819	75,013
Purchases	3,564	9,905	3,452	9,905
Sales and disposals	-97	-	-	-
Reclassifications	9,789	-11,099	9,789	-11,099
Closing accumulated acquisition values	<u>87,245</u>	<u>73,989</u>	<u>87,060</u>	<u>73,819</u>
Opening amortisation and depreciation	-61,680	-58,649	-61,541	-58,735
Sales and disposals	64	-	-	-
Amortisation and depreciation for the year	-3,897	-2,903	-3,875	-2,806
Closing accumulated amortisation and depreciation	-65,513	-61,552	-65,416	-61,541
Closing residual value according to plan	<u>21,732</u>	<u>12,437</u>	<u>21,644</u>	<u>12,278</u>

Note 16 Equipment, tools and installations

	Group 2013	2012	Parent company 2013	2012
Opening acquisition values	36,434	34,436	33,519	32,235
Purchases	8,801	1,998	8,027	1,284
Reclassifications	-4,634	-	-4,634	-
Closing accumulated acquisition values	<u>40,601</u>	<u>36,434</u>	<u>36,912</u>	<u>33,519</u>
Opening amortisation and depreciation	-29,578	-25,781	-28,014	-24,707
Amortisation and depreciation for the year	-3,232	-3,744	-2,803	-3,307
Translation differences	104	-	-	-
Closing accumulated amortisation and depreciation	-32,706	-29,525	-30,817	-28,014
Closing residual value according to plan	<u>7,895</u>	<u>6,909</u>	<u>6,095</u>	<u>5,505</u>

Note 17 Construction in progress and advance payments related to tangible assets

	Group 2013	2012	Parent company 2013	2012
Initial costs incurred	11,099	3,823	11,099	3,823
Costs incurred during the year	5,944	7,276	5,944	7,276
Capitalised during the year	-11,099	-	-11,099	-
Closing costs incurred	<u>5,944</u>	<u>11,099</u>	<u>5,944</u>	<u>11,099</u>

Note 18 Interests in subsidiaries

Group	CIN	Seat
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, United Kingdom
Aura Light France	4494309909	Nantes, France
Aura Light Italy SRL	466461	Bologna, Italy
Aura Light Aps	30804600	Denmark
Aura Light Spain SL	ESB64755812	Barcelona, Spain
Aura Light Portugal Unipessoal Lda	510138535	Terrarium
Aura Light Singapore	200805416E	Singapore

Parent company	Number of shares	Proportion of equity %	Equity	Profit/loss for the year	Book value 31-12-2012
Aura Light AS	3,000	100	11,367	8,294	2,812
Aura Light Trading (Shanghai) Co Ltd		100	1,909	607	849
Aura Light OY	200	100	5,958	613	287
Aura Light GMBH		100	21,794	6,176	2,725
Aura Light AB	1,000	100	441	21	100
Aura Long Life Lamps Ltd	10,000	100	-14,091	372	146
Aura Light France	45,000	100	-921	942	8,839
Aura Light SRL	50,000	100	99	-406	12,447
Aura Light ApS		100	3,274	329	164
Aura Light Spain SL		100	11,430	-511	18,936
Aura Light Portugal Unipessoal Lda	1	100	1,476	1,098	5,468
Aura Light Singapore		100	-876	-34	100
Total					<u>52,873</u>

	2013	2012
Opening acquisition values	52,873	52,873
Closing book value	52,873	52,873

Note 19 Transactions with related parties

Information on the parent company

The Company is a wholly owned subsidiary of Aura Light Holding AB, CIN 556698-3671, which has its seat in Karlskrona. The consolidated financial statement was prepared by Aura Light Holding AB, CIN 556698-3671.

Purchases and sales between Group companies

For the parent company, 1% (1%) of purchases for the year and 90% (85%) of sales for the year are from/to its own subsidiaries. Purchases and sales between Group companies are subject to the same pricing policies as transactions with external parties.

Note 20 Deferred tax

Group	2013	2012
	8,475	8,309
	8,475	8,309

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 assets

The investment regards 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	Unrestricted reserves and profit /loss for the year	Total equity
Opening balance 2012	40,000	46,625	95,523	182,148
Change in translation difference for existing subsidiaries	-	-11	-326	-337
Transfers between restricted and unrestricted reserves	-	-14,092	14,092	-
Adjustment of opening balance	-	-	647	647
Profit/loss for the year	-	-	-785	-785
Equity 2013-12-31	40,000	32,522	109,151	181,673
Change in translation difference for existing subsidiaries	-	-286	837	551
Transfers between restricted	-	2,123	-2,123	-
Effect of changed tax rate on untaxed reserves	-	1,572	-	1 572
Profit/loss for the year	-	-	43,592	43,592
Equity 2013-12-31	40,000	35,931	151,457	227,388

Parent company	Share capital capital	Statutory reserve	Other unrestricted equity	Total equity
Opening balance 2012	40,000	4,735	110,953	155,688
Profit/loss for the year	-	-	18,937	18,937
Equity 2013-12-31	40,000	4,735	129,890	174,625
Profit/loss for the year	-	-	7,801	7,801
Equity 2013-12-31	40,000	4,735	137,691	182,426

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

Note 23 Untaxed reserves

	2013-12-31	2012-12-31
Accumulated difference between book depreciation and depreciation according to plan	13,055	10,356
Tax allocation reserves	26,197	26,196
Total	<u>39,252</u>	<u>36,552</u>

Note 24 Other provisions

	Group		Parent company	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Contingent consideration	5,701	7,149	1,382	1,382
Other provisions	984	904	-	-
Total	<u>6,685</u>	<u>8,053</u>	<u>1,382</u>	<u>1,382</u>

Note 25 Borrowing

	Group		Parent company	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Interest-bearing liabilities				
<u>Long-term liabilities</u>				
Liabilities to credit institutions	-	1,025	-	-
Liabilities to Group companies	24,560	24,560	24,560	24,560
Total	<u>24,560</u>	<u>25,585</u>	<u>24,560</u>	<u>24,560</u>
<u>Current liabilities</u>				
Liabilities to credit institutions	402	302	-	-
Total	402	302	0	0
Total interest-bearing liabilities	<u>24,962</u>	<u>25,887</u>	<u>24,560</u>	<u>24,560</u>
<u>Maturity</u>				
The portion of long-term liabilities maturing later than five years after closing day				
Liabilities to Group companies	24,560	24,560	24,560	24,560
Total	<u>24,560</u>	<u>24,560</u>	<u>24,560</u>	<u>24,560</u>

Note 26 Bank overdraft facilities

	Group		Parent company	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Amount of bank overdraft facilities granted	60,430	50,562	60,430	50,562
	<u>60,430</u>	<u>50,562</u>	<u>60,430</u>	<u>50,562</u>

Note 27 Pledged assets

	Group		Parent company	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
For own provisions and liabilities				
For liabilities to credit institutions				
Floating charges	94,000	94,000	94,000	94,000
Shares in subsidiaries	52,873	52,873	52,873	52,873
Total pledged assets	<u>146,873</u>	<u>146,873</u>	<u>146,873</u>	<u>146,873</u>

Note 28 Contingent liabilities

	Group		Parent company	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
Contingent liabilities				
Performance bond	9,521	7,821	9,521	7,821
Guarantees on behalf of Group companies	351,900	300,000	351,900	300 000
Total contingent liabilities	<u>361,421</u>	<u>307,821</u>	<u>361,421</u>	<u>307,821</u>

Aura Light International AB is included in the credit agreement that the companies in the Aura Light Holding Group entered into, totalling TSEK 3,519,000 (TSEK 3,000,000). Aura Light International, together with the other companies of the Group, thereby has a contingent liability related to credits to other Group companies, totalling TSEK 3,519,000 (TSEK 3,000,000).

Note 29 Adjustment for items not included in cash flow, etc.

	Group		Parent company	
	2013	2012	2013	2012
Amortisation and depreciation	13,066	13,613	11,035	9,765
Gain on sale of equipment	88	-	-	-
Adjustment for subsidiary acquisition	-	-3,968	-	-
Total	13,154	9,645	11,035	9,765

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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