



**BLOM**  
IMAGING THE WORLD

ANNUAL  
REPORT  
**2012**





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## KEY FIGURES

(Amounts in NOK 1,000)

|                                  | IFRS<br>2012 | IFRS<br>2011* | IFRS<br>2010 | IFRS<br>2009 | IFRS<br>2008 adjusted |
|----------------------------------|--------------|---------------|--------------|--------------|-----------------------|
| <b>Sales turnover:</b>           |              |               |              |              |                       |
| Operating revenues               | 335,216      | 288,629       | 596,848      | 736,901      | 821,684               |
| <b>Results:</b>                  |              |               |              |              |                       |
| EBITDA                           | 44,592       | -57,793       | -35,219      | 92,306       | 109,308               |
| EBIT                             | 1,698        | -138,158      | -416,107     | -53,832      | 27,968                |
| EBT                              | -31,935      | -235,519      | -545,614     | -93,960      | 17,768                |
| Results from continuing business | -33,220      | -267,915      | -564,957     | -83,012      | 13,302                |
| <b>Capital:</b>                  |              |               |              |              |                       |
| Current assets                   | 325,655      | 419,692       | 455,756      | 704,592      | 704,878               |
| Non-current assets               | 100,419      | 167,087       | 352,537      | 709,003      | 837,540               |
| Current liabilities              | 300,927      | 379,786       | 636,009      | 326,723      | 418,158               |
| Non-current liabilities          | 81,239       | 401,400       | 64,432       | 389,342      | 268,964               |
| Equity                           | 43,909       | -194,408      | 107,853      | 697,530      | 855,296               |
| Balance sheet total              | 426,075      | 586,779       | 808,294      | 1,413,595    | 1,542,418             |
| <b>Margins:</b>                  |              |               |              |              |                       |
| Net operating margin (%)         | 0.51         | -47.87        | -69.72       | -7.31        | 3.40                  |
| Net profit margin (%)            | -9.91        | -92.82        | -92.41       | -11.26       | 1.62                  |
| <b>Profitability:</b>            |              |               |              |              |                       |
| Return on total assets (%)       | -12.95       | -44.94        | -55.23       | -9.03        | 1.85                  |
| Return on equity (%)             | N/A          | N/A           | -140.30      | -10.69       | 1.10                  |
| <b>Financial strength:</b>       |              |               |              |              |                       |
| Equity ratio (%)                 | 10.31        | -33.13        | 13.34        | 49.34        | 55.45                 |
| <b>Liquidity:</b>                |              |               |              |              |                       |
| Current ratio                    | 1.08         | 1.11          | 0.72         | 2.16         | 1.69                  |
| Acid test ratio                  | 0.45         | 0.73          | 0.47         | 1.35         | 1.11                  |
| <b>Key figures per share:</b>    |              |               |              |              |                       |
| Results from continuing business | -1.59        | -1.50         | -13.58       | -2.04        | 0.33                  |
| Cash flow                        | -0.46        | -1.05         | -4.20        | 1.55         | 2.33                  |
| Dividend                         | 0.00         | 0.00          | 0.00         | 0.00         | 0.00                  |

**Ordinary net profit/loss****Cash flow****Net operating margin****Net profit margin****Return on total assets****Return on equity****Equity ratio****Current ratio****Acid test ratio**

Profit/loss before tax – taxes

Net profit/loss for the year + ordinary depreciation

Operating profit/loss x 100/net operating revenues

Net profit/loss for the year x 100/net operating revenues

(Profit/loss before extraordinary items + financial expenses) x 100/average total assets

Net profit/loss for the year x 100/average equity

Equity x 100/total assets

Current assets/current liabilities

(Liquid reserves + financial investments + debtors) / current liabilities

\*2011 adjusted for business sold in Italy

## CEO'S REPORT



Blom has put yet another challenging year behind. Like the previous year, 2012 has been marked by significant changes in our framework conditions. The debt problems of European countries and the associated reduction in their investment capacity have featur-

ed prominently in the news. In 2012, Blom has also experienced a significant reduction in the demand for our services for some geographic areas from formerly strong customers with links to central and local government. As a result of this, the company was forced to sell its largest operation, Blom CGR in Italy, in December 2012.

As a result of the many measures the company implemented in 2011 to adapt to the new framework conditions, the company has managed to increase its sales turnover over the previous year, and it has also improved the company's profit margin significantly through discontinuing loss-making operations. Cost adjustment efforts have continued throughout the entire organisation in 2012.

The sales turnover for 2012 was NOK 335 million, with an EBITDA of NOK 44.6 million – corresponding to an EBITDA margin of 13.3 per cent. Compared with the previous year, we have managed to stop the dramatic fall in revenue in the countries where we have maintained operations.

As a result of our aim to make the organisation more market-oriented, the company has gradually increased its focus on delivering innovative solutions at competitive prices in each of our business areas. In 2012, Blom

started a long-term process aimed at delivering end-user solutions with a clearer valued-adding potential for our customers. Blom will continue to develop new products and services with a strong focus on the customers' needs and expectations also in 2013.

Blom is still the leading and the largest company in Europe in its field. Our employees possess unique expertise and experience, which enables the company to deliver innovative products, services and solutions of high quality, adapted to the commercial solutions demanded by the market at any given time.

In spite of our progress in several areas in 2012, the company had a challenging financing structure at the start of the year that the company's operations could no longer service. A major financial restructuring was necessary in May through the conversion of bond debt into shares. The company has had a challenging balance sheet structure throughout the year, and the company is focusing on finding a solution.

I would like to take this opportunity to thank all my colleagues for their efforts throughout the year that has passed, and we are looking forward to continued good cooperation in the years to come.

Our thoughts go out to the family of our Rumanian colleague who perished in a helicopter accident while on duty for the company.

In 2013, we will continue to focus on development of the expertise represented by each individual, which will in turn form a foundation for strengthening the company's long-term creation of value.

Yours sincerely, Dirk

# BLOM INTRODUCTION





## COMPANY VISION AND STRATEGY

### VISION

Blom's ambition is to be a market leader in geographic information through innovation, technology and competence. Blom helps its customers deliver the best possible services that benefit people where they live, work and travel.

### GOALS

Blom aims to be an established, recognised international company that works continuously on innovation and development to enhance the company's assets. Blom will strengthen shareholder value through achieving profitable growth by the development of attractive solutions, based on full exploitation of the company's resources and competence.

- The company will produce and supply geographic information and geographic information systems for the public and private markets.
- The company's primary markets are in Europe, but defined projects will be carried out worldwide.
- Growth and increased profitability will be accomplished through organic growth, expansion in existing and new markets, acquisitions, and structural measures.
- Profitability will be continuously improved through the development and sale of innovative and scalable solutions, as well as continuous efficiency improvement measures.

- The group will be organised at all times so that the synergy potential can be exploited for increased productivity and cooperation between the companies.
- The business will be managed in an ethically and socially responsible manner. The company will have a good reputation with a strong environmental and well-defined profile.

### STRATEGY

Important measures for achieving our goals are as follows:

#### *Market*

Blom aims to continuously develop its existing markets and customers. Nearness and a close dialogue with customers are necessary to ensure growth and customer satisfaction. Blom seeks continuously to develop its sales and marketing organisation so that it can meet the needs of the customers in an efficient manner.

Blom works actively in markets through alliance partners. Strategic alliance building is essential for the development of markets and customers.

Blom wins contracts and market shares through a good reputation and by continuously delivering high quality products and services with a high level of precision. The company actively seeks to maintain its strong position. In addition, the company will continue to ensure expansion through the development of innovative and unique products and services.

#### *Acquisitions and structural changes*

The company will continue to work actively to increase growth and shareholder value

through structural changes. The goal is to gain access to new markets, new technology and to supplement our range of products. A continuous development of the company's market position is completely key to the execution of structural changes.

### *Competence and innovation*

Knowledge, competence and experience are some of Blom's most important competitive advantages. Blom attaches importance to the development of competence by offering its employees attractive and challenging tasks. The company continuously develops its products, services and databases through the competence, experience and innovative capacity of its employees.

### *Product and technology development*

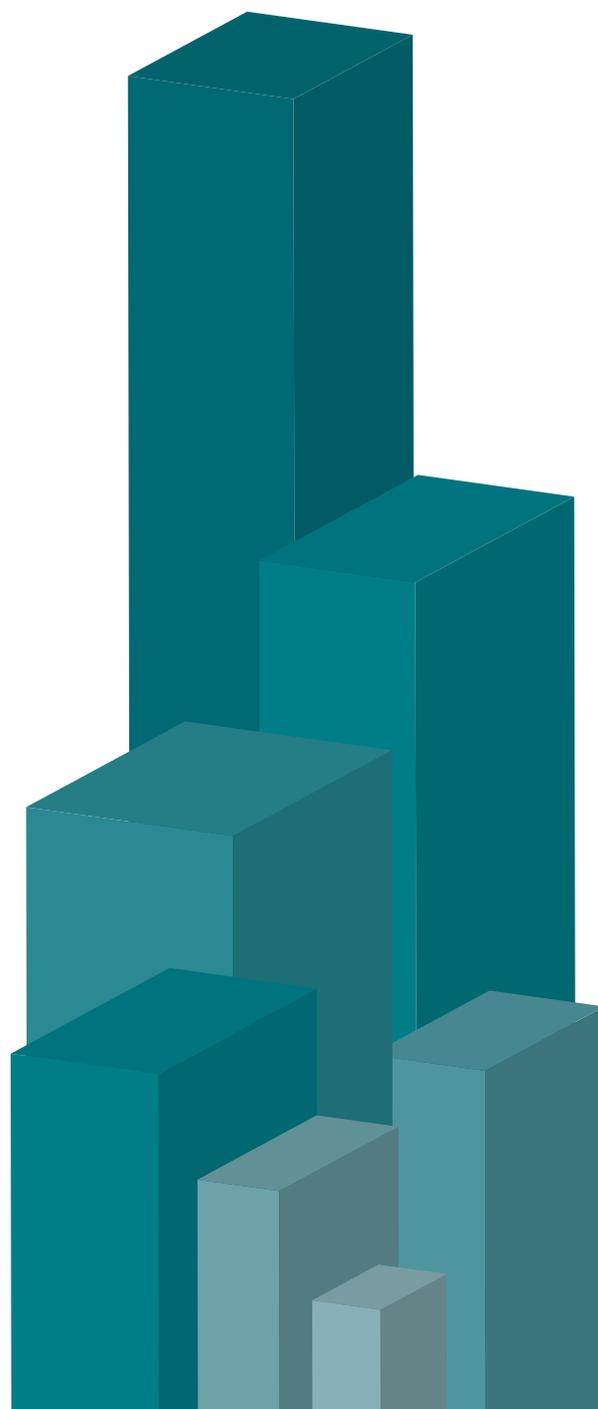
The development of technology and innovation are key to Blom's product strategy. The company invests a significant portion its sales revenue annually in the development of products, services and databases. Product development is financed both by the company and customers, and it will always be the needs of the market that determine our priorities and investments. Blom's product development entails the use of new technology for the collection, processing and distribution of geographic information, establishment of new databases and adding value to the data.

### *Social responsibility and ethics*

The group actively seeks to follow the business ethical guidelines associated with social responsibility and the external environment. These are fundamental elements for the development of a sustainable and profitable business culture where the needs of the employees are also taken into consideration.

### *Financial strategy*

The company attaches importance to solid and profitable growth that provides financial freedom. The financing of growth and structural changes shall be based primarily on the company's earnings and the liberation of capital. The company strives to observe the accounting guidelines in all the countries where it operates, and it is a goal to continuously improve predictability and reduce risk.



## MARKETS

Blom is one of Europe's largest suppliers of geographic information. Our customers range from public authorities and local governments to private enterprises. The company supplies a wide range of mapping and geographic services that satisfy local, regional and international standards and specifications. Blom also delivers custom solutions for specific purposes. Blom's strength lies in the competence of its employees, as well as the innovative capability and the technical expertise of the company.

### *Blom delivers the following products and services:*

- Maps and 3D modelling
- LiDAR/Laser scanning
- Aerial photography
- GIS services
- Online mapping services (BlomURBEX™)

Blom covers a range of capabilities based on aerial photography and laser scanning. Blom's engineers and technical experts produce a wide range of geographic models for use in local and central government administration, public works, environmental monitoring and earth observation. Modern use of geographic information supports our customers in their management of continuous change, dynamic planning and the development of cities, landscapes and coastal zones.

### *Blom focuses on the following main market segments:*

- Defence & Security
- Resources & Environment
- Government & Public Administration
- Utilities & Infrastructure
- Web & Mobile Solutions

## DEFENCE & SECURITY

Defence organisations are major users of digital maps and are, as such, an important market segment for Blom. Blom supplies mapping and modelling services to several NATO countries. Factors such as knowledge of the local area, representation of sensitive information, events management and the co-ordination of regional service operators are each fundamentally important to the management of community security. Blom's libraries with geographic data, now available to many mobile devices, enable the implementation of strategic dashboards to support mission planning, monitoring of dynamics and the co-ordination of territory monitoring. All such monitoring can be performed with both static and mobile objects. Blom's libraries encompass complete countries and cover vast urban areas, incorporating orthophotos, vertical and oblique perspectives, and a wide range of resolution options, typically between 2 cm and 50 cm.

Blom's emergency and security solutions include oblique imagery to help the operators at emergency call centres, such as 112. The operators use the BlomOBLIQUE™ product to navigate and view, which enhances their decision making in critical situations. Blom's oblique imagery is integrated into the emergency call centre applications, and it instantly and automatically provides visualisation and measurement information on the location from where an emergency call is received. This helps the emergency dispatcher to better assess the situation and direct emergency vehicles and rescue workers to the scene of an incident.

Oblique imagery can immediately identify the width of a road, allowing the responders to know if certain emergency vehicles can access this road before they reach

the destination, how long a ladder should be to reach the top of a building and how manoeuvrable alternative access routes are to a specific location. Perhaps more importantly is the fact oblique imagery provides the opportunity to view an emergency location in daylight hours, while the actual emergency might occur at night or be covered by smoke. This information is vital to any emergency unit to provide efficiency and safety aides. Blom is interested in supporting all the European 112 Emergency Services.

### **RESOURCES & ENVIRONMENT**

Blom's remote sensing and modelling capabilities are used to monitor and analyse the impact of environmental changes, such as flooding and soil erosion, on the landscape. The growth pattern of vegetation can also be monitored and analysed to assess growth in forestry and agriculture. Blom generates information databases compiled from a combination of aerial photography, hyper spectral scanning and bathymetric laser scanning to provide data on land and offshore terrain, land coverage, snow volumes, vegetation, etc. Flood modelling systems and forestry management tools are examples of high value services using Blom's models and information databases. Environmental agencies and private companies, such as forestry developers, use Blom's information database in their information systems and commercial and administrative decision support applications.

### **GOVERNMENT & PUBLIC ADMINISTRATION**

Blom provides high quality engineering, consultancy services and contracted mapping and modelling services for land and property administration. Examples of the services offered include the preparation of high quality maps, road maps and three-

dimensional models, cadastral maps and real estate property databases. Cadastral mapping provides the basis for efficient real estate management and is a fundamental requirement for economic development and growth. The services have been provided to projects in over 30 countries in Europe, Central Asia, Latin America, the Caribbean, Africa and the Far East. In addition, Blom has extensive experience in carrying out projects financed by various development funds, of which the primary objective is poverty alleviation in developing countries. Blom has an extensive track record with projects funded through various means, such as the World Bank, EU, Asian Development Bank, African Development Bank, etc., and a large number of national aid and donor organisations.

### **UTILITIES & INFRASTRUCTURE**

Effective urban community management is reliant on accurate data from a long list of sources. Blom presents such data as scalable, high-resolution maps. Blom offers a range of remote aerial survey sensor techniques for corridor mapping that supports monitoring and maintenance of critical infrastructure, such as gas pipelines, power transmission lines, railroads, highways and airports. These techniques include the use of helicopters for laser scanning and aerial photography, which provides very high level of accuracy and detail.

Mobile phone communication requires network infrastructure investments. Such investments are critical to a successful roll-out and optimisation. To make geographic analyses for planning, maintenance and optimisation of radio networks, Blom offers digital surface model (DSM) databases. The models are created using laser scanning or aerial photography and the necessary post-processing. Blom DSM databases cover

several European countries. When combined with Blom's high resolution imagery dataset, they are a suitable tool for the simulation and planning of antenna positioning for wireless telecommunications.

Urban planning and public works carried out by government agencies, utilities and engineering and construction companies have now become the most important industries to take advantage of Blom's oblique imagery database. The imagery allows the users to operate more efficiently, and the geo-referenced data helps achieve a greater level of accuracy. Blom's database of oblique imagery covers 80 per cent of the European population and is updated frequently. As a result, urban planners, such as government agencies, are able to achieve accurate visual information on an area and relate this to the impact of public works.

Utility companies strive for more efficiency when planning their development of urban networks or maintenance by using as detailed information as possible. Including Blom's oblique images as part of the planning provides invaluable information that would otherwise be impossible to obtain without actually being physically present at the location.

### **WEB & MOBILE SOLUTIONS**

Blom delivers services and solutions for various web portals that sell their solutions to the public sector, businesses and consumers. This includes maps, photos of roads and cities, and three-dimensional models. Blom offers a number of techniques for mobile, aerial and helicopter-based solutions. Blom provides unique content and online services for use in geospatial services, online maps and directory services. Blom's imagery and 3D models enable

service providers to provide an improved, realistic online experience for users. Customers desire to increase traffic on their websites by offering unique content through offering imagery and models of high quality from Blom.

Real estate companies need to present properties in the best possible light to potential customers and partners. Blom offers a unique way to showcase the attributes of the properties offered. In addition to providing high resolution oblique imagery and 3D models of each property or location, Blom provides tool functionality that allows users to measure building heights, surface areas or distances to the nearest park, train station, school, etc. Blom offers substantial value for money to players in the real estate sector, since the information about a property and its surroundings is more extensive compared with other traditional data libraries.

3D social platforms, where the users try to recreate a virtual reality for meeting people with avatar images, is an example of what internet users are demanding today; a virtual environment where users can talk and socialise with people in a specific place or city. Interactive tourist guides, where the user can travel virtually to a destination and see if the location is what they expect, or find distances between interesting monuments, hotels, etc., are becoming increasingly expected by modern tourist information guides, such as the online Travel Guide from the Repsol Petrol Company. Blom provides the information for developing these experiences, offering unique aerial images and 3D models covering cities throughout Europe, allowing users to easily zoom to a level of detail that has not been previously available in such a scale. Users can now see detailed characteristics in

building façades, fences and other features on the ground.

The telecom industry has seen a tremendous growth of smart phones with GPS capabilities, which has resulted in this industry focusing on Location Based Services (LBS). Blom's platform for LBS enables users to access the data in BlomURBEX™ online from any type of device and stream or download the data and images that are relevant to the location of the user. For example, the user can download lists of nearby bus stops, hotels, post offices or parking facilities, and then find them immediately in the real world. Other detailed information can also be provided, such as how many hotel rooms or parking spaces are available in the users immediate vicinity in real time.

### **BLOMURBEX™**

Blom is developing and offering new products and services through the BlomURBEX™ database based on Blom's content, as well as the content and services that are offered by our partner network.

Customers desire access to geographic information through an online service. The BlomURBEX™ platform can provide both offline and online services. BlomURBEX™ has a set of tools to make all content available via different platforms and applications. These tools support reliable, quick and easy integration with the customers' end-user applications, enabling direct access to the vast amount of information and data models in BlomURBEX™.

The BlomURBEX™ tools support reliable applications with high performance for the public sector and corporate markets, as well as the high volume consumer market, for navigation and location based services. Integration tools, such as plug-ins, development toolkits and programming interfaces, are available to all software developers and system integrators.

BlomURBEX™ is a modern, future-oriented platform to serve growing markets in the areas of defence & security (including private security), banking, finance & insurance, media, telecom, utilities, and transport & logistics.





# FINANCIAL ANALYSIS



## FINANCIAL ANALYSIS – OVERVIEW AND SUMMARY

### GROWTH IN SALES TURNOVER AND SOMEWHAT IMPROVED PROFITABILITY IN CHALLENGING MARKETS

Macroeconomic unrest has also characterised 2012, especially in debt-ridden countries in Southern Europe. This impacts the company's profitability and liquidity. There have been postponements and a significant decline in the public tendering processes, and there is uncertainty associated with the time frame for new government tendering processes, particularly in Southern Europe. As a result of this, Blom ASA sold its Italian subsidiary Blom CGR S.p.A. to an Italian group of buyers in February 2013. This sale reduces the company's exposure in a geographic region of high macroeconomic uncertainty. Blom has also significantly reduced its cost base in 2012.

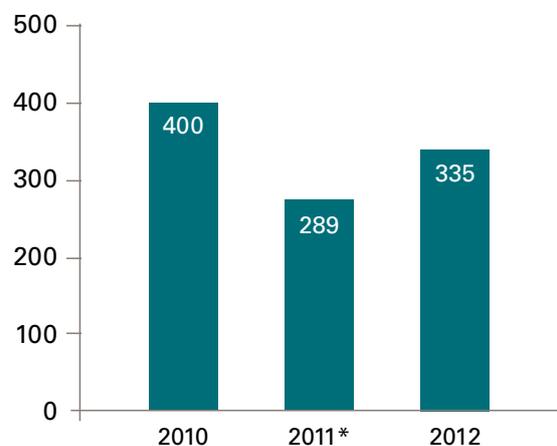
In spite of growth in sales turnover and somewhat improved profitability in 2012, the company's results are not satisfactory. Further measures have been implemented, and more will be taken, to improve the company's profitability.

The group's sales turnover from continuing business was NOK 335 million in 2012, compared with NOK 289 million in 2011. The EBITDA for 2012 ended at NOK 44.6 million with a margin of 13.3 per cent, compared with an EBITDA of NOK -58 million and a margin of -20.0 per cent in 2011. The group's operating loss, measured as EBIT, was NOK -32 million, compared with NOK -236 million in 2011. The accounts include charges for the extraordinary depreciation and write-down of intangible assets, inventories and trade receivables. A final settlement between Pictometry International

Corp. and Blom ASA of the dispute concerning the termination of the licence agreement entered into on 29 January 2009 had a positive impact on the results. The result from the business sold in Italy has been recognised on a net basis under "Discontinued business" on a separate line in the accounts.

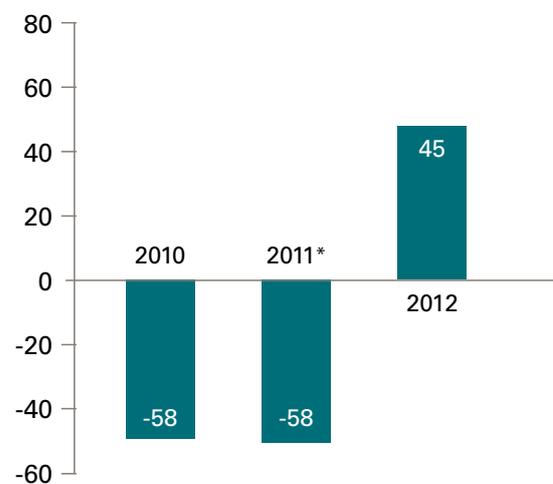
#### SALES TURNOVER 2010–2012:

(Amounts in  
NOK 1,000)



#### EBITDA 2010–2012:

(Amounts in  
NOK 1,000)



\* Adjusted for the Italian operation that has been sold.

## MARKET

The year 2012 has been characterised by challenging economic conditions in some of the countries where Blom operates, particularly in debt-ridden countries in Southern Europe. This resulted in a significant drop in demand from some of the public sector customers.

To improve the company's profitability under the prevailing market conditions, Blom has focused on market niches in which the company has a competitive advantage, geographic regions that have an increasing need for the company's products and services, and the continuing implementation of measures to improve margins. Overall, the measures implemented have resulted in growth in sales turnover and improved margins.

In Southern Europe, macroeconomic conditions have entailed the loss or postponement of orders, which has eroded profitability. There have been postponements and a significant decline in the public tendering processes during the quarter, and there is uncertainty as to when new government tendering processes will take place. As a result of this, Blom ASA (Blom) sold its Italian subsidiary Blom CGR S.p.A. to an Italian group of buyers in February 2013.

In spite of improved profitability and growth in sales turnover in 2012, the company's results are not satisfactory. Blom is therefore focusing on further development of products and services to increase the creation of value for our customers, which will provide the foundation for further development of existing and new customer relationships based on adaptation of our range of products.

Macroeconomic conditions in a number of regions where Blom operates are still challenging, and they may have a negative impact on the company's results and liquidity situation, and necessitate further compensatory measures.

Blom's largest markets by sales turnover are in the Nordic region, cf. Note 1.

## KEY ACCOUNTING PRINCIPLES

Consolidated financial statements have been prepared in accordance with the International Financial Reporting Standard (IFRS). These consolidated financial statements have been prepared on the basis of historical cost, with the exception of financial instruments that are assessed at market value. The preparation of financial statements in accordance with IFRS requires the use of estimates. In addition, the application of the company's accounting principles requires that the management exercise judgement.

Estimates and discretionary assessments are assessed continuously and based on historical experience and other factors, including expectations of future events that are regarded as probable under the current circumstances. The group prepares estimates and makes assumptions concerning the future. The most important evaluations for Blom ASA are related to the calculation of the deferred tax assets, recognition of revenue from projects, and provisions for receivables.

## SALES TURNOVER

The group's sales turnover from continuing business was NOK 335 million in 2012, compared with NOK 289 million in 2011.

Many of the regional markets in which Blom has operations have been affected by macroeconomic unrest, and an associated reduction in and postponement of orders from central and local government customers. To improve the company's profitability under the prevailing market conditions, Blom has focused on market niches in which the company has a competitive advantage, and on geographic regions that have an increasing need for the company's products and services. This has resulted overall in sales turnover growth.

The operating revenues for 2011 and 2012 have been adjusted for the sale of the Italian subsidiary Blom CGR S.p.A.

### **FINANCIAL EXPENSES**

The net financial expenses totalled NOK 34 million in 2012, compared with NOK 78 million in 2011, which is attributed primarily to a reduction in interest-bearing debt.

### **TAXES**

The company did not have any recognised deferred tax assets on the balance sheet as at 31 December 2012. Deferred tax assets related to tax loss carry-forwards that are not recognised on the balance sheet totalled NOK 167 million as at 31 December 2012, cf. Note 9.

### **INTANGIBLE ASSETS**

Goodwill is the difference between the acquisition cost of the acquisition of a business and the fair value of the net identifiable assets in the business at the time of the acquisition. Goodwill from the acquisition of subsidiaries is treated as an intangible asset. Goodwill is tested annually for impairment in value, and it is recognised at historical cost less accumulated write-downs and amortisation. The company wrote down goodwill to nil in 2011 and has

thus no goodwill recognised on the balance sheet.

Patents and licenses are recorded at historical cost. Patents and licences have a limited economic life and are recorded at historical cost less accumulated depreciation. Patents and licences are depreciated by the straight-line method over their expected life (3-10 years).

### **SEGMENT INFORMATION**

As a result of the introduction of IFRS 8 on 1 January 2009, the company has reported the applicable operating segments at any given time from this financial year. From 2012, the group's continuing business has been reported primarily in four segments: Nordic, Mid-Europe, Eastern Europe and Iberia & Latin America, which are separate cash-generating units.

### **PROVISIONS FOR RECEIVABLES**

The provisions for potential losses on receivables are based on the management's discretionary assessment of potential future losses on receivables from customers. The company's customers are primarily municipalities, government agencies, or companies or institutions where municipalities or government agencies have a dominant influence. The company considers the risk of potential future losses from this type of customer to be low. The company has earmarked provisions for potential losses on specific customers and evaluated the size of the potential loss.

As at 31 December 2012, the company has provisions of NOK 5 million for potential future losses on specific trade receivables. The provisions are related primarily to Spain and Romania.

## **FOREIGN CURRENCY AND INTEREST RATE CONDITIONS**

The company is somewhat exposed to fluctuations in foreign exchange rates, since substantial revenues are in foreign currencies other than NOK, primarily EUR. The company has operative subsidiaries in eight European countries, four of which have the euro as their functional currency. The remaining subsidiaries use four other functional currencies.

The company has certain investments in foreign subsidiaries, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the group's net investments in foreign operations is managed whenever possible through taking out loans in the relevant foreign currency.

The company focuses on reducing any foreign currency risk associated with cash flows, and does not focus on reducing the foreign currency risk associated with assets and liabilities. Subsidiaries generally have income and expenses in the same currency, and this substantially reduces the group's cash flow exposure to a single currency. Evaluations of the need for potential hedging of currency risks in cash flows are performed by a central financial function. In 2012, the company did not find it necessary to hedge cash flows against currency risks through forward contracts.

The company is also exposed to fluctuations in interest rates for the company's interest-bearing debt and cash reserves. The group's interest rate risk is connected to long-term loans, financial leasing, and credit facilities. Most of the company's interest-bearing debt is subject to adjustable interest rates. The company has not made use of interest rate swaps or other financial instruments.

## **LIQUIDITY AND CAPITAL STRUCTURE**

The group had NOK 65 million in liquid reserves at the end of the year, compared with NOK 75 million in liquid reserves at the start of 2012. The available liquid reserves as at 31 December 2012 consist of bank deposits of NOK 65 million, NOK 11 million of which are restricted bank deposits. The group has overdraft facilities totalling NOK 5.9 million, and NOK 5.7 million of these facilities were utilised as at 31 December 2012. The liquidity is monitored weekly and monthly by means of rolling cash flow forecasts from the subsidiaries, these forecasts also being the basis for running placements of excess liquidity. If the company were to find itself in a situation in which the company's operations do not generate adequate liquidity during certain periods, the company will seek to improve its liquid reserves by the sale of assets and/or taking on additional debt and/or increasing the company's share capital.

Based on the company's available liquid reserves of NOK 65 million at the end of the year and proceeds from disposed business (see Notes 24 and 26), the spring will be the period of the year in which liquid reserves are lowest, since seasonally it is the period of the year when the highest amount of working capital is tied up. During this period, the company has a low level of liquidity reserves for unforeseen events. For this reason, the company sought to strengthen its liquid reserves through postponement of the maturity of portions of its debt. The maturity dates for the short-term liquidity loans of EUR 2.5 million from Hexagon AB agreed on in December 2012, and the 15 per cent Blom ASA Senior Secured Bond Issue 2012/2013, were extended to 24 June 2013 and 26 June 2013 respectively on 26 April 2013. As a result, the company considers liquidity to be adequate.

The composition of non-current liabilities and current interest-bearing liabilities is described in Note 8.

### **EQUITY**

Blom has an equity ratio of 10.3 per cent as at 31 December 2012, compared with -33.1 per cent as at 31 December 2011.







# BOARD OF DIRECTORS' REPORT

## BOARD OF DIRECTORS' REPORT

### COMPANY'S OPERATIONS

In the report for 2011, the Board of Directors stated that the company had significantly reduced its cost base and has a satisfactory order backlog. The company expected accordingly to deliver growth in sales turnover and improved margins in 2012. In addition, it was expected that there would be uncertainty concerning the macroeconomic factors in a number of the markets to which the company is exposed, particularly in Southern Europe.

In spite of growth in sales turnover and somewhat improved profitability in 2012, the company's results are not satisfactory. It looks like the macroeconomic unrest will continue in several of the regions where the company operates, which will have an impact on the company's profitability and liquidity. There have been postponements and a significant decline in the public tendering processes, and there is uncertainty associated with when new government tendering processes will take place, particularly in Southern Europe. As a result of this, Blom ASA sold its Italian subsidiary Blom CGR S.p.A. to an Italian buyer group in February 2013. This sale reduces the company's exposure in a geographic region with a great deal of macroeconomic uncertainty. Blom has also reduced its cost base significantly in 2012. Measures have been implemented, and additional measures will be implemented to improve the company's profitability.

In 2012, the company's operations were divided into five geographic segments: Nordic, Mid-Europe, Southern Europe,

Eastern Europe and Iberia & Latin America. Due to the fact that the operations in Southern Europe were sold, the company's operations will consist of only four geographic segments from 2013.

Blom is one of Europe's largest suppliers of geographic information. The company supplies a wide range of mapping and geographic services that satisfy national and international standards and specifications. Blom provides custom solutions for its customers. The company also provides online mapping services through its geographic server, BlomURBEX™. In each geographic segment, Blom focuses on the five main market segments: Defence & Security, Resources & Environment, Government & Public Administration, Utilities & Infrastructure and Web & Mobile Solutions.

Blom's new reporting structure is a consequence of the company's focus on improving profitability and market-orientation towards niches in which Blom has a competitive advantage. The new organisation improves cooperation and coordination of the activities within the group.

Blom has independent operations in a total of eight countries in Europe and a production unit in Indonesia. The offices of the parent company are located at Skøyen in Oslo, from where operations are managed.

### COMMENTS ON THE ANNUAL ACCOUNTS

The Board of Directors believes that the annual accounts provide a true picture of the group's results and position. Sales turnover from continuing business increased by 16.1 per cent.

Operating revenues from the various geographic segments in 2012 were:

| Operating revenues     | 2012           | 2011           | Change %   |
|------------------------|----------------|----------------|------------|
| Nordic                 | 164,804        | 135,101        | 22%        |
| Mid-Europe             | 46,838         | 60,815         | -23%       |
| Southern Europe*)      | 0              | 0              | 0%         |
| Eastern Europe         | 75,648         | 42,947         | 76%        |
| Iberia & Latin America | 46,326         | 46,767         | -1%        |
| Unallocated            | 1,600          | 2,999          | -47%       |
| <b>Total</b>           | <b>335,216</b> | <b>288,629</b> | <b>16%</b> |

\*) Sales turnover for the operations disposed of in Southern Europe totalled NOK 118 million in 2012, compared with NOK 158 million in 2011.

The equity ratio was 10.3 per cent, compared with -33.1 per cent in 2011. Cash and cash equivalents were NOK 65 million in 2012, compared with NOK 75 million in 2011 (including the Italian operations that were sold), and net interest-bearing liabilities were NOK 56 million in 2012, compared with NOK 439 million in 2011 (including the Italian operations that were sold).

## RESULTS

The group's sales turnover from continuing business was NOK 335 million in 2012, compared with NOK 289 million in 2011. EBITDA for 2012 ended at NOK 44.6 million with a margin of 13.3 per cent, compared with an EBITDA of NOK -58 million and a margin of -20.0 per cent in 2011. The group's operating loss, measured as EBIT, was NOK -32 million, compared with NOK -236 million in 2011. The accounts include charges for the extraordinary depreciation and write-down of intangible assets, inventories and trade receivables. A final settlement between Pictometry International Corp. and Blom ASA, concerning the dispute over the termination of the licence agreement entered into on 29 January 2009, had a positive impact on the results. The result from the business sold in Italy has been recognised on a net basis under

"Business under disposal" on a separate line in the accounts.

Net cash flow from continued operating activities was negative NOK 13 million. Trade receivables have declined by NOK 130 million in 2012 to NOK 39 million; while work in progress was at NOK 45 million in 2012, compared with NOK 96 million in 2011.

Net financial expenses totalled NOK 34 million in 2012, compared with NOK 78 million in 2011.

## INVESTMENTS

Combined operational investments from continuing business impacted liquidity less in 2012 than in the previous year, and totalled NOK 29 million in 2012, compared with NOK 70 million in 2011. This is attributed primarily to a reduction in investments in databases and other capital equipment.

## FINANCING

As a result of the weak financial results of 2011, the company's equity had been lost and stood at negative NOK 194 million.

After a dialogue with the bondholders for the company's bond loan, on 25 April 2012, the Company's General Meeting

approved the conversion of debt of NOK 312 million into equity. Conversion of the bond loan took place in the form of a capital increase, in which the bonds and the accrued interest were used to subscribe for shares. The company did thus not receive any injection of cash, but the balance sheet was improved significantly by converting the debt to equity.

NOK 35 million of the 2009 bond loan was replaced by a new convertible bond loan with a nominal value of NOK 10,729,762. The new convertible bond loan will have a term of five years and an annual interest rate of 2.0 per cent. Bonds in the convertible bond issue can be converted to shares during the two first years of the term of the loan at a subscription price equal to 120 per cent of the volume-weighted average price two days following the Extraordinary General Meeting.

On 24 April 2012 an amendment agreement was also entered into with the bondholders that extended the term of the company's NOK 50 million bond loan (ISIN NO 001064285.3, FRN Blom ASA Senior Bond Issue 2011/2012) by three years, and the interest rate was changed from NIBOR + 11 per cent to NIBOR + 5.5 per cent.

In the 2nd quarter, the company decided to issue a new secured bond loan (ISIN NO 001064747.2, 15 per cent Blom ASA Senior Secured Bond Issue 2012/2013) that matured on 8 February 2013, which was extended to 26 June 2013 at the bondholder meeting of 26 April 2013. The maximum amount for the new bond loan was NOK 30 million, NOK 21.3 million of which was subscribed for immediately. The remaining NOK 8.7 million was subscribed for in October 2012. The annual interest rate is 15 per cent.

In December 2012, the company entered into an agreement for a short-term liquidity loan of EUR 2.5 million from Hexagon AB. This is a short-term loan and the interest rate corresponds to that of the company's other short-term financing at 15 per cent.

As a result of the debt conversion and lower interest rate for the remaining bond debt, the company has significantly lowered its interest expenses compared with 2011.

The maturity dates for the short-term liquidity loan of EUR 2.5 million from Hexagon AB, and the 15 per cent Blom ASA Senior Secured Bond Issue 2012/2013, were extended to 24 June 2013 on 26 April 2013.

Total assets at the end of the year were NOK 426 million, compared with NOK 587 million in the previous year. The equity ratio was 10.3 per cent as at 31 December 2012, compared with -33.1 per cent as at 31 December 2011.

## **CONTINUATION AS A GOING CONCERN**

In accordance with the Accounting Act § 3-3, the Board confirms that the financial statements are presented on the assumption of going concern. The reason for this assessment is the company's order backlog as well as the income and cash flow projections for the 2013 fiscal year.

Blom had at the end of 2012, a cash balance of NOK 64.6 million, of which NOK 11.2 million is restricted funds.

The equity at the end of 2012 was NOK 52.9 million compared to minus NOK 194.4 million at the end of 2011. Equity represents 10.3 percent of the share capital and given the maturity on part of its debt this repre-

sents a challenging situation that requires the Board's attention.

At the time of reporting the financial statements, the Company has yet to negotiate a lasting and final extension on the maturities on part of its debt (bonds in amount of NOK 26.7 million and other creditors NOK 18 million). For this part of the debt a temporary extension until the end of June 2013 has been agreed. The main creditors of these debts are also the company's major shareholders. For the remaining bond loans due 2015 (NOK 50 million) and 2017 (NOK 10.7 million) final solutions have been agreed.

The Board is not satisfied with the company's current operational performance and underlying cash flows and works actively with a number of measures to improve the situation. The company is enduring continuous restructuring and work actively on both structural and operational measures. This work is in agreement with its major shareholders and the company's lenders. There still remains uncertainty in many of the markets where the company operates. The company has scaled down operations to reduce exposure in selected markets. This work will continue running and in line with the ongoing development of the remaining markets where the company is exposed.

The Board is of the opinion that the company has sufficient liquid assets to support current operational activities but there is uncertainty on the company's ability to service the current loan maturity structure. The main liquidity risk is that the company will be unable to find a lasting and final solution to the company's debt maturing in late June. In summary, the company is actively working to streamline operations, cut further costs, achieving prolongation on the

maturity structure of its debt, while working actively with potential strategic investors, further scaling down of operations, the withdrawal from selected markets and sale of certain assets. Thorough assessment indicates that a sufficient portion of the planned measures are feasible within the current year. Further measures are continuously reviewed and implemented when warranted. The Board is in the opinion that the planned measures will provide sufficient liquidity to ensure continued operations for the next twelve months, as long as a solution is found to the debt maturity dates ultimo June 2013.

The company is still exposed to liquidity risk. Seasonally, the Group's cash reserves are at the lowest in the second quarter of 2013 and first quarter of 2014, but based on the company's opening cash balance, order coverage and cash flow forecasts this risk is considered as manageable.

Based on an overall assessment the accounts have been reported on the basis of going concern for the company.

## **COMMENTS ON THE BUSINESS OUTLOOK**

Blom reduced its cost base significantly in 2012, primarily through a workforce reduction of 192 employees during the year. Additional cost-rationalisation measures have been implemented, which will have an impact in 2013. The company's exposure to geographic regions with high macroeconomic uncertainty has been greatly reduced.

In spite of growth in sales turnover and somewhat improved profitability in 2012, the company's results are not satisfactory. Blom has also reduced its cost base significantly in 2012. Further measures to improve company profitability have been imple-

mented, and additional measures will be taken. The company is accordingly expected to generate better margins in 2013 than in 2012.

## **ENVIRONMENT AND EQUALITY**

### *Working environment*

In 2012 the company has adjusted its workforce, based on the demand for the company's products in the market.

Blom has a staff of employees with a high level of competence. This represents the foundation for the company's future growth. As at 31 December, there were 253 employees in the operative companies, while there were 332 employees at the production facilities in Indonesia and Eastern Europe. The group has a total of 585 employees in its continuing business. In the course of 2012, the number of employees was reduced by 35 in the operative companies, and 157 at the production facilities in Indonesia and Eastern Europe, for a total reduction of 192. In addition, the Italian subsidiary Blom CGR S.p.A. has been sold.

In 2012, absence due to illness was 3.9 per cent in Norway, compared with 2.8 per cent in 2011. No workplace injuries were reported in 2012. It is the Board of Directors' opinion that the working environment, the general level of workplace satisfaction, and loyalty to the company are satisfactory. Blom continuously seeks to improve the working environment. This is followed up locally in the individual subsidiaries.

In December 2012, the company experienced a tragic accident when a helicopter belonging to one of the company's subcontractors was lost at sea outside of Lübeck, Germany. The subcontractor's pilot and the

company's camera operator perished. Our thoughts and deep compassion go to those who perished and their families.

### *Equal status*

The proportion of women in the operations in Norway is 13 per cent, compared with 14 per cent in 2011, and, of the group's five elected Board members, two are women. The employees have representation on the Board of Directors of the operative company in Norway. There are no women who are employee-elected Board members.

Blom's personnel policy is deemed to be gender neutral in all areas and equal status issues are safeguarded in a satisfactory manner. We are in a male-dominated industry, and this is reflected in the company's gender composition. The Board of Directors will continue its efforts to ensure that the company satisfies the equal status requirements at any given time.

### *External environment*

The group owns five aircraft and operates a total of seven aircraft and two helicopters for the collection of data. This does have some impact on the environment. The nature of the other operations in the group is such that they only pollute the external environment to a very limited extent, and the company operates in compliance with the applicable laws and rules.

### *Corporate governance*

The company seeks to observe the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES) on 23 October 2012. A detailed summary of the extent to which the company complies with this code of practice can be found in this annual report.

### APPLICATION OF THE PROFIT/LOSS FOR THE PARENT COMPANY

The Board of Directors proposes the following application of the profit/loss:

|                             |     |             |
|-----------------------------|-----|-------------|
| Proposed dividend           | NOK | 0           |
| From share premium reserves | NOK | 106,853,000 |

The company's distributable equity is NOK 0.

### EVENTS IN 2013

On 6 February 2013, Blom ASA (Blom) signed an agreement to sell its Italian subsidiary Blom CGR S.p.A. to an Italian buyer group. The sales proceeds totalled NOK 15 million.

The company's secured bond loan, ISIN NO 001064747.2, 15 per cent Blom ASA Senior Secured Bond Issue 2012/2013, was extended to 26 June 2013 at the bondholder meeting of 26 April 2013.

Maturity dates for the short-term liquidity loan of EUR 2.5 million from Hexagon AB, and the 15 per cent Blom ASA Senior Secured Bond Issue 2012/2013, were extended to 24 June 2013 on 26 April 2013.

Oslo, 29 April 2013



Tom H. Knoff  
Board Chairman



Per Kyllingstad  
Board Member



Siv Staubo  
Board Member



Siv Sandvik  
Board Member



Johnny Andersson  
Board Member



Dirk Blaauw  
CEO

# BLOM GROUP ACCOUNTS







## STATEMENT OF COMPREHENSIVE INCOME – BLOM GROUP

(Amounts in NOK 1,000)

|   | Note  | 2012           | 2011            |
|---|-------|----------------|-----------------|
| <b>Operating revenues</b>                       | 1     | <b>335,216</b> | <b>288,629</b>  |
| Cost of materials                               |       | 121,849        | 100,145         |
| Salaries and personnel costs                    | 12    | 156,317        | 175,150         |
| Ordinary depreciation and write-downs           | 2 / 3 | 42,894         | 80,365          |
| Other operating and administrative costs        |       | 36,342         | 71,127          |
| Other gains/losses                              | 16    | -23,884        | 0               |
| <b>Operating expenses</b>                       |       | <b>333,518</b> | <b>426,787</b>  |
| <b>Operating profit/loss</b>                    |       | <b>1,698</b>   | <b>-138,158</b> |
| Profit/loss attributable to associates          | 13    | 0              | -19,434         |
| <b>Net financial items</b>                      | 13    | <b>-33,633</b> | <b>-77,927</b>  |
| <b>Pre-tax profit/loss</b>                      |       | <b>-31,935</b> | <b>-235,519</b> |
| Tax   | 9     | -1,284         | -32,396         |
| <b>Net profit/loss from continuing business</b> |       | <b>-33,220</b> | <b>-267,915</b> |
| <b>Business under disposal</b>                  | 24    | <b>-33,407</b> | <b>-93,260</b>  |
| <b>Net profit/loss for the year</b>             |       | <b>-66,627</b> | <b>-361,175</b> |
| <b>Profit/loss attributable to:</b>             |       |                |                 |
| Shareholders                                    |       | -66,617        | -361,175        |
| Minority interests                              |       | -10            | 0               |
| <b>Net profit/loss for the year</b>             |       | <b>-66,627</b> | <b>-361,175</b> |
| <b>Total comprehensive income:</b>              |       |                |                 |
| Currency translation differences                | 21    | -808           | 79              |
| <b>Total comprehensive income for the year</b>  |       | <b>-67,435</b> | <b>-361,096</b> |
| <b>Comprehensive income attributable to:</b>    |       |                |                 |
| Shareholders                                    |       | -67,435        | -361,096        |
| Minority interests                              |       | 0              | 0               |
| <b>Earnings per share:</b>                      | 17    |                |                 |
| From continuing business                        |       | -1.59          | -150.27         |
| From business under disposal                    |       | -1.60          | -52.31          |
| <b>From net profit/loss for the year</b>        |       | <b>-3.19</b>   | <b>-202.58</b>  |
| <b>Diluted earnings per share</b>               |       |                |                 |
| From continuing business                        |       | -1.59          |                 |
| From business under disposal                    |       | -1.60          |                 |
| <b>From net profit/loss for the year</b>        |       | <b>-3.19</b>   |                 |

Notes 1 to 26 are an integral part of the consolidated financial statements.

## BALANCE SHEET – BLOM GROUP

### ASSETS

(Amounts in NOK 1,000)

|   | Note | 2012           | 2011           |
|---|------|----------------|----------------|
| Patents, licences, and similar rights     | 3    | 1,328          | 1,827          |
| Deferred tax assets                       | 9    | 0              | 4,430          |
| <b>Total intangible assets</b>            |      | <b>1,328</b>   | <b>6,257</b>   |
| <b>Property, plant and equipment</b>      | 2    | <b>98,912</b>  | <b>155,686</b> |
| <b>Non-current asset investments</b>      | 20   | <b>180</b>     | <b>5,144</b>   |
| <b>Total non-current assets</b>           |      | <b>100,419</b> | <b>167,087</b> |
| Inventories                               |      | 21             | 2,935          |
| Work in progress                          |      | 45,072         | 96,490         |
| <b>Total inventories</b>                  | 4    | <b>45,094</b>  | <b>99,425</b>  |
| Trade receivables                         | 5    | 39,162         | 169,436        |
| Other current receivables                 | 5    | 32,409         | 32,386         |
| <b>Total receivables</b>                  |      | <b>71,571</b>  | <b>201,822</b> |
| <b>Cash and cash equivalents</b>          | 6    | <b>64,609</b>  | <b>75,057</b>  |
| <b>Assets classified as held-for-sale</b> | 24   | <b>144,382</b> | <b>43,388</b>  |
| <b>Total current assets</b>               |      | <b>325,655</b> | <b>419,692</b> |
| <b>TOTAL ASSETS</b>                       |      | <b>426,075</b> | <b>586,779</b> |

## BALANCE SHEET – BLOM GROUP

### EQUITY AND LIABILITIES

(Amounts in NOK 1,000)

|   | Note   | 2012           | 2011            |
|---|--------|----------------|-----------------|
| <b>Called-up and fully paid share capital:</b>    |        |                |                 |
| Share capital                                     | 16     | 16,849         | 25,465          |
| Treasury shares                                   |        | -110           | -110            |
| Share premium reserve                             | 16     | 20,458         | 167,847         |
| <b>Other reserves:</b>                            |        |                |                 |
| Currency translation differences                  | 21     | -41,389        | -42,911         |
| Retained earnings                                 |        | 48,101         | -344,709        |
|   |        | <b>43,909</b>  | <b>-194,418</b> |
| Minority interests                                |        | 0              | 10              |
| <b>Total equity</b>                               |        | <b>52,909</b>  | <b>-194,408</b> |
| Pension obligations                               | 7      | 2,811          | 16,811          |
| Non-current liabilities                           | 8/14   | 77,154         | 379,441         |
| Deferred tax                                      | 9      | 1,274          | 5,148           |
| <b>Total other non-current liabilities</b>        |        | <b>81,239</b>  | <b>401,400</b>  |
| Credit facilities                                 | 8      | 5,657          | 77,574          |
| Other interest-bearing current liabilities        | 8 / 14 | 51,513         | 75,997          |
| <b>Total interest-bearing current liabilities</b> |        | <b>57,170</b>  | <b>153,571</b>  |
| Trade payables                                    |        | 51,480         | 96,253          |
| Unpaid government taxes                           |        | 18,439         | 27,822          |
| Tax payable                                       | 9      | 0              | 4,989           |
| Other current liabilities                         | 10     | 44,780         | 73,946          |
| <b>Total other current liabilities</b>            |        | <b>114,699</b> | <b>203,010</b>  |
| <b>Liabilities classified as held for sale</b>    | 24     | <b>129,058</b> | <b>23,206</b>   |
| <b>Total current liabilities</b>                  |        | <b>300,927</b> | <b>379,787</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>               |        | <b>426,075</b> | <b>586,779</b>  |

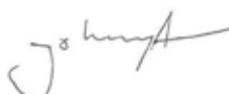
Notes 1 to 26 are an integral part of the consolidated accounts.

Oslo, 29 April 2013


Tom H. Knoff  
Board Chairman

Per Kyllingstad  
Board Member

Siv Staubo  
Board Member

Siv Sandvik  
Board Member

Johnny Andersson  
Board Member

Dirk Blaauw  
CEO

## CHANGES IN EQUITY – BLOM GROUP

(Amounts in NOK 1,000)

|  | Note     | Share capital | Treasury shares | Share premium reserve | Currency translation differences | Retained earnings | TOTAL           | Minority interests | Equity          |
|--|----------|---------------|-----------------|-----------------------|----------------------------------|-------------------|-----------------|--------------------|-----------------|
| <b>Equity as at 1 January 2011</b>             |          | <b>4,170</b>  | <b>-110</b>     | <b>129,581</b>        | <b>-42,832</b>                   | <b>17,036</b>     | <b>107,845</b>  | <b>8</b>           | <b>107,853</b>  |
| Net profit/loss for the year                   |          |               |                 |                       |                                  | -361,175          | -361,175        |                    | -361,175        |
| <b>Other comprehensive income:</b>             |          |               |                 |                       |                                  |                   |                 |                    |                 |
| Currency translation differences               | 21       |               |                 |                       | -79                              |                   | -79             | 2                  | -77             |
| Comprehensive income for the year              |          |               |                 |                       | -79                              |                   | -79             | 2                  | -77             |
| New share capital by issue of new shares       | 16       | 21,295        |                 |                       |                                  |                   | 21,295          |                    | 21,295          |
| Premium on share issue                         | 16       |               |                 | 38,266                |                                  |                   | 38,266          |                    | 38,266          |
| Tax recognised in equity                       |          |               |                 |                       |                                  | -570              | -570            |                    | -570            |
| <b>Total comprehensive income for the year</b> |          | <b>21,295</b> |                 | <b>38,266</b>         | <b>-79</b>                       | <b>-361,745</b>   | <b>-302,263</b> | <b>2</b>           | <b>-302,261</b> |
| <b>Equity as at 31 December 2011</b>           | <b>8</b> | <b>25,465</b> | <b>-110</b>     | <b>167,847</b>        | <b>-42,911</b>                   | <b>-344,709</b>   | <b>-194,418</b> | <b>10</b>          | <b>-194,408</b> |
| Net profit/loss for the year                   |          |               |                 |                       |                                  | -66,617           | -66,617         | -10                | -66,627         |
| <b>Other comprehensive income:</b>             |          |               |                 |                       |                                  |                   |                 |                    |                 |
| Currency translation differences               | 21       |               |                 |                       | 1,522                            | -2,330            | -808            |                    | -808            |
| Comprehensive income for the year              |          |               |                 |                       | 1,522                            | -2,330            | -808            |                    | -808            |
| Capital reduction                              | 16       | -24,192       |                 |                       |                                  | 24,192            |                 |                    |                 |
| New share capital by conversion                | 16       | 15,575        |                 |                       |                                  |                   | 15,575          |                    | 15,575          |
| Premium on conversion                          | 16       |               |                 | 295,937               |                                  |                   | 295,937         |                    | 295,937         |
| Costs recognised in equity                     |          |               |                 | -5,760                |                                  |                   | -5,760          |                    | -5,760          |
| Other transfers                                |          |               |                 | -437,565              |                                  | 437,565           |                 |                    |                 |
| <b>Total comprehensive income for the year</b> |          | <b>-8,617</b> |                 | <b>-147,388</b>       | <b>1,522</b>                     | <b>392,810</b>    | <b>238,327</b>  | <b>-10</b>         | <b>238,317</b>  |
| <b>Equity as at 31 December 2012</b>           |          | <b>16,849</b> | <b>-110</b>     | <b>20,458</b>         | <b>-41,389</b>                   | <b>48,101</b>     | <b>43,909</b>   |                    | <b>43,909</b>   |

Notes 1 to 26 are an integral part of the consolidated accounts.

## CASH FLOW STATEMENT – BLOM GROUP

### INDIRECT MODEL

(Amounts in NOK 1,000)

|   | Note | 2012           | 2011           |
|---|------|----------------|----------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                        |      |                |                |
| Pre-tax profit / loss   |      | -31,935        | -235,519       |
| + Depreciation and write-downs                                    | 2/3  | 42,894         | 80,365         |
| - Taxes paid  | 9    | 0              | 1,035          |
| - Interest paid   | 13   | -5,998         | -4,980         |
| +/- Profit / loss attributable to associates                      | 22   | 0              | 19,434         |
| +/- Change in trade receivables                                   |      | 18,260         | 8,329          |
| +/- Change in inventories and work in progress                    |      | 19,715         | 22,971         |
| +/- Change in supplier debt                                       |      | -14,199        | 2,411          |
| +/- Change in other accruals and unrealised foreign exchange      |      | -41,810        | 60,507         |
| Net cash flow from operating activities – continuing business     |      | -13,073        | -45,447        |
| Net cash flow from operating activities – business under disposal | 24   | 29,223         | -18,572        |
| <b>A = Net cash flow from operating activities</b>                |      | <b>16,150</b>  | <b>-64,019</b> |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                        |      |                |                |
| - Purchases of property, plant and equipment                      | 2/3  | -30,232        | -46,790        |
| + Receipts from sale of shares and other investments              |      | 20,450         | 0              |
| Net cash flow from operating activities – continuing business     |      | -9,782         | -46,790        |
| Net cash flow from operating activities – business under disposal | 24   | -5,400         | -9,020         |
| <b>B = Net cash flow from investing activities</b>                |      | <b>-15,182</b> | <b>-55,810</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                        |      |                |                |
| +/- Net change in current and non-current liabilities             | 8    | 23,808         | 27,782         |
| +/- Net change in overdraft facilities                            | 8    | -1,443         | 4,022          |
| + Net receipt of equity capital                                   |      | 0              | 59,561         |
| Net cash flow from operating activities – continuing business     |      | 22,365         | 91,365         |
| Net cash flow from operating activities – business under disposal | 24   | -32,873        | 9,360          |
| <b>C = Net cash flow from financing activities</b>                |      | <b>-10,508</b> | <b>100,725</b> |
| <b>A+B+C Net change in cash and cash equivalents</b>              |      |                |                |
|   |      | -9,540         | -19,104        |
| + Cash and cash equivalents at the start of the period            |      | 76,784         | 95,888         |
| <b>= Cash and cash equivalents as at 31 December</b>              | 6/24 | <b>67,244</b>  | <b>76,784</b>  |
| <b>Cash and cash equivalents – continuing business</b>            |      |                |                |
|   | 6    | <b>64,609</b>  | <b>75,057</b>  |
| <b>Cash and cash equivalents – business under disposal</b>        |      |                |                |
|   | 24   | <b>2,635</b>   | <b>1,727</b>   |

Notes 1 to 26 are an integral part of the consolidated accounts.





# NOTES TO THE BLOM GROUP ACCOUNTS

## NOTES TO THE BLOM GROUP ACCOUNTS

### GENERAL INFORMATION

Blom ASA collects, processes and sells high quality map data. The group possesses unique databases, and it has developed applications and services for navigation and location-based services. Blom ASA has independent operations in eight countries.

Blom ASA is a public limited company registered and domiciled in Norway. The office address is Drammensveien 165, 0277 Oslo, Norway. Blom ASA is listed on Oslo Børs.

The consolidated accounts were approved by the company's Board of Directors on 29 April 2013.

### SUMMARY OF THE MOST IMPORTANT ACCOUNTING PRINCIPLES

The most important accounting principles applied by the group in the preparation of the consolidated financial statements are described below. These principles have been applied identically to all the periods that are presented unless otherwise stated in the description.

#### BASIC PRINCIPLES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standard (IFRS) as stipulated by the EU.

These consolidated financial statements have been prepared on the basis of the historical cost principle, with the exception of financial instruments that are assessed at market value. The preparation of financial statements in accordance with IFRS requires the use of estimates. In addition, the application of the company's accounting principles requires that the management

exercise judgement. Areas that contain a large degree of such discretionary assessments, a high degree of complexity, or areas where the assumptions and estimates are of significance to the consolidated accounts are described in Note 23.

#### *a) New and amended standards implemented in 2012*

In 2012, there were no new or amended IFRSs or IFRIC interpretations that entered into force with a significant impact on the group's annual accounts.

#### *b) Standards, amendments and interpretations of existing standards that have not yet entered into force, for which the company has not chosen early adoption*

The group has not chosen early adoption of any new or amended IFRSs or IFRIC interpretations.

The amendments to IAS 1 Presentation of Financial Statements entail that the items in the statement of other comprehensive income should be grouped in two categories: Items that will subsequently be reclassified through the income statement and those that will never be reclassified. This amendment does not affect what items are to be included in other comprehensive income.

IAS 19 Employee Benefits was amended in June 2011. The amendment entails that all actuarial gains or losses will be recognised under other comprehensive income as they arise (no corridor), immediate recognition in the income statement of all costs associated with pension benefits earned in prior periods and the replacement of interest costs and the expected return on plan assets with a net interest amount that is calculated by means of a discount rate for the net pension obligations (assets).

The group has estimated the impact of the amendments in IAS 19.

It has been estimated that the group's equity as at 1 January 2012 will be reduced by NOK 1.9 million as a result of the amendment of IAS 19, and the book value of the pension obligations will change correspondingly by NOK 18.7 million.

As a consequence of the actuarial gains or losses being recognised under other comprehensive income, the group's pension costs will increase by an estimated NOK 2.7 million.

In the assessment of the amendments to IAS 19, the market rate for covered bonds has been used to calculate the discount rate that is used to calculate the pension obligations in the parent company, in accordance with the updated guidelines from the Norwegian Accounting Standards Board. This entails a reduction in the pension costs of NOK 0.7 million in 2012. On the basis of a materiality assessment, the covered bond rate was not used for calculation of the pension obligations in 2012. The net effect of the amendment of IAS 19 and use of the covered bond rate would have been an increase in the pension costs for 2012 of NOK 2.0 million.

IFRS 9 Financial Instruments regulates the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was published in November 2009 and October 2010, and it replaces the portions of IAS 39 that concern the accounting, classification and measurement of financial instruments. In accordance with IFRS 9, financial assets shall be divided into two categories based on the method of measurement: at fair value or at amortised cost. The classification will be made upon

the initial recognition. This classification will depend on the company's business model for handling its financial instruments and the characteristics of the contractual cash flows from the instrument. For financial liabilities, the requirements are primarily the same as IAS 39. The main change, for instances where fair value has been chosen for financial liabilities, is that the portion of a change in fair value that is attributed to a change in the company's own credit risk is recognised under other comprehensive income instead of in the income statement, provided this does not entail an accrual error with respect to measurement of the profit. The group has not yet assessed the entire impact of the standard on the accounts, but it plans to apply IFRS 9 when the standard enters into force and is approved by the E. This standard will enter into force for accounting periods that start on or after 1 January 2015. The group will also look at the impact of the remaining sub-phases of IFRS 9 when they have been completed by the IASB.

IFRS 10 Consolidated Financial Statements is based on the current principles for the use of the control concept as the decisive criterion for determining whether a company should be included in the parent company's consolidated accounts. The standard provides expanded guidelines on the assessments of whether control exists in cases where this may be difficult. The group has not assessed all the potential consequences of IFRS 10. The group plans to apply the standard for 2013, even though the EU does not require application until 1 January 2014.

IFRS 12 Disclosures of Interest in Other Entities contains the disclosure requirements for financial interests in subsidiaries, joint ventures, associated companies,

special purpose entities (SPE) and other companies not recognised on the balance sheet. The group has not assessed the full impact of IFRS 12. The group plans to apply the standard for 2013, even though the EU does not require application until 1 January 2014.

IFRS 13 Fair Value Measurement defines what is meant by fair value when the concept is used in IFRS, provides a uniform description of how fair value should be determined in IFRS and defines what additional information should be disclosed when fair value is used. The standard does not expand the scope of recognition at fair value, but provides guidelines relating to the method of application where use is already required or permitted in other IFRSs. The group uses fair value as the measurement criterion for certain assets and liabilities. The group has not assessed the full impact of IFRS 13, but it will apply the standard for the 2013 financial year.

Beyond this there are no other IFRSs or IFRIC interpretations that have not entered into force that are expected to have a significant impact on the accounts.

### **CONSOLIDATION PRINCIPLES**

Subsidiaries are companies where the group has a controlling interest. A controlling interest is normally achieved when the group owns, directly or indirectly, more than 50 per cent of the voting shares in the company and the group is able to exercise actual control over the company. Subsidiaries are consolidated from the point in time when control is transferred to the group and eliminated from consolidation when such control ends.

The acquisition method of accounting is used for the acquisition of subsidiaries.

The acquisition cost is assessed at the fair value of the assets that are contributed as consideration for the acquisition, equity instruments that are issued and liabilities that are assumed. Identifiable acquired assets, liabilities and conditional obligations that are assumed to be inherent to the integration of a business are assessed at their fair value, independent of any minority interests. The portion of the acquisition cost that exceeds the fair value of identifiable net assets in the subsidiary is recognised as goodwill.

All internal transactions, outstanding accounts and unrealised gains between group companies are eliminated. Unrealised losses are also eliminated unless the transaction establishes a loss in value on the transferred asset. The accounting policies in subsidiaries are changed as required to achieve compliance with the group's accounting policies.

Transactions with non-controlling owners of subsidiaries are treated as equity transactions. For the acquisition of shares from non-controlling owners, the difference between the consideration and the share's proportionate share of the carrying amount of the net assets in the subsidiary is recognised in the equity of the parent company's owners. Gains or losses from the sale of non-controlling owners are recognised correspondingly through equity.

### **ASSOCIATED COMPANIES**

Associated companies are units where the group has a significant, but not controlling, influence. A significant influence exists normally for investments where the group has between 20 and 50 per cent of the voting capital. Investments in associates are recognised in accordance with the equity method of accounting. At the time of

acquisition, investments in associates are recognised in the accounts at the historical cost. The group's share of profits or losses in associated companies is recognised in the income statement and added to the carrying value of the investments together with its share of unrecognised changes in equity. The group does not recognise its share of the losses in the income statement if this entails that the book value of the investment becomes negative, unless the group has assumed liabilities or granted guarantees for the associated company's liabilities. The group's share of unrealised gains on transactions between the group and its associated companies are eliminated. The same applies to unrealised losses unless the transaction indicates a write-down of the asset transferred.

## SEGMENT INFORMATION

The operating segments are reported in the same manner as the internal reporting to the group's highest decision-maker. The company's highest decision-maker, who is responsible for the allocation of resources to and the assessment of earnings in the operating segments, is defined as the corporate management.

## FOREIGN CURRENCY TRANSLATION

### *a) Functional and presentation currencies*

The accounts of the individual units in the group are measured in the currency that is used primarily in the economic area where the unit operates (functional currency). The consolidated accounts are presented in Norwegian kroner (NOK), which is both the functional and presentation currency for the parent company.

### *b) Transactions and balance sheet items*

Transactions involving foreign currencies are translated into the functional currency using the exchange rates that are in effect

at the time of the transactions. Foreign currency gains and losses that arise from the payment of such transactions and the translation of monetary items (assets and liabilities) at the rates in effect on the balance sheet date are recognised in the income statement. Currency gains and losses linked to loans, cash and cash equivalents are presented on a net basis as financial income or expenses. If the foreign currency position is regarded as the hedging of a net investment in foreign business operations the gains or losses are recognised directly in equity.

### *c) Group companies*

When consolidating the accounts of foreign subsidiaries, the income statement is translated into the presentation currency according to average exchange rates for the year. Balance sheet items are translated at the exchange rate in effect on the date of the balance sheet. Currency translation gains or losses resulting from differences in the exchange rates in effect on the date of the balance sheet compared with the rates in effect at the previous year-end are recognised directly in equity and specified separately.

When consolidating differences from the translation of net investments in foreign business operations, they are posted directly against equity. When portions of a foreign operation are sold the associated exchange difference that was recognised directly in equity is recognised in the income statement as part of the gain or loss on the sale.

Goodwill and the fair value adjustments for assets and liabilities associated with the acquisition of a foreign unit are treated as assets and liabilities in the acquired unit and

translated at the rate in effect on the date of the balance sheet.

### REVENUE RECOGNITION

Sales are recognised in the income statement when the revenue can be measured reliably, it is probable that the financial benefits attributable to the transaction will pass to the group and special criteria related to various forms of sale have been met. Reliable measurement of sales is not regarded as possible until all the conditions linked to the sale have been fulfilled. The group bases its accounting estimates on historical data, an assessment of the type of customer and transaction, as well as any circumstances related to the individual transaction. The sale of services is recognised in the income statement in the period in which the service was performed, based on the degree of completion of the transaction in question. The degree of completion is determined by measuring the services provided in relation to the total agreed volume of services to be provided. In the period when it is identified that a project will lead to a negative result, the estimated loss on the contract will be recognised in full in the income statement. Work in progress represents the value of services performed in long-term projects, and the change in the work in progress is included under operating revenues. The sale of licences is recognised in the income statement when the licences have been made available to the customer, and the risk related to the delivery has been transferred to the customer. In addition, the customer must have accepted the delivery as part of the contract, and the period for submitting complaints must have expired or documentation must exist that all the criteria related to the delivery have been met.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised in the accounts at historical cost less accumulated depreciation and write-downs. Historical cost includes costs that are directly attributable to the acquisition of the items. Subsequent expenditure is added to the carried amount for the value of the asset or recognised separately on the balance sheet, when it is probable that the future economic benefits related to the expenditure will go to the group, and that the expenditure can be reliably measured. Other repair and maintenance costs are recognised in the income statement in the period when the expenses are incurred.

Depreciation is calculated based on the straight-line method so that the cost price of the non-current asset, or the revalued or written-down value of the asset, is depreciated to the residual value over the expected life of the asset:

|                            |            |
|----------------------------|------------|
| Airframes and engines      | 3–15 years |
| Lasers and digital cameras | 3–5 years  |
| Other equipment            | 2–5 years  |

The economic life of the non-current assets and the scrap value are reviewed on the date of each balance sheet and adjusted as required. When the book value of the non-current asset is higher than the estimated recoverable amount, the value is written down to the recoverable amount. Gains and losses on disposals are presented as part of the operating profit/loss and calculated by comparing the sales price with the book value.

### INTANGIBLE ASSETS

Goodwill is the difference between the historical cost of the acquisition of a business and the fair value of the group's

share of the net identifiable assets in the business at the time of the acquisition. Goodwill from the acquisition of subsidiaries is treated as an intangible asset. Goodwill is tested annually for impairment in value, and it is recognised at historical cost less accumulated write-downs and amortisation.

In evaluating whether there is a need to write down goodwill, it is allocated to separate cash-generating units. This allocation is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition.

Patents and licences have a limited economic life and are recognised on the balance sheet at historical cost less depreciation. Patents and licences are depreciated by the straight-line method over their expected life (3-10 years).

### **TRADE PAYABLES**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If this is not the case, then they are classified as non-current. Trade payables are measured at fair value upon initial recognition on the balance sheet. For subsequent measurement, the trade receivables are recognised at amortised cost using the effective interest method.

### **GOVERNMENT GRANTS**

Grants from the government are recognised at fair value in the accounts when it is reasonably certain that the grant will be received and the group will satisfy all the attached conditions. Government grants relating to future costs are recognised on the balance sheet and in the income

statement in the period that best matches the costs they are meant to compensate. Government grants relating to the purchase of property, plant and equipment are recognised on the balance sheet as deferred government grants under non-current liabilities and recognised in the income statement on a straight-line basis over the expected lives of the related assets.

### **LOANS**

Loans are recognised at their fair value when they are disbursed, less any transaction costs. In subsequent periods, loans are recognised at their amortised cost, as calculated by means of the effective interest rate method. The difference between the loan amount disbursed (less transaction costs) and the redemption value are recognised in the income statement over the term of the loan.

Loans are classified as current liabilities unless there is an unconditional right to postpone payment of the debt by more than 12 months from the date of the balance sheet.

### **TRADE RECEIVABLES**

Trade receivables are recognised at fair value. For subsequent measurement, trade receivables are assessed at their amortised cost by means of the effective interest method, less provisions for losses that have been incurred. Provisions for losses on trade receivables are recognised when there are objective indicators that the group will not receive settlement in accordance with the original terms. The amount of the write-down will be recognised in the income statement.

### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash, bank deposits and other short-term

and readily negotiable investments with a maximum original maturity of three months. Overdraft facilities used are included under current liabilities on the balance sheet.

### **SHARE CAPITAL AND PREMIUMS**

Ordinary shares are classified as equity. Expenses that are directly attributable to the issuance of new shares less taxes are posted against the equity as a reduction in the proceeds.

Payments for the purchase of treasury shares are recognised as a reduction in equity. A loss or gain is not recognised in the income statement for any purchase, sale, issuance or cancellation.

### **TAX**

The tax charge in the income statement encompasses the tax payable for the period and the change in deferred tax. Tax is recognised in the income statement, except when it is related to items that are recognised directly in equity. If this is the case, the tax will also be recognised directly in equity.

The tax charge is calculated in accordance with the tax laws and regulations that have, or have essentially, been adopted by the tax authorities on the date of the balance sheet. It is the legislation in the countries where the group's subsidiaries or associated companies operate and generate taxable income that determine how the taxable income is calculated. The management evaluates the group's tax positions for each period with regard to situations where the current tax laws are subject to interpretation. Provisions are allocated for the expected tax charges based on the management's evaluations.

Deferred tax is calculated for all the temporary differences between the tax values and consolidated accounting values of assets and liabilities. If deferred tax arises upon the initial recognition of liabilities or assets in a transaction that is not part of a business combination and does not affect either the reported or taxable profit on the transaction date, it will not be recognised in the balance sheet. Deferred tax is determined by means of the tax rates and tax laws that have been adopted or essentially adopted on the balance sheet date, which are assumed to apply when the deferred tax asset is realised or when the deferred tax is settled.

Deferred tax assets are recognised provided future taxable income is probable and the temporary differences can be offset against this income.

Deferred tax is calculated based on temporary differences from investments in subsidiaries and associates except when the Group controls the timing for the reversal of the temporary differences, and it is probable that they will not be reversed in the foreseeable future.

### **PROVISIONS**

The group recognises provisions in the accounts when there is a legal or self-imposed obligation to do so as a result of earlier events, there is a preponderance of evidence that the obligation will be settled by a transfer of economic resources, and the size of the obligation can be estimated with an adequate degree of reliability. Provisions are not allocated for future operating losses.

### **PENSION SCHEMES**

The companies in the group have different pension schemes. The pension schemes

are financed in general by payments to insurance companies or pension funds, as determined by periodic actuarial calculations. The group has both defined contribution and defined benefit plans. A defined contribution plan is a pension scheme in which the group pays fixed contributions to a separate legal entity. The group does not have any legal or other obligation to pay additional contributions if this unit does not have sufficient funds to pay all employees benefits relating to their service in current and prior periods. The contributions are recognised as an employee benefit expense on a linear line basis for the period in question. Contributions paid in advance are recognised as an asset in the accounts if the contribution can be refunded or reduce future payments.

A defined benefit plan is a pension scheme that defines the pension payments employees will receive when they retire. Pension payments are normally dependent on one or more factors such as age, years of service and salary level. The liability recognised on the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The pension obligation is calculated annually by an independent actuary on the basis of a linear model. The present value of the defined benefits is determined by discounting the estimated future payments at the interest rate for a bond issued by a company with high creditworthiness in the same currency, as the benefits will be paid with a term that is approximately the same as the term of the associated pension obligation.

Estimate deviations due to new information or changes in the actuarial assumptions in excess of 10 per cent of the value of the pension assets or 10 per cent of the pension obligations will be recognised in the income statement over a period that corresponds to the employees' expected average remaining service lifetime.

## **LEASING**

Leasing agreements where a significant part of the risk does not lie with the lessee are classified as operating leasing agreements. Payments for operating leasing agreements (less any financial subsidies/contributions from the lessor) are recognised in equal amounts over the term of the leasing agreement.

Leasing agreements for property, plant and equipment where the group has significant risk and control are classified as financial leasing agreements. Financial leasing agreements are recognised on the balance sheet at the start of the leasing agreement at the lower of the fair value of the leased asset and the present value of the total minimum rent. Each rent payment consists of an interest element and a principal element. The interest element is recognised as a financial cost and the principal element reduces the liability. The interest cost is recognised in the income statement under financial items, and it is distributed over the leasing period so that the interest rate on the residual liability is constant for each period. The leasing liability in question, less the interest costs, is classified under other non-current liabilities. Property, plant and equipment acquired through financial leasing agreements are depreciated over the shorter of the expected life of the asset or term of the leasing agreement.

## NOTE 1: SEGMENT INFORMATION

From 2012, the group's business is reported primarily in five segments: Nordic, Mid-Europe, Southern Europe, Eastern Europe and Iberia & Latin America.

The activities in the segments are carried out primarily through independent companies, and the distribution of revenues, costs, assets and investments is based on the accounts of the individual companies.

The results per business area for 2012 are as follows:

(Amounts in NOK 1,000)

|   | Nordic        | Mid-Europe    | Eastern Europe | Iberia & LatAm | Unallocated    | Group          |
|---|---------------|---------------|----------------|----------------|----------------|----------------|
| Operating revenues                          | 164,804       | 46,838        | 75,648         | 46,326         | 1,600          | 335,216        |
| <b>EBITDA</b>                               | <b>44,368</b> | <b>2,059</b>  | <b>-3,729</b>  | <b>-8,746</b>  | <b>10,641</b>  | <b>44,592</b>  |
| Depreciation                                | 22,393        | 8,370         | 5,451          | 7,998          | -1,317         | 42,894         |
| <b>Operating profit/loss</b>                | <b>21,976</b> | <b>-6,311</b> | <b>-9,180</b>  | <b>-16,744</b> | <b>11,957</b>  | <b>1,698</b>   |
| Net financial items                         |               |               |                |                | -33,633        | -33,633        |
| Pre-tax profit/loss                         | 21,976        | -6,311        | -9,180         | -16,744        | -21,676        | -31,935        |
| Tax   |               |               |                |                | -1,284         | -1,284         |
| <b>Profit/loss from continuing business</b> | <b>21,976</b> | <b>-6,311</b> | <b>-9,180</b>  | <b>-16,744</b> | <b>-22,961</b> | <b>-33,220</b> |
| Profit/loss from business under disposal    |               |               |                |                | -33,407        | -33,407        |
| <b>Net profit/loss for the year</b>         | <b>21,976</b> | <b>-6,311</b> | <b>-9,180</b>  | <b>-16,744</b> | <b>-56,368</b> | <b>-66,627</b> |
| Assets                                      | 104,180       | 20,804        | 26,915         | 22,343         | 251,833        | 426,075        |
| Investments                                 | 20,485        | 2,942         | 2,055          | 3,861          | 6,403          | 35,748         |

The results per business area for 2011 are as follows:

(Amounts in NOK 1,000)

|   | Nordic         | Mid-Europe     | Eastern Europe | Iberia & LatAm | Unallocated     | Group           |
|---|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Operating revenues                          | 135,101        | 60,185         | 42,947         | 46,767         | 2,999           | 288,629         |
| <b>EBITDA</b>                               | <b>8,011</b>   | <b>-10,558</b> | <b>-26,799</b> | <b>-6,110</b>  | <b>-22,337</b>  | <b>-57,793</b>  |
| Depreciation                                | 56,574         | 6,086          | 8,005          | 8,378          | 1321            | 80,365          |
| <b>Operating profit/loss</b>                | <b>-48,563</b> | <b>-16,644</b> | <b>-34,804</b> | <b>-14,489</b> | <b>-23,658</b>  | <b>-138,158</b> |
| Profit/loss attributable to associates      |                |                |                |                | -19,434         | -19,434         |
| Net financial items                         |                |                |                |                | -77,927         | -77,927         |
| Pre-tax profit/loss                         | -48,563        | -16,644        | -34,804        | -14,489        | -121,019        | -235,519        |
| Tax   |                |                |                |                | -32,396         | -32,396         |
| <b>Profit/loss from continuing business</b> | <b>-48,563</b> | <b>-16,644</b> | <b>-34,804</b> | <b>-14,489</b> | <b>-153,415</b> | <b>-267,915</b> |
| Profit/loss from business under disposal    |                |                |                |                | -93,260         | -93,260         |
| <b>Net profit/loss for the year</b>         | <b>-48,563</b> | <b>-16,644</b> | <b>-34,804</b> | <b>-14,489</b> | <b>-246,675</b> | <b>-361,175</b> |
| Assets                                      | 102,524        | 32,407         | 50,289         | 51,690         | 349,868         | 586,779         |
| Investments                                 | 33,205         | 11,127         | 8,037          | 5,598          | 11,890          | 69,857          |

The Southern Europe (Italy) business area has been treated as business under disposal.

Assets allocated to segments consist primarily of property, plant and equipment, intangible assets, work in progress and trade receivables. Deferred tax assets and cash are not allocated to segments. The parent company's operating expenses (primarily wages and salaries and costs related to the head office) and assets are not allocated to segments. Other profit/losses is not allocated to segments. Assets classified as held for sale as at 2011 are not allocated to segments.

Investments consist of the addition of property, plant and equipment and intangible assets. Unallocated investments in 2012 include investments in the Southern Europe business area.

The results per geographic segment for 2012 are as follows:

(Amounts in NOK 1,000)

| OPERATING REVENUES              | 2012           | 2011           |
|---------------------------------|----------------|----------------|
| Norway                          | 45,052         | 41,302         |
| Other Nordic countries          | 87,165         | 75,189         |
| Spain/Portugal                  | 24,130         | 29,159         |
| UK                              | 29,103         | 28,480         |
| Romania                         | 68,055         | 24,785         |
| Other countries                 | 81,611         | 89,714         |
| <b>Total operating revenues</b> | <b>335,216</b> | <b>288,629</b> |

(Amounts in NOK 1,000)

| ASSETS                             | 2012           | 2011           |
|------------------------------------|----------------|----------------|
| Norway                             | 89,966         | 72,434         |
| Other Nordic countries             | 14,214         | 29,768         |
| Italy                              | 0              | 189,492        |
| Spain                              | 22,343         | 51,690         |
| UK                                 | 17,219         | 25,002         |
| Romania                            | 26,915         | 44,819         |
| Other countries                    | 3,585          | 8,225          |
| <b>Total allocated assets</b>      | <b>174,242</b> | <b>421,431</b> |
| Assets classified as held for sale | 144,382        | 43,388         |
| Unallocated assets                 | 107,451        | 121,959        |
| <b>Total assets</b>                | <b>426,075</b> | <b>586,779</b> |

(Amounts in NOK 1,000)

| INVESTMENTS                        | 2012          | 2011          |
|------------------------------------|---------------|---------------|
| Norway                             | 18,393        | 28,677        |
| Other Nordic countries             | 2,092         | 4,528         |
| Italy                              | 0             | 11,864        |
| Spain                              | 3,861         | 5,598         |
| UK                                 | 2,842         | 11,043        |
| Romania                            | 2,055         | 8,037         |
| Other countries                    | 102           | 84            |
| <b>Total allocated investments</b> | <b>29,345</b> | <b>69,831</b> |
| Unallocated investments            | 6,403         | 26            |
| <b>Total investments</b>           | <b>35,748</b> | <b>69,857</b> |

## NOTE 2: PROPERTY, PLANT AND EQUIPMENT

(Amounts in NOK 1,000)

|  | Buildings    | Machinery,<br>fixtures, etc. | Total          |
|--|--------------|------------------------------|----------------|
| <b>2011 FINANCIAL YEAR</b>               |              |                              |                |
| <b>Book value as at 1 January 2011</b>   | <b>1,077</b> | <b>143,050</b>               | <b>144,127</b> |
| Currency translation differences         | -5           | -199                         | -204           |
| Additions                                | 1,103        | 66,913                       | 68,016         |
| Disposals/other movements                | 0            | -1,039                       | -1,039         |
| Assets held for sale                     | 0            | 1,649                        | 1,649          |
| Depreciation for the year                | -766         | -54,887                      | -55,643        |
| Write-downs for the year                 | 0            | 0                            | 0              |
| <b>Book value as at 31 December 2011</b> | <b>1,409</b> | <b>154,277</b>               | <b>155,686</b> |
| <b>As at 31 December 2011</b>            |              |                              |                |
| Historical cost                          | 2,694        | 644,644                      | 647,337        |
| Accumulated depreciation                 | -1,285       | -357,664                     | -358,949       |
| Accumulated write-downs                  | 0            | -132,702                     | -132,702       |
| <b>Book value as at 31 December 2011</b> | <b>1,409</b> | <b>154,278</b>               | <b>155,686</b> |
| <b>2012 FINANCIAL YEAR</b>               |              |                              |                |
| <b>Book value as at 1 January 2012</b>   | <b>1,409</b> | <b>154,278</b>               | <b>155,686</b> |
| Currency translation differences         | -147         | -3,500                       | -3,647         |
| Additions                                | 84           | 28,163                       | 28,247         |
| Disposals/other movements                | 0            | -2,781                       | -2,781         |
| Assets held for sale                     | -81          | -37,468                      | -37,549        |
| Depreciation for the year                | -902         | -39,143                      | -40,045        |
| Write-downs for the year                 | 0            | -1,000                       | -1,000         |
| <b>Book value as at 31 December 2012</b> | <b>363</b>   | <b>98,549</b>                | <b>98,912</b>  |
| <b>As at 31 December 2012</b>            |              |                              |                |
| Historical cost                          | 2,444        | 484,374                      | 486,818        |
| Accumulated depreciation                 | -2,081       | -252,123                     | -254,204       |
| Accumulated write-downs                  | 0            | -133,702                     | -133,702       |
| <b>Book value as at 31 December 2012</b> | <b>363</b>   | <b>98,549</b>                | <b>98,912</b>  |

## NOTE 3: INTANGIBLE ASSETS

(Amounts in NOK 1,000)

|  | Goodwill       | Patents,<br>licences<br>and similar<br>rights | Total          |
|--|----------------|---|----------------|
| <b>2011 FINANCIAL YEAR</b>               |                |   |                |
| <b>Book value as at 1 January 2011</b>   | <b>125,699</b> | <b>3,184</b>                                  | <b>128,883</b> |
| Currency translation differences         | -791           | -40   | -831           |
| Additions                                | 0              | 1,841   | 1,841          |
| Disposals/other movements                | 0              | -1,155  | -1,155         |
| Assets held for sale                     | -1,324         | 0   | -1,324         |
| Depreciation for the year                | 0              | -2,576  | -2,576         |
| Write-downs for the year                 | -123,584       | 0   | -123,584       |
| <b>Book value as at 31/12/2011</b>       | <b>0</b>       | <b>1,827</b>                                  | <b>1,827</b>   |
| <b>As at 31 December 2011</b>            |                |   |                |
| Historical cost                          | 301,907        | 67,934  | 369,841        |
| Accumulated depreciation                 | 0              | -36,710                                       | -36,710        |
| Accumulated write-downs                  | -301,907       | -29,397                                       | -331,304       |
| <b>Book value as at 31 December 2011</b> | <b>0</b>       | <b>1,827</b>                                  | <b>1,827</b>   |
| <b>2012 FINANCIAL YEAR</b>               |                |   |                |
| <b>Book value as at 1 January 2012</b>   | <b>0</b>       | <b>1,827</b>                                  | <b>1,827</b>   |
| Currency translation differences         | 0              | 454   | 454            |
| Additions                                | 0              | 1,098   | 1,098          |
| Disposals/other movements                | 0              | -11   | -11            |
| Assets held for sale                     | 0              | -191  | -191           |
| Depreciation for the year                | 0              | -1,849  | -1,849         |
| <b>Book value as at 31 December 2012</b> | <b>0</b>       | <b>1,328</b>                                  | <b>1,328</b>   |
| <b>As at 31 December 2012</b>            |                |   |                |
| Historical cost                          | 301,907        | 66,259  | 368,166        |
| Accumulated depreciation                 | 0              | -35,535                                       | -35,535        |
| Accumulated write-downs                  | -301,907       | -29,397                                       | -29,397        |
| <b>Book value as at 31 December 2012</b> | <b>0</b>       | <b>1,328</b>                                  | <b>1,328</b>   |

### WRITE-DOWN TEST FOR GOODWILL OR PROPERTY, PLANT AND EQUIPMENT

Goodwill in the company has arisen due to the acquisition of companies from 2004 to 2007. The company wrote down goodwill to nil in 2011. The write-downs were necessary due to continued weak macroeconomic conditions in many of the markets where Blom operates, which also has a negative impact on the expected cash flows. The write-down test for property, plant and equipment for 2012 is discussed in Note 23.

## NOTE 4: INVENTORY AND WORK IN PROGRESS

Work in progress includes accrued, uninvoiced work on long-term projects of NOK 45.1 million in 2012 and NOK 96.5 million in 2011.

## NOTE 5: TRADE AND OTHER RECEIVABLES

(Amounts in NOK 1,000)

|  | 2012          | 2011           |
|--|---------------|----------------|
| Trade receivables                      | 44,545        | 175,304        |
| Provisions for expected losses         | -5,384        | -5,868         |
| <b>Net trade receivables</b>           | <b>39,162</b> | <b>169,436</b> |
| Prepayments                            | 3,286         | 9,739          |
| Other current receivables              | 29,123        | 22,647         |
| <b>Total other current receivables</b> | <b>32,409</b> | <b>32,386</b>  |
| <b>Total current receivables</b>       | <b>71,571</b> | <b>201,822</b> |

Movement in provisions for expected losses on trade receivables:

(Amounts in NOK 1,000)

|  | 2012         | 2011         |
|--|--------------|--------------|
| As at 1 January                          | 5,868        | 22,345       |
| Business under disposal                  | -706         | -3,772       |
| Change in provisions for expected losses | 1,278        | 2,349        |
| Realised losses for the year             | -215         | -14,490      |
| Reversal of unused amounts               | -843         | -564         |
| <b>As at 31 December</b>                 | <b>5,384</b> | <b>5,868</b> |

As at 31 December 2012, the provisions for probable future losses on trade receivables totalled NOK 5,384,000 (2011: NOK 5,868,000). The provisions are related primarily to Spain and Romania.

Other current receivables include, for example, prepaid government taxes.

## Age distribution of group's trade receivables:

(Amounts in NOK 1,000)

|  | 2012          | 2011           |
|--|---------------|----------------|
| <b>Trade receivables not due for payment</b> | <b>29,327</b> | <b>131,585</b> |
| Up to 30 days                                | 5,868         | 16,370         |
| Between 30 and 90 days                       | 1,789         | 5,916          |
| Over 90 days                                 | 2,178         | 15,565         |
| Total outstanding receivables                | 9,835         | 37,851         |
| <b>Total trade receivables</b>               | <b>39,162</b> | <b>169,436</b> |

## Recognised value of the group's trade and other receivables by currency:

(Amounts in NOK 1,000)

|                                  | 2012          | 2011           |
|----------------------------------|---------------|----------------|
| NOK                              | 22,345        | 15,015         |
| GBP                              | 5,479         | 10,063         |
| EUR                              | 25,516        | 150,665        |
| SEK                              | 6,008         | 4,792          |
| Other currencies                 | 12,222        | 21,287         |
| <b>Total current receivables</b> | <b>71,570</b> | <b>201,822</b> |

## NOTE 6: CASH AND CASH EQUIVALENTS

(Amounts in NOK 1,000)

|                          | 2012          | 2011          |
|--------------------------|---------------|---------------|
| Cash and bank deposits   | 53,379        | 56,372        |
| Restricted bank deposits | 11,230        | 18,685        |
|                          | <b>64,609</b> | <b>75,057</b> |

The restricted bank deposits include the employees' tax withholdings, government subsidies in Romania and cash deposits for portions of the group's guarantees. The group has overdraft facilities totalling NOK 5.9 million, and NOK 5.7 million of these facilities were utilised as at 31 December 2012.

## NOTE 7: PENSIONS

(Amounts in NOK 1,000)

|  | 2012         | 2011          |
|--|--------------|---------------|
| <b>Book value of obligation:</b>                       |              |               |
| Pension benefits                                       | 2,811        | 16,811        |
|  | <b>2,811</b> | <b>16,811</b> |
| <b>Cost charged to the income statement (Note 12):</b> |              |               |
| Defined benefit pension plans                          | 3,616        | 2,733         |
| Defined contribution pension plans                     | 3,656        | 4,206         |
| Pension costs  | <b>7,272</b> | <b>6,939</b>  |

The following companies are included in this table:

Blom ASA, Blom Deutschland (Germany) and Nusantara (Indonesia).

Pension benefits:

(Amounts in NOK 1,000)

|  | 2012         | 2011          |
|--|--------------|---------------|
| <b>Obligation recognised on the balance sheet is determined as</b>                   |              |               |
| Present value of accrued pension obligations for benefit plans in fund-based schemes | 11,776       | 7,140         |
| Fair value of plan assets  | -10,793      | -5,160        |
|  | 983          | 1,980         |
| Present value of obligation for non-fund-based schemes                               | 15,845       | 16,707        |
| Unrecognised estimate deviations   | -4,037       | -1,858        |
| Unrecognised costs related to pension benefits earned in prior periods               | 15           | -18           |
| Share of obligation from business under disposal                                     | -9,966       | 0             |
| <b>Net pension obligations on the balance sheet</b>                                  | <b>2,811</b> | <b>16,811</b> |

Changes in the defined benefit pension obligations during the year:

(Amounts in NOK 1,000)

|   | 2012          | 2011          |
|---|---------------|---------------|
| <b>Pension obligations as at 1 January</b>              | <b>21,970</b> | <b>20,790</b> |
| Present value of current year's pension benefits earned | 1,861         | 787           |
| Interest costs  | 783           | 811           |
| Actuarial losses / (gains)                              | 590           | 992           |
| Foreign currency fluctuations                           | 0             | -15           |
| Benefits paid   | -1,063        | -1,396        |
| Pension obligations from business under disposal        | -10,538       | 0             |
| <b>Pension obligations as at 31 December</b>            | <b>13,603</b> | <b>21,970</b> |

## Change in the fair value of the plan assets:

(Amounts in NOK 1,000)

|                                | 2012           | 2011          |
|--------------------------------|----------------|---------------|
| <b>1 January</b>               | <b>-5,159</b>  | <b>-2,759</b> |
| Expected return on plan assets | -38            | -165          |
| Employer contributions         | -5,595         | -2,235        |
| <b>31 December</b>             | <b>-10,792</b> | <b>-5,159</b> |

## Total cost recognised in the income statement:

(Amounts in NOK 1,000)

|  | 2012         | 2011         |
|--|--------------|--------------|
| Cost of pension benefits earned in current period    | 1,635        | 1,604        |
| Interest costs                                       | 498          | 476          |
| Expected return on plan assets                       | -38          | -165         |
| Actuarial gains and losses                           | 1,231        | 512          |
| Employers' share of National Insurance contributions | 289          | 306          |
| <b>Total, including payroll costs (Note 12)</b>      | <b>3,616</b> | <b>2,733</b> |
| Costs from business under disposal                   | 2,196        | 841          |

## Economic assumptions:

(Amounts in NOK 1,000)

|                                | 2012      | 2011      |
|--------------------------------|-----------|-----------|
| Discount rate                  | 2.2–6.0%  | 3.0–6.3%  |
| Expected return on plan assets | 3.6%      | 4.8%      |
| Annual salary inflation        | 2.0–10.0% | 2.0–10.0% |
| Annual pension adjustment      | 0.5–3.0%  | 0.5–3.0%  |



Blom Nusantara (Indonesia) has a discount rate of 6.3 per cent.

The mortality assumptions are based on published statistics and experience in each individual country.

Average life expectancy in Norway (number of years) on the date of the balance sheet for a person who retires when he/she reaches the age of 65 is as follows:

|       | 2012 | 2011 |
|-------|------|------|
| Men   | 17   | 16   |
| Women | 20   | 19   |

The average expected life in Germany is 82 years for women and 78 years for men.

The assets in fund-based schemes in Norway are managed by a life insurance company that has invested the funds in compliance with the regulations that apply to life companies. The actual return on the plan assets was NOK 38,000 in 2012 (2011: NOK 165,000).

## NOTE 8: LOANS AND OTHER NON-CURRENT LIABILITIES

As a result of the weak financial results in 2011, the company's equity had been lost and stood at negative NOK 194 million.

After a dialogue with the bondholders for the company's bond loan, the conversion of NOK 312 million in debt to equity was adopted on 25 April 2012 by the company's General Meeting. Conversion of the bond loan took place in the form of a capital increase, where the bonds and the accrued interest were used to subscribe for shares. The company did thus not receive any injection of cash, but the balance sheet was improved by converting the debt to equity.

NOK 35 million of the 2009 bond loan was replaced by a new convertible bond loan with a nominal value of NOK 10,729,762. The new convertible bond loan will have a term of five years and an interest rate of 2.0 per cent p.a. Bonds in the convertible bond issue can be converted to shares during the two first years of the term of the loan at a subscription price equal to 120 per cent of the volume-weighted average price two days following the Extraordinary General Meeting.

On 24 April 2012 an amendment agreement was entered into with the bondholders that extended the term of the company's NOK 50 million bond loan (FRN Blom ASA

Senior Bond Issue 2011/2012) by three years, and the interest rate was changed from NIBOR +11 per cent to NIBOR + 5.5 per cent.

In the 2nd quarter the company decided to issue a new secured bond loan that matures on 8 February 2013. The maximum amount for the new bond loan was NOK 30 million, NOK 21.3 million of which was subscribed for immediately. The remaining NOK 8.7 million was subscribed for in October 2012. The interest rate is 15 per cent p.a. Reference is made to note 26, Events after the date of the balance sheet.

As a result of the debt conversion and lower interest rate for the remaining bond debt, the company has significantly lowered its interest expenses.

In December the company entered into an agreement for a short-term liquidity loan of EUR 2.5 million from Hexagon AB. This is a short-term loan and the interest rate corresponds to that of the company's other short-term financing at 15 per cent. Fixed assets in Blom Data AS have been pledged as collateral for the loan. Reference is made to note 26, Events after the date of the balance sheet.

The group has overdraft facilities in Blom Romania, as well as guarantees for cash deposits related to major projects. The value of the unused credit facilities is NOK 0.2 million, while the guarantees and other restricted bank deposits amount to NOK 11.2 million. The group had total cash reserves of NOK 64.6 million, and thus the amount of the total available funds was NOK 53.6 million.

The group also utilises lease financing (Note 14).

The composition of non-current liabilities and current interest-bearing liabilities is as follows:

|  | (Amounts in NOK 1,000) |                |
|--|------------------------|----------------|
|  | 2012                   | 2011           |
| <b>Non-current liabilities:</b>              |                        |                |
| Bond loans                                   | 61,806                 | 334,176        |
| Bank loans                                   | 0                      | 18,728         |
| Financial leasing                            | 1,195                  | 7,494          |
| Other non-current liabilities                | 14,153                 | 19,043         |
|  | <b>77,154</b>          | <b>379,441</b> |
| <b>Current interest-bearing liabilities:</b> |                        |                |
| Bond loans                                   | 26,595                 | 51,313         |
| Credit facilities                            | 5,657                  | 77,574         |
| Bank loans / other financing                 | 22,781                 | 14,911         |
| Financial leasing                            | 2,137                  | 9,773          |
|  | <b>57,170</b>          | <b>153,571</b> |

Other non-current liabilities consist of interest-free loans of NOK 13.5 million provided by the Spanish authorities with an interest-free period for the first three years of the loans and grants from the Spanish authorities totalling NOK 2.1 million, which will be reduced in step with the amortisation of the relevant assets in Blom Spania. The interest-bearing debt has adjustable interest rates or interest adjustment clauses that are shorter than three months at any given time. Since the debt can be repaid at the points in time when the interest rate is adjusted, the difference between the fair value and book value will be small and insignificant with the exception of the Spanish interest-free loans and grant.

The effective interest rate on the date of the balance sheet was as follows:

(Amounts in NOK 1,000)

|                                    | 2012        |            | 2011        |            |
|------------------------------------|-------------|------------|-------------|------------|
|                                    | NOK         | EUR/GBP    | NOK         | EUR/GBP    |
| Bond loans                         | 2.0-15.0 %  |            | 11.0-13.0 % |            |
| Bank loans                         |             | 6.0-12.0 % |             | 4.5 -8.8 % |
| Financial leasing                  | 12.0-15.7 % | 5.7-7.5 %  |             | 4.1-15.0 % |
| Credit facilities                  |             | 9.8 %      |             | 4.5-10.8 % |
| Other interest-bearing liabilities |             | 15.0 %     |             |            |

Book value of the group's long-term debt and current interest-bearing debt:

(Amounts in NOK 1,000)

|                  | 2012           | 2011           |
|------------------|----------------|----------------|
| NOK              | 90,650         | 390,044        |
| GBP              | 1,425          | 3,843          |
| EUR              | 33,044         | 130,695        |
| Other currencies | 9,206          | 8,430          |
|                  | <b>134,324</b> | <b>533,012</b> |

The maturity structure of the group's long-term debt and current interest-bearing debt is as follows:

(Amounts in NOK 1,000)

|                    | 2013          | 2014         | 2015          | 2016         | 2017 ->       |
|--------------------|---------------|--------------|---------------|--------------|---------------|
| Bond loans         | 26,595        |              | 51,083        |              | 10,723        |
| Bank loans         | 3,004         |              |               |              |               |
| Financial leasing  | 2,137         | 873          | 107           | 107          | 107           |
| Overdraft facility | 5,657         |              |               |              |               |
| Other liabilities  | 19,777        | 5,426        | 3,317         | 3,272        | 2,137         |
| <b>Total</b>       | <b>57,170</b> | <b>6,299</b> | <b>54,508</b> | <b>3,380</b> | <b>12,967</b> |

## NOTE 9: TAX

Deferred taxes are netted if the group has a legal right to offset deferred tax assets against deferred taxes on the balance sheet and if the deferred taxes are owed to the same tax authority. The following amounts have been recognised on a net basis:

(Amounts in NOK 1,000)

|   | 2012         | 2011           |
|---|--------------|----------------|
| <b>Deferred tax assets:</b>                                     |              |                |
| Deferred tax assets that reverse after more than 12 months      | 0            | -4,208         |
| Deferred tax assets that reverse within 12 months               | 0            | -222           |
| <b>Deferred tax assets as at 31 December</b>                    | <b>0</b>     | <b>-4,430</b>  |
| <b>Deferred tax:</b>  |              |                |
| Deferred tax liabilities that reverse after more than 12 months | 1,274        | 4,711          |
| Deferred tax that falls due for payment within 12 months        | 0            | 437            |
| <b>Deferred tax as at 31 December</b>                           | <b>1,274</b> | <b>5,148</b>   |
| <b>Net deferred tax</b>   | <b>1,274</b> | <b>718</b>     |
| <b>Change in recognised deferred tax:</b>                       |              |                |
| <b>Book value as at 1 January</b>                               | <b>718</b>   | <b>-34,064</b> |
| Foreign currency translation                                    | -168         | 2,034          |
| Recognised in the income statement during the period            | 1,284        | 32,178         |
| Assets held for sale  | -560         | 0              |
| Tax recognised directly in equity                               | 0            | 570            |
| <b>Book value as at 31 December</b>                             | <b>1,274</b> | <b>718</b>     |

Change in deferred tax assets and deferred taxes  
(without netting within the same tax regime):

(Amounts in NOK 1,000)

|  | Machinery and plant | Projects     | Other      | Total        |
|--|---------------------|--------------|------------|--------------|
| <b>Deferred tax:</b>                                 |                     |              |            |              |
| <b>1 January 2011</b>                                | <b>3,659</b>        | <b>1,464</b> | <b>493</b> | <b>5,616</b> |
| Recognised in the income statement during the period | -326                | -113         | -29        | -468         |
| <b>31 December 2011</b>                              | <b>3,333</b>        | <b>1,351</b> | <b>464</b> | <b>5,148</b> |
| Assets held for sale                                 | -2,860              | 0            | 0          | -2,860       |
| Recognised in the income statement during the period | -404                | -51          | -291       | -746         |
| Foreign currency translation                         | -69                 | -26          | -173       | -268         |
| <b>31 December 2012</b>                              | <b>0</b>            | <b>1,274</b> | <b>0</b>   | <b>1,274</b> |

(Amounts in NOK 1,000)

|  | Tax loss carryforward | Machinery and plant | Other       | Total          |
|--|-----------------------|---------------------|-------------|----------------|
| <b>Deferred tax assets</b>                           |                       |                     |             |                |
| <b>1 January 2011</b>                                | <b>-11,794</b>        | <b>-14,149</b>      | -           | <b>-39,680</b> |
| Recognised in the income statement during the period | 8,128                 | 12,197              | 12,32       | 12,484         |
| Recognised directly in equity                        | 0                     | 0                   | 570         | 570            |
| Foreign currency differences                         | 486                   | 1,272               | 276         | 2,034          |
| <b>31 December 2011</b>                              | <b>-3,180</b>         | <b>-680</b>         | <b>-570</b> | <b>-4,430</b>  |
| Assets held for sale                                 | 1,199                 | 576                 | 525         | 2,300          |
| Recognised in the income statement during the period | 2,030                 | 0                   | 0           | 2,030          |
| Foreign currency translation                         | -49                   | 104                 | 45          | 100            |
| <b>31 December 2012</b>                              | <b>0</b>              | <b>0</b>            | <b>0</b>    | <b>0</b>       |

The deferred tax assets related to tax loss carryforwards are recognised on the balance sheet when it is probable that the group can apply this against future taxable income. The table below shows that most of the tax loss carryforward expires after 2017 (or that there is no deadline linked to the right to carry forward). The deferred tax assets related to tax loss carry-forwards that are not recognised on the balance sheet totalled NOK 161.3 million as at 31 December 2012 and NOK 154.6 million as at 31 December 2011. Deferred tax assets that are not recognised on the balance sheet refer primarily to tax loss carry-forwards in Blom Sistemas (NOK 57,5 million), Blom ASA (NOK 37 million), Blom Data (NOK 35 million) and the Swedish subsidiaries (NOK 12 million). Reference is also made to Note 23.

|   | Amount         |
|---|----------------|
| <b>Expiration dates for tax loss carry-forwards</b> |                |
| 2013  | 0              |
| 2014  | 0              |
| 2015  | 0              |
| 2016  | 689            |
| 2017  | 807            |
| Later than 2017                                     | 198,612        |
| No restrictions                                     | 375,938        |
| <b>Total tax loss carry-forward</b>                 | <b>576,046</b> |

(Amounts in NOK 1,000)

|                        | 2012         | 2011          |
|------------------------|--------------|---------------|
| <b>Tax charge:</b>     |              |               |
| Tax payable            | 0            | 218           |
| Change in deferred tax | 1,284        | 32,178        |
|                        | <b>1,284</b> | <b>32,396</b> |

The tax charge deviates from the amount that would have applied if the nominal tax rate in the various countries had been used. The difference can be explained as follows:

(Amounts in NOK 1,000)

|   | 2012           | 2011            |
|---|----------------|-----------------|
| <b>Pre-tax profit/loss</b>  | <b>-31,935</b> | <b>-235,519</b> |
| Tax calculated at the tax rate of the various countries           | -7,934         | -79,064         |
| Non-tax-deductible expenses                                       | -6,558         | 634             |
| Tax losses recognised as an expense, but not on the balance sheet | 15,776         | 110,826         |
| Utilisation of previously unrecognised tax loss carry-forward     | 0              | 0               |
| <b>Taxes</b>  | <b>1,284</b>   | <b>32,396</b>   |

The weighted average tax rate was 4.0 per cent in 2012 (2011: 13.8 per cent).

The following tax rates apply in the various countries in 2012:

Norway 28 per cent, Sweden 26.3 per cent, Finland 24.5 per cent, Germany 39 per cent, UK 24 per cent, Spain 30 per cent and Romania 16 per cent.

## NOTE 10: OTHER CURRENT LIABILITIES

(Amounts in NOK 1,000)

|                                | 2012          | 2011          |
|--------------------------------|---------------|---------------|
| Prepayments                    | 2,951         | 11,137        |
| Holiday pay etc. for employees | 9,208         | 23,775        |
| Interest/fees on bond loans    | 3,979         | 0             |
| Project costs                  | 4,578         | 15,454        |
| Government grants (Note 8)     | 10,386        | 9,296         |
| Other current liabilities      | 13,678        | 14,284        |
|                                | <b>44,780</b> | <b>73,946</b> |

## NOTE 11: CHARGES ON ASSETS AND SECURITY

As security for the bond loan of NOK 89.2 million, the parent company has pledged as collateral its shares in Blom Data AS, Blom Geomatics AS, Blom Kartta OY, Blom Deutschland GmbH, Blom Aerofilms Ltd, Blom Sweden AB, Blom Environmental Coastal Surveys AB, Blom CGR and Blom Sistemas Geoespeciales S.p.A. The financial prerequisites are described in Note 8 and reference is otherwise made to Note 26.

In addition, the subsidiaries Blom Data AS, Blom Geomatics AS, Blom Aerofilms Ltd and Blom Sistemas Geoespeciales S.p.A. have guaranteed the parent company's loan covenants linked to the bonds.

Bank guarantees totalling NOK 8.9 million have been furnished by the company, primarily in connection with the execution of projects. A cash deposit totalling NOK 2.4 million has been furnished as collateral for bank guarantees.

In December the company entered into an agreement for a short-term liquidity loan of EUR 2.5 million from Hexagon AB. This is a short-term loan and the interest rate corresponds to that of the company's other short-term financing at 15 per cent. Fixed assets in Blom Data AS have been pledged as collateral for the loan. Reference is made to note 26, Events after the date of the balance sheet.

Blom ASA has guaranteed that Scan Subsea ASA will pay its rent in connection with the sale of real estate in Tønsberg. Scan Subsea ASA was acquired in 2007 by the NYSE listed company Parker Hannifin Corporation.

## NOTE 12: PAYROLL COSTS

(Amounts in NOK 1,000)

|  | 2012           | 2011           |
|--|----------------|----------------|
| Wages and salaries                                   | 114,478        | 139,429        |
| Employers' share of National Insurance contributions | 30,348         | 27,714         |
| Pension costs  | 7,272          | 6,939          |
| Other benefits                                       | 4,219          | 1,068          |
|  | <b>156,317</b> | <b>175,150</b> |

The pension costs include both defined benefit and defined contribution schemes. As at 31 December 2012 the group had 585 employees.

## NOTE 13: FINANCIAL INCOME AND EXPENSES

(Amounts in NOK 1,000)

|                                       | 2012           | 2011           |
|---------------------------------------|----------------|----------------|
| Interest and other financial income   | 2,600          | 4,729          |
| Interest and other financial expenses | -28,474        | -57,177        |
| Net losses on financial assets        | 0              | -22,344        |
| Net foreign currency gains / (losses) | -4,790         | -3,135         |
| <b>Net financial items</b>            | <b>-30,633</b> | <b>-77,927</b> |

In addition, NOK 19.4 million was charged against income in 2011 for the write-down of investments in associated companies.

## NOTE 14: FINANCIAL LEASING AGREEMENTS

Property, plant and equipment acquired through financial leasing agreements include the following:

(Amounts in NOK 1,000)

|   | 2012         | 2011          |
|---|--------------|---------------|
| Historical cost recognised on the balance sheet | 38,100       | 87,812        |
| Accumulated depreciation                        | -34,145      | -69,459       |
| <b>Book value as at 31 December</b>             | <b>3,954</b> | <b>18,353</b> |

The present value of obligations related to financial leasing agreements are as follows:

(Amounts in NOK 1,000)

|                                | 2012         | 2011          |
|--------------------------------|--------------|---------------|
| Maturity within 1 year         | 2,137        | 9,773         |
| Maturity between 1 and 5 years | 1,195        | 7,494         |
| Maturity later than 5 years    | 0            | 0             |
|                                | <b>3,332</b> | <b>17,267</b> |

The financial leasing agreements encompass the leasing of aircraft, sensors, vehicles and IT-related equipment. The duration of the agreements is from 3 to 5 years. The leasing agreements have an adjustable interest rate.

## NOTE 15: OPERATING LEASING AGREEMENTS

Minimum future leasing payments related to operating leasing agreements are as follows:

(Amounts in NOK 1,000)

|                                | 2012          | 2011          |
|--------------------------------|---------------|---------------|
| Maturity within 1 year         | 3,800         | 11,746        |
| Maturity between 1 and 5 years | 7,402         | 5,849         |
| Maturity later than 5 years    | 0             | 0             |
|                                | <b>11,202</b> | <b>17,595</b> |

The operating leasing agreements encompass the leasing of vehicles, offices, aircraft and IT-related equipment. The duration of the agreements is from 3 to 5 years, and most of them are renewable at the market rate when they expire.

## NOTE 16: SHARE CAPITAL AND SHAREHOLDER INFORMATION

Blom ASA has one class of shares, and there were 33,697,725 outstanding shares with a nominal value of NOK 0.50 at the end of 2012. The share capital of Blom ASA was NOK 16,848,862.50 as at 31 December 2012.

On 25 April 2012, the Extraordinary General Meeting of Blom approved a combination of the shares, so that 100 shares with a nominal value NOK 0,10 were combined into one share with a nominal value of NOK 10.00. The General Meeting subsequently resolved to reduce the company's share capital by NOK 24,191,484 by reducing the nominal value of the company's shares from NOK 10.00 to NOK 0.50.

The General Meeting also adopted the conversion of NOK 312 million in debt into equity. The subscription price was NOK 10.00 per share for each share with a nominal value of NOK 0.50. Conversion of the bond loan took place in the form of a capital increase, where the bonds and the accrued interest were used to subscribe for shares. The company did thus not receive any injection of cash, but the balance sheet was improved by converting the debt to equity.

NOK 35 million of the 2009 bond loan was replaced by a new convertible bond loan with a nominal value of NOK 10,729,762. The debt that was forgiven of NOK 23.8 million is included as other gains/losses in the income statement. Bonds in the convertible bond issue can be converted to shares during the two first years of the term of the loan at a subscription price equal to 120 per cent of the volume-weighted average price two days following the Extraordinary General Meeting.

## Change in share capital in 2012:

|   | Number of shares   | Number of shares | Share capital NOK    |
|---|--------------------|------------------|----------------------|
| Share capital as at 1 January 2012              | 254,647,199        | 0.10             | 25,464,719.90        |
| Issue of 1 share                                | 1                  | 0.10             | 0.10                 |
| <b>New share capital after issue of 1 share</b> | <b>254,647,200</b> | <b>0.10</b>      | <b>25,464,720.00</b> |
| <b>Combination of 100 shares</b>                | <b>2,546,472</b>   | <b>10.00</b>     | <b>25,464,720.00</b> |
| Capital reduction                               | 2,546,472          | 9.50             | 24,191,484.00        |
| <b>Share capital after reduction</b>            | <b>2,546,472</b>   | <b>0.50</b>      | <b>1,273,236.00</b>  |
| Conversion of bond loans                        | 31,151,253         | 0.50             | 15,575,626.50        |
| <b>Share capital as at 31 December 2012</b>     | <b>33,697,725</b>  | <b>0.50</b>      | <b>16,848,862.50</b> |

**TREASURY SHARES**

At the end of the year the company owned 10,707 shares corresponding to 0.03 per cent of the total number of outstanding shares. The average price for the shares is NOK 4,425.80. There was no trading of treasury shares in 2012. A total of 293 treasury shares were used in connection with the combination of shares. The Board of Directors does not have any authorisation to acquire treasuring shares.

**OWNERSHIP STRUCTURE**

The number of shareholders as at 31 December 2012 was 2,861, compared with 3,093 shareholders as at 31 December 2011. Foreign shareholders have a 27.7 per cent ownership interest in the company, compared with 4.3 per cent as at 31 December 2011.

## Blom's 20 largest shareholders as at 31 December 2012:

| Shareholder                                   | Number            | %              |
|---|-------------------|----------------|
| 1 Norwegian National Insurance Fund           | 8,513,137         | 25.26%         |
| 2 Euroclear Bank S.A./ 25% Clients (nominee)  | 8,438,881         | 25.04%         |
| 3 Skandinaviska Enskilda, own account trading | 2,472,863         | 7.34%          |
| 4 MP Pensjon PK                               | 1,334,447         | 3.96%          |
| 5 Akershus Country Administration             | 1,297,969         | 3.85%          |
| 6 A/S Meretium                                | 865,312           | 2.57%          |
| 7 Veen A/S                                    | 865,312           | 2.57%          |
| 8 Bergen Municipal Pension Fund               | 865,312           | 2.57%          |
| 9 Firmament AS                                | 865,312           | 2.57%          |
| 10 DnB NOR Bank ASA, own account trading      | 535,782           | 1.59%          |
| 11 Skandinaviska Enskilda Banken (nominee)    | 432,656           | 1.28%          |
| 12 Vollstad, Dag Kristian                     | 353,000           | 1.05%          |
| 13 Toten Sparebank                            | 239,594           | 0.71%          |
| 14 No Limit Holding                           | 186,333           | 0.55%          |
| 15 Gjersvik, Anne-Brit                        | 173,062           | 0.51%          |
| 16 Flumens Finans AS                          | 173,062           | 0.51%          |
| 17 A/S Parma                                  | 173,062           | 0.51%          |
| 18 Leif Høegh Foundation                      | 171,019           | 0.51%          |
| 19 Vind AS                                    | 150,562           | 0.45%          |
| 20 Nordnet Bank AS (nominee)                  | 143,417           | 0.43%          |
| <b>Total 20 largest shareholders</b>          | <b>28,250,094</b> | <b>83.83%</b>  |
| Others  | 5,447,631         | 16.17%         |
| <b>Total</b>                                  | <b>33,697,725</b> | <b>100.00%</b> |

Shares held by members of the Board of Directors and CEO:

|   |                | No. of shares<br>as at 31 December 2012 |
|---|----------------|---|
| Tom H. Knoff                                    | Board Chairman | 0                                       |
| Per Kyllingstad                                 | Board Member   | 0                                       |
| Siv Staubo                                      | Board Member   | 0                                       |
| Siv Sandvik                                     | Board Member   | 0                                       |
| Johnny Andersson                                | Board Member   | 0                                       |
| Dirk Blaauw                                     | CEO            | 0                                       |
| Hexagon AB, a party related to Johnny Andersson |                | 8,513,137                               |

## NOTE 17: EARNINGS AND DILUTED EARNINGS PER SHARE

The earnings per share is calculated by dividing the net profit/loss for the year with the weighted average of outstanding ordinary shares throughout the year, less the company's own shares. On 30th of May 2012, there was a conversion of bonds into 31,151,253 shares. The calculation takes into account that 293 shares held by the Company were used in connection with the reverse split of shares (1:100). EPS for 2011 have been restated to be display comparable figures.

The diluted earnings per share is calculated by using the weighted average of outstanding ordinary shares throughout the year, adjusted by the effect of the conversion of the convertible loan of NOK 10,729,762 and adjusted for the interest costs (2 per cent p.a.). The average share price two days before the end of 2012 is used in the calculation.

(Amounts in NOK 1,000)

|   | 2012           | 2011            |
|---|----------------|-----------------|
| <b>Earnings per share:</b>                                |                |                 |
| From continuing business                                  | -1.59          | -150.27         |
| From business under disposal                              | -1.60          | -52.31          |
| <b>From net profit/loss for the year</b>                  | <b>-3.19</b>   | <b>-202.58</b>  |
| <b>Diluted earnings per share:</b>                        |                |                 |
| From continuing business                                  | -1.59          | -150.27         |
| From business under disposal                              | -1.60          | -52.31          |
| <b>From net profit/loss for the year</b>                  | <b>-3.19</b>   | <b>-202.58</b>  |
| Net profit/loss for the year from continuing business     | -33,220        | -267,915        |
| Net profit/loss for the year from business under disposal | -33,407        | -93,260         |
| <b>Net profit/loss for the year</b>                       | <b>-66,627</b> | <b>-361,175</b> |
| Weighted average of number of outstanding shares          | 20,885,133     | 1,782,866       |
| Diluted shares  | 4,668,921      | 0               |
| Number of shares not included in diluted EPS              | 4,668,921      | 0               |

## NOTE 18: SENIOR EXECUTIVES

Pursuant to Section 6-16a of the Public Limited Companies Act, the board of directors' shall prepare a separate statement concerning the adoption of salaries and other remuneration to the CEO and executive management. Pursuant to Section 5-6 of the Public Limited Companies Act a consultative vote shall be held on the Board of Directors' guidelines for setting the salary level for the next financial year. If the guidelines include share-based payment schemes, then such schemes shall also be approved by the General Meeting. The Board of Directors proposes the following guidelines, which are to be subjected to a consultative vote at the General Meeting in 2013:

### **DECLARATION CONCERNING STIPULATION OF SALARY AND OTHER REMUNERATION TO SENIOR EXECUTIVES**

#### *Guidelines for 2013*

The company's senior executives are paid a fixed salary that reflects the employee's education, experience and professional qualifications. It is important that the remuneration is at a level that makes it possible to attract the best qualified persons to the company's key positions.

In addition to their base salary, senior executives can receive a variable bonus of up to 30 per cent of the individual's gross annual salary. The size of the bonus paid to the individual employees will be dependent in part on the achievement of individual targets and in part on the performance of the group. The targets for the CEO are set by the Board of Directors. The CEO has set the targets for senior executives.

Senior executives receive a free company car telephone, mobile phone, Internet, newspapers and canteen as benefits in kind. Senior executives in Norway are members of the company's defined contribution scheme in the same manner as other employees. The retirement age for senior executives follows the local legislation. If employment is terminated, the individual employees are entitled to a salary for a maximum of 18 months after the termination of employment.

Blom believes that the company's performance-based bonus agreements with senior executives have a motivating effect and are in the best interest of the company and its shareholders.

The company does not currently have any agreements with key employees concerning the allocation of shares, subscription rights, options and other forms of remuneration linked to shares or the performance of the company's share or shares of other companies within the group. The Board of Directors will, however, continuously consider incentive schemes that are appropriate to secure a qualified management for the company, including the use of various share option schemes.

### Implemented executive remuneration policy for 2012

In 2012 the company agreed on severance pay of 18 months with two senior executives. In addition, an early retirement agreement from the age of 62 was entered into with one employee. Otherwise, the remuneration of senior executives in 2012 has been in accordance with the declaration that was presented to the General Meeting in 2012.

## SENIOR EXECUTIVES

Salary and other remunerations to senior executives in 2012:

(Amounts in NOK)

| Name          | Position                    | Base salary | Bonus earned | Other taxable benefits | Contrib. paid to collective pension | Agreed severance pay |
|---------------|-----------------------------|-------------|--------------|------------------------|-------------------------------------|----------------------|
| Dirk Blaauw   | CEO                         | 3,112,500   | 0            | 186,464                | 59,952                              | 18 months pay        |
| Lars Bakklund | CFO                         | 2,593,750   | 500,000      | 186,552                | 59,952                              | 18 months pay        |
| Nils Karbø    | CTO from 1 Sept.            | 500,000     | 0            | 66,815                 | 19,984                              | 6 months pay         |
| Gunnar Hirsti | Board Chairman until 1 July | 300,000     | 0            | 57,272                 | 15,656                              | 0                    |

NOK 1,034,515 was charged against income in 2012 for the early retirement scheme for CEO Dirk Blaauw, and the total pension obligation was NOK 6,088,781. The pension rights apply from age 62.

NOK 1,898,686 was charged against income in 2012 for the early retirement scheme for CFO Lars Bakklund, and the total pension obligation was NOK 1,661,237. The pension rights apply from age 62.

The assumptions made for the pension obligations are a return of 3.60 per cent, discount rate of 2.20 per cent, expected National Insurance basic amount (G) adjustment of 3.00 per cent and wage inflation of 3.25 per cent.

Salary and other remunerations to senior executives in 2011:

(Amounts in NOK)

| Name          | Position       | Base salary | Bonus earned | Other taxable benefits | Contrib. paid to collective pension | Agreed severance pay |
|---------------|----------------|-------------|--------------|------------------------|-------------------------------------|----------------------|
| Dirk Blaauw   | CEO            | 3,000,000   | 0            | 186,636                | 56,872                              | 12 months pay        |
| Lars Bakklund | CFO            | 2,375,000   | 500,000      | 222,336                | 55,674                              | 12 months pay        |
| Gunnar Hirsti | Board Chairman | 600,000     | 0            | 135,438                | 31,312                              | 0                    |

NOK 1,082,847 was charged against income in 2011 for the early retirement scheme for CEO Dirk Blaauw, and the total pension obligation was NOK 4,849,533. The pension rights apply from age 62, and the assumptions made for the pension obligations are a return of 4.8 per cent, discount rate of 3.30 per cent, expected National Insurance basic amount (G) adjustment of 3.75 per cent and wage inflation of 4.0 per cent.

The General Meeting determines the remuneration for the Board of Directors. NOK 1,250,000 was paid in directors' fees for the period from 1 July 2011 to 31 May 2012. Provisions totalling NOK 1,350,000 have been allocated in the accounts for 2012 for the remuneration of the Board of Directors for the period from 31 May 2012 to the Annual General Meeting in 2013. The remuneration breaks down into NOK 450,000 for the Board Chairman and NOK 225,000 for other board members.

Remuneration paid to the Board of Directors for the period from 1 July 2011 to 31 May 2012:

(Amounts in NOK)

|                 | Blom ASA         |
|-----------------|------------------|
| Gunnar Hirsti   | 450,000          |
| Per Kyllingstad | 225,000          |
| Hege Skryseth   | 225,000          |
| Siv Staubo      | 225,000          |
| <b>Total</b>    | <b>1,125,000</b> |

The following provisions have been made for remuneration of the Board of Directors for the period from 01 June 2012 to the Ordinary General Meeting in 2013:

(Amounts in NOK)

|                  | Blom ASA         |
|------------------|------------------|
| Tom H. Knoff     | 450,000          |
| Per Kyllingstad  | 225,000          |
| Siv Staubo       | 225,000          |
| Siv Sandvik      | 225,000          |
| Johnny Andersson | 225,000          |
| <b>Total</b>     | <b>1,350,000</b> |

The Kyllingstad Kleveland Law Office, where Per Kyllingstad is the general manager and a co-owner has received NOK 947,000 excl. VAT for legal services for Blom.

## NOTE 19: AUDITOR

Auditor's fees totalling NOK 2,040,000 were charged against income in the group for 2012 (2011: NOK 2,104,000). In addition, there were fees for other assurance services (including declarations associated with share capital increases and agreed audit procedures) totalling NOK 350,000 (2011: NOK 478,000), as well as fees totalling NOK 145,000 (2011: NOK 111,000) for tax consulting (including technical assistance with tax papers and advice on tax matters). The amounts listed are exclusive of VAT.

## NOTE 20: FAIR VALUE OF ASSETS AND LIABILITIES, AS WELL AS FINANCIAL ASSETS BY CATEGORY

With the exception of loans with an interest-free period and grants, there is no difference between the fair value and book value of assets and liabilities.

The fair value of loans with an interest-free period provided by the Spanish authorities totalling NOK 16.5 million is NOK 13.5 million as at 31 December 2012, while it was NOK 14.4 million as at 31 December 2011.

Financial instruments by category:

(Amounts in NOK 1,000)

|  | 2012<br>Loans and<br>receivables              | 2012<br>Non-financial<br>assets | 2012<br>Total  |
|--|---|---------------------------------|----------------|
| <b>Assets</b>                              |   |                                 |                |
| Non-current asset investments              | 19  | 161                             | 180            |
| Trade receivables                          | 39,162  | 0                               | 39,162         |
| Other current receivables                  | 29,123  | 3,286                           | 32,409         |
| Cash and cash equivalents                  | 64,609  | 0                               | 64,609         |
| <b>Total</b>                               | <b>132,875</b>                                | <b>3,447</b>                    | <b>136,361</b> |
|  | Financial<br>liabilities at<br>amortised cost | Non-financial<br>liabilities    | Total          |
| <b>Liabilities</b>                         |   |                                 |                |
| Non-current liabilities                    | 77,154  | 0                               | 77,154         |
| Credit facilities                          | 5,657   | 0                               | 5,657          |
| Other interest-bearing current liabilities | 51,513  | 0                               | 51,513         |
| Trade payables                             | 51,480  | 0                               | 51,480         |
| Other current liabilities                  | 41,829  | 2,951                           | 44,780         |
| <b>Total</b>                               | <b>227,633</b>                                | <b>2,951</b>                    | <b>230,584</b> |

(Amounts in NOK 1,000)

|  | 2011<br>Loans and<br>receivables              | 2011<br>Non-financial<br>assets | 2011<br>Total  |
|--|---|---------------------------------|----------------|
| <b>Assets</b>                              |   |                                 |                |
| Non-current asset investments              | 1,885   | 3,259                           | 5,124          |
| Trade receivables                          | 169,436                                       | 0                               | 169,436        |
| Other current receivables                  | 28,825  | 2,561                           | 32,386         |
| Cash and cash equivalents                  | 75,057  | 0                               | 75,057         |
| <b>Total</b>                               | <b>276,203</b>                                | <b>5,820</b>                    | <b>282,023</b> |
|  | Financial<br>liabilities at<br>amortised cost | Non-financial<br>liabilities    | Total          |
| <b>Liabilities</b>                         |   |                                 |                |
| Non-current liabilities                    | 379,442                                       | 0                               | 379,442        |
| Credit facilities                          | 77,574  | 0                               | 77,574         |
| Other interest-bearing current liabilities | 75,997  | 0                               | 75,997         |
| Trade payables                             | 96,253  | 0                               | 96,253         |
| Other current liabilities                  | 62,808  | 11,137                          | 73,945         |
| <b>Total</b>                               | <b>692,074</b>                                | <b>11,137</b>                   | <b>703,211</b> |

Non-financial assets and liabilities include prepayments and shares in other companies.

## NOTE 21: FINANCIAL RISK

The group's activities entail different types of financial risk: market risk (foreign currency and interest rates), credit risk, liquidity risk and risk associated with asset management. The group's risk management is provided by a central financial function in close cooperation with the subsidiaries. The purpose of risk management is to minimise the potential negative effects of the group's financial results.

### *Market risk*

#### **a. Currency risk**

The company is somewhat exposed to fluctuations in foreign exchange rates, since substantial revenues are in foreign currencies other than NOK, primarily EUR. The company has relatively large operative subsidiaries in eight European countries, four of which use the euro as their functional currency, while the five remaining subsidiaries use four other functional currencies.

The company has certain investments in foreign subsidiaries, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the group's net investments in foreign operations is managed essentially through raising loans in the relevant foreign currency.

The company focuses on reducing any foreign currency risk associated with cash flows and does not focus on reducing the foreign currency risk associated with assets and liabilities. The subsidiaries' income and expenses are in the same currency, and this reduces the group's cash flow exposure to a single currency substantially. An assessment of the need for and any hedging of currency risks are performed by a central financial function. In 2012 the company did not find it necessary to hedge cash flows against currency risks through forward contracts.

In 2012 the net foreign currency loss in the net financial items totalled NOK 4.8 million.

The company has investments in foreign subsidiaries, whose net assets and goodwill are exposed to a foreign currency translation risk. The translation difference for the equity as at 31 December 2012 totalled NOK -41.4 million.

The euro rate as at 31 December 2012 was 7.34 against NOK, while the average of the monthly average rates that is used to translate the income statement was 7.35 against NOK.

If the NOK to EUR rate was 4.4 per cent stronger as at 31 December 2012 and all other variables were constant, this would have given a profit after tax that was NOK 1.29 million higher. The change is attributed primarily to a foreign exchange gain in connection with the translation of trade receivables and inventories.

If the NOK to RON rate was 8 per cent stronger as at 31 December 2012 and all other variables were constant, this would have given a profit after tax that was NOK 2.3 million higher. The change is attributed primarily to a foreign exchange gain in connection with the translation of trade receivables and inventories.

#### **b. Interest rate risk**

The group's interest-bearing assets, which are cash and cash equivalents and the group's profit and cash flow from operations, are in general independent of changes in market interest rates.

The interest-bearing debt is either floating or with fixed interest rates. The composition and the terms of the Group's interest-bearing debts are disclosed in Note 8. Various refinancing transactions with different parties during the last year show little difference between the fair value and book value of the debt.

The group's interest rate risk is connected to long-term loans, financial leasing, and credit facilities. All of the company's interest-bearing debt is subject to adjustable interest rates. The company has not made use of interest rate swaps or other financial instruments. A change in interest rates by 1 percent will result in a change in interest expense in 2013 by approximately NOK 0.73 million with the corresponding effect on profit after tax of NOK 0.52 million.

### *Credit risk*

The company has not entered into any transactions that involve financial derivatives or other financial instruments. The counterparty risk in financial transactions is, therefore, non-existent.

The credit risk in connection with sales to customers is managed in the local subsidiaries and at the group level for particularly large projects. The credit risk will be monitored locally with central monitoring of the local subsidiary. The company has guidelines for new contracts that focus on various elements, all of which shall contribute to the customer paying the company as quickly as possible.

The company's customers are primarily municipalities or government agencies, or companies or institutions where municipalities or government agencies have a dominant influence. The company considers the risk of potential future losses from this type of customer to be relatively low.

During the last two years the company has also acquired more customers who are private companies in the area of handheld terminals, web services and navigation. These customers have by definition a higher probability for potential future losses than the company's original customer group. As at 31 December 2012, the company has provisions of NOK 5.4 million for potential future losses on specific trade receivables. The company has earmarked provisions for specific customers and evaluated the size of the potential loss.

The company is focusing on the reduction of outstanding trade receivables. The age distribution of the group's trade receivables is specified in Note 5. The company's public sector customers are expected to have a higher percentage of trade receivables and work in progress compared with corporate customers due to the duration of the projects and the customers' delivery terms.

Trade receivables (invoiced to customers) and work in progress (not yet invoiced to customers) totalled NOK 84.2 million as at 31 December 2012, compared with NOK 122.1 million as at 31 December 2011, i.e. a reduction of 31.0 per cent.

### *Liquidity risk*

The company's management of liquidity risk entails maintenance of adequate liquid reserves and credit facilities. The central management team and the local managers of subsidiaries monitor the group's liquid resources and credit facilities through revolving forecasts based on the expected cash flow. If the company were to find itself in a situation in which the company's operations do not generate adequate liquidity during certain periods, the company will seek to improve its liquid reserves by the sale of assets and/or taking on additional debt and/or increasing the company's share capital.

The group had NOK 64.6 million in liquid reserves at the end of the year, compared with NOK 75.1 million in liquid reserves at the end of the previous year. The group has overdraft facilities in Blom Romania, as well as guarantees for cash deposits related to major projects. The value of the unused credit facilities is NOK 0.2 million, while the guarantees and other restricted bank deposits amount to NOK 11.2 million. The group had total cash reserves of NOK 64.6 million, and thus the amount of the total available funds was NOK 53.6 million.

The company's operations are marked by seasonal fluctuations, since a large portion of the company's operations consist of airborne data acquisition and the processing and modelling of the resultant map data. Data acquisition is not normally performed when the surface of the earth is covered in snow. With regard to our working capital, this means that the company ties up the most working capital in the spring at the start of the airborne data acquisition, and the subsequent processing of data is not normally paid for by the end customer until the summer months.

Based on the company's available liquid reserves of NOK 65 million at the end of the year, the spring will be the period of the year in which the liquid reserves are lowest since seasonally it is the period of the year when the highest amount of working capital is tied up. During this period the company has a low level of liquidity reserves for unforeseen events. The maturity structure of the group's long-term debt (excluding deferred tax liabilities) and short-term interest-bearing debt is specified in Note 8. Reference is also made to Note 26, "Events after the date of the balance sheet", which comments on the company's non-current and current interest-bearing liabilities.

In addition, the company has current liabilities of NOK 39.8 million as at 31 December 2012, as specified in Note 10.

The group has current assets excluding cash and cash equivalents and assets classified as held for sale of NOK 116.7 million as at 31 December 2012.

The company has not entered into any financial instruments and does thus not have any liquidity risk due to financial instruments.

***Risk associated with asset management:***

The group's aim with regard to asset management is to ensure continuing operations for the group to secure a return for the owners and other stakeholders and to maintain an optimal capital structure in order to reduce capital costs. Asset management is monitored based on the group's debt ratio. The debt ratio is calculated by dividing the net interest-bearing liabilities by the adjusted total capital. Net interest-bearing liabilities include all liabilities on which interest accrues as recognised on the balance sheet less cash and cash equivalents. The adjusted total capital is the equity stated on the balance sheet plus net interest-bearing liabilities.

The group aims to have a debt ratio that can be serviced by the underlying operations and ensure an acceptable credit rating. The debt ratio as at 31 December 2012 and 21 December 2011 is calculated as follows:

(Amounts in NOK 1,000)

|                                | 2012        | 2011        |
|--------------------------------|-------------|-------------|
| Total loans                    | 135,598     | 135,598     |
| Less cash and cash equivalents | -64,609     | -64,609     |
| Net loans                      | 70,989      | 70,989      |
| Total equity                   | 43,909      | 52,909      |
| Total capital (adjusted)       | 114,898     | 123,898     |
| <b>Debt ratio</b>              | <b>62 %</b> | <b>57 %</b> |

## NOTE 22: SUBSIDIARIES

The following directly and indirectly owned subsidiaries are included in the consolidated accounts:

Blom Data AS, Oslo (100%)  
 Blom Kartta Oy, Finland (100%)  
 FMKaart OU, Estonia (100%)  
 Blom Geomatics AS, Oslo (100%)  
 Blom Romania S.R.L, Romania (100%)  
 BlomInfo SP z.o.o., Poland (100%)  
 PT. Blom Nusantara, Indonesia (90%)  
 Blom TopEye AB, Sverige (100%)  
 Blom International AB, Sweden (100%)  
 BlomInfo Ukraine, Ukraine (51%)  
 Blom Deutschland GmbH, Germany (100%)  
 Blom Aerofilms Ltd, England (100%)  
 Blom Sweden AB, Sweden (100%)  
 Blom CGR S.p.A., Italy (100%)  
 Compagnia Aeronautica Emiliana S.r.l., Italy (100%)  
 Blom Sistemas Geoespaciales S.L.U, Spain (100%)  
 Trabajos Aereos S.A., Spain (100%)  
 Blom Portugal, Portugal (100%)  
 Blom Environmental and Coastal Survey AB, Sweden (100%)  
 Î.C.S. Blom S.R.L, Moldova (100%)  
 Blom Bulgaria EOOD, Bulgaria (100%)  
 Blom Kosova Shpk, Kosovo (50%)  
 Blom International Operations S.R.L, Romania (100%)

## NOTE 23: IMPORTANT ACCOUNTING ESTIMATES AND DISCRETIONARY ASSESSMENTS

Estimates and discretionary assessments are evaluated continuously and based on historical experience and other factors, including expectations of future events that are regarded as probable under the current circumstances. The group prepares estimates and makes assumptions concerning the future. The accounting estimates that are made as a result of this will rarely coincide in full with the final outcome. The most important valuation items for Blom ASA are discussed below.

### *Property, plant and equipment*

The group performs annual tests to assess the value of property, plant and equipment.

Due to mutual cash flow dependency between the company's legal entities within its business areas, the company is regarded as having four cash-generating units, and assets in the company are allocated to these cash flow generating units. The recoverable amount from the cash-generating units is calculated based on the value determined for the asset by calculating the utility value. These calculations require the use of estimates.

The present value of the cash flow from cash-generating units exceeds the book value of non-current assets and net working capital. Reference is made otherwise to the list of non-current assets in Note 2. The testing uses liquidity forecasts before tax based on the 2013 budget and estimate approved by the company's Board of Directors. Different growth assumptions are used to reflect the expected market performance and required rate of return of 10.1 per cent before tax.

If the required rate of return is increased by 2 percentage points to 12.1 per cent, the testing of property, plant and equipment would entail a write-down requirement of NOK 69.2 million.

If the growth in the terminal value from 2017 and beyond is reduced from 1 to 0 per cent, the testing of property, plant and equipment would entail a write-down requirement of NOK 20.7 million.

### *Deferred tax assets*

The group is taxed for income in many different jurisdictions. The use of discretion is required to determine the income tax in all the countries combined in the consolidated accounts. For many transactions and calculations there will be uncertainty related to the ultimate tax liability. The group has written down the recognised tax effect of loss carryforwards to nil.

### *Recognition of project income*

Project income is recognised in accordance with the percentage of completion method. This method requires that the group make discretionary assessments concerning what percentage of the total project has been delivered on the date of the balance sheet.

The company has recognised work in progress of NOK 45.0 million as at 31 December 2012. Work in progress recognised as revenue, but not invoiced to the customer as at 31 December 2012. If the percentage of services delivered on the date of the balance sheet in relation to the total services delivered was to deviate 10 per cent from the management's estimate, the revenue for the year would change by NOK 4.5 million.

### *Provisions for receivables*

The provisions for receivables are based on the management's discretionary assessment of potential future losses on trade receivables. The company's customers are primarily municipalities or government agencies, or companies or institutions where municipalities or government agencies have a dominant influence. The company considers the risk of potential future losses from this type of customer to be very low.

During the last two years the company has also acquired more customers who are private companies in the area of handheld terminals, web services and navigation. These customers have by definition a higher probability for potential future losses than the company's original customer group.

As at 31 December 2012, the company has provisions of NOK 5.4 million for potential future losses on specific trade receivables. These provisions have in general been earmarked for specific private customers who have acquired services from Blom's existing database of oblique images. The company has earmarked provisions for specific customers and evaluated the size of the potential loss. If any losses upon realisation were to deviate 10 per cent from the management's estimate, the realised losses in relation to the provisions would change by around NOK 0.6 million.



## NOTE 24: ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets and liabilities related to the company Blom CGR S.p.A. are classified as held for sale based on the Board of Directors' decision to sell the company in the autumn of 2012. The transaction was completed in February 2013 (Note 26).

The comparison figures for 2011 for the results from "Business under disposal" include the sale of both Blom CGR S.p.A and BlomInfo A/S.

Cash flow statement:

(Amounts in NOK 1,000)

|                                     | 2012          | 2011           |
|-------------------------------------|---------------|----------------|
| Cash flow from operating activities | 29,233        | -12,442        |
| Cash flow from investing activities | -5,400        | -9,020         |
| Cash flow from financing activities | -32,873       | 9,360          |
|                                     | <b>-9,050</b> | <b>-12,103</b> |

Assets classified as held for sale

(Amounts in NOK 1,000)

|                               | 2012           | 2011     |
|-------------------------------|----------------|----------|
| Property, plant and equipment | 32,549         | 0        |
| Work in progress              | 35,435         | 0        |
| Trade receivables             | 66,700         | 0        |
| Other assets                  | 9,698          | 0        |
|                               | <b>144,382</b> | <b>0</b> |

Liabilities classified as held for sale

(Amounts in NOK 1,000)

|                           | 2012           | 2011     |
|---------------------------|----------------|----------|
| Non-current liabilities   | 23,866         | 0        |
| Credit facilities         | 53,736         | 0        |
| Trade payables            | 30,428         | 0        |
| Unpaid government taxes   | 6,240          | 0        |
| Other current liabilities | 14,788         | 0        |
|                           | <b>129,058</b> | <b>0</b> |

## Profit/loss from business under disposal:

(Amounts in NOK 1,000)

|                              | 2012           | 2011           |
|------------------------------|----------------|----------------|
| Operating revenues           | 123,593        | 148,485        |
| Expenses                     | 154,357        | 231,822        |
| <b>Profit/loss after tax</b> | <b>-30,764</b> | <b>-83,337</b> |

The comparison figures in the income statement on the line "Business under disposal" include the sale of both Blom CGR S.p.A and BlomInfo A/S.

Assets and liabilities related to the company BlomInfo A/S are classified as held for sale as at 31 December 2011 based on the Board of Directors' decision to sell the company in the autumn of 2011. The transaction was completed in February 2012.

## Cash flow statement:

(Amounts in NOK 1,000)

|                                     | 2012     | 2011          |
|-------------------------------------|----------|---------------|
| Cash flow from operating activities | 0        | -6,130        |
| Cash flow from investing activities | 0        | 0             |
| Cash flow from financing activities | 0        | 0             |
|                                     | <b>0</b> | <b>-6,130</b> |

## Assets classified as held for sale

(Amounts in NOK 1,000)

|                               | 2012     | 2011          |
|-------------------------------|----------|---------------|
| Deferred tax assets           | 0        | 443           |
| Property, plant and equipment | 0        | 1,649         |
| Work in progress              | 0        | 28,956        |
| Trade receivables             | 0        | 9,599         |
| Other current assets          | 0        | 2,741         |
|                               | <b>0</b> | <b>43,388</b> |

Holdings of cash and cash equivalents totalled NOK 1,727,000 as at 2011.

## Liabilities classified as held for sale

(Amounts in NOK 1,000)

|                           | 2012     | 2011          |
|---------------------------|----------|---------------|
| Trade payables            | 0        | 4,300         |
| Unpaid government taxes   | 0        | 1,656         |
| Other current liabilities | 0        | 17,250        |
|                           | <b>0</b> | <b>23,206</b> |

## Profit/loss from divested business

(Amounts in NOK 1,000)

|                              | 2012          | 2011          |
|------------------------------|---------------|---------------|
| Operating revenues           | 5,940         | 54,189        |
| Expenses                     | 8,583         | 64,112        |
| <b>Profit/loss after tax</b> | <b>-2,643</b> | <b>-9,923</b> |

## NOTE 25: LEGAL DISPUTES

*Pictometry agreement*

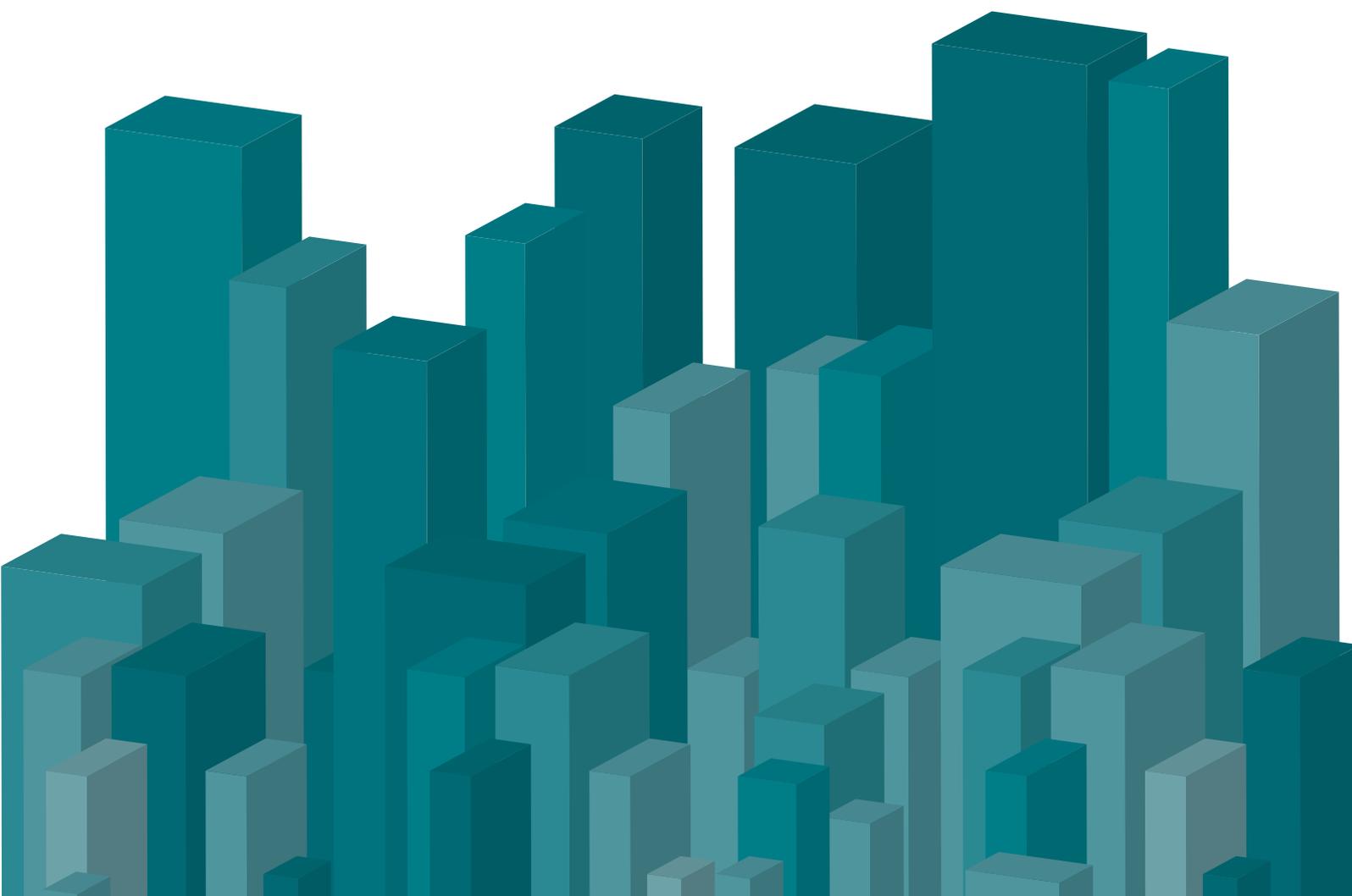
As has already been disclosed through stock exchange announcements, the annual report for 2011 and the company's prospectus from March 2011 and May 2012, there has been an ongoing dispute between Pictometry International Corp. and Blom ASA concerning the licence agreement entered into on 29 January 2009. This dispute was to be resolved by arbitration in accordance with the ICC rules in London in 2014. A final settlement between Pictometry International Corp. and Blom ASA for this dispute was entered into on 6 February 2013.

## NOTE 26: EVENTS AFTER THE DATE OF THE BALANCE SHEET

On 6 February 2013, Blom ASA signed an agreement to sell its Italian subsidiary Blom CGR S.p.A. to an Italian investment company, BGFG & partners srl. Some members of the management of Blom CGR S.p.A. are co-owners of BGFG & partners srl. Blom will receive consideration of EUR 2.0 million for 100 per cent of the shares in Blom CGR S.p.A. EUR 1.0 million of the sales proceeds were received in February 2013 and EUR 1.0 million will be received in December 2013, dependent on the outcome of certain guarantees provided. The sale entails an accounting loss of NOK 90 million in Blom ASA in 2012.

On 22 February 2013, a bondholder meeting was held at which the bondholders for the loans ISIN NO 001064747.2 (2012 Bond) and ISIN NO 001064285.3 (2011 Bond) waived certain provisions related to a security interest in shares in Blom CGR S.p.A. In addition, the bondholders for 2011 and 2012 Bonds approved postponement of the maturity so that no amount falls due before 4 April 2013. Maturity for the 2012 Bond was further postponed to 26 June 2013.

Maturity for the short term liquidity loan of MEUR 2.5 by Hexagon AB was extended to 24 June 2013.



# BLOM ASA ACCOUNTS





## PROFIT AND LOSS ACCOUNT – BLOM ASA

(Amounts in NOK 1,000)

|  | Note  | 2012            | 2011            |
|--|-------|-----------------|-----------------|
| <b>Operating revenues</b>                  | 1     | 11,061          | 15,100          |
| Salaries and personnel costs               | 2     | 22,459          | 18,225          |
| Ordinary depreciation                      | 3     | 122             | 144             |
| Other operating and administrative costs   | 4     | 10,057          | 12,895          |
| <b>Operating expenses</b>                  |       | <b>32,637</b>   | <b>31,264</b>   |
| <b>Operating profit/loss</b>               |       | <b>-21,576</b>  | <b>-16,164</b>  |
| Financial income/expenses                  |       | -17,799         | -41,251         |
| Write-down of subsidiaries/associates      | 14/15 | -67,478         | -365,161        |
| <b>Net financial items</b>                 |       | <b>-85,277</b>  | <b>-406,412</b> |
| <b>Pre-tax profit/loss</b>                 |       | <b>-106,853</b> | <b>-422,576</b> |
| <b>Tax</b>                                 | 10    | 0               | -7,178          |
| <b>Net profit/loss for the year</b>        |       | <b>-106,853</b> | <b>-429,754</b> |
| Allocation of profit/loss                  |       |                 |                 |
| Transferred to/from share premium reserves |       | -106,853        | -429,754        |
| Total allocations                          |       | <b>-106,853</b> | <b>-429,754</b> |



## BALANCE SHEET – BLOM ASA

### ASSETS

(Amounts in NOK 1,000)

|  | Note | 2012           | 2011           |
|--|------|----------------|----------------|
| Property, plant and equipment              | 3    | 62             | 184            |
| Shares in subsidiaries                     | 14   | 78,244         | 135,317        |
| Non-current receivables                    | 7/15 | 106            | 2,908          |
| <b>Total non-current asset investments</b> |      | <b>78,350</b>  | <b>138,225</b> |
| <b>Total non-current assets</b>            |      | <b>78,412</b>  | <b>138,409</b> |
| Current receivables                        | 5/15 | 33,057         | 36,098         |
| Cash and cash equivalents                  | 6    | 31,414         | 40,539         |
| <b>Total current assets</b>                |      | <b>64,471</b>  | <b>76,637</b>  |
| <b>TOTAL ASSETS</b>                        |      | <b>142,884</b> | <b>215,046</b> |



## BALANCE SHEET – BLOM ASA

### EQUITY AND LIABILITIES

(Amounts in NOK 1,000)

|   | Note    | 2012           | 2011            |
|---|---------|----------------|-----------------|
| <b>Equity</b>                           |         |                |                 |
| Called-up and fully paid share capital: |         |                |                 |
| Share capital                           |         | 16,849         | 25,465          |
| Treasury shares                         |         | -110           | -110            |
| Share premium reserves                  |         | 20,458         | 168,997         |
| <b>Retained earnings:</b>               |         |                |                 |
| Other reserves                          |         | 0              | -379,937        |
| <b>Total equity</b>                     | 8       | <b>37,196</b>  | <b>-185,585</b> |
|   |         |                |                 |
| Pension obligations                     | 7       | 0              | 3,246           |
| Other non-current liabilities           | 9       | 61,806         | 334,176         |
| <b>Total non-current liabilities</b>    |         | <b>61,806</b>  | <b>337,422</b>  |
|   |         |                |                 |
| Trade payables                          |         | 1,540          | 4,682           |
| Unpaid government taxes                 |         | 190            | 440             |
| Other current liabilities               | 9/11/15 | 42,152         | 58,087          |
| <b>Total current liabilities</b>        |         | <b>43,882</b>  | <b>63,209</b>   |
|   |         |                |                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>     |         | <b>142,884</b> | <b>215,046</b>  |

Oslo, 29 April 2013



Tom H. Knoff  
Board Chairman



Per Kyllingstad  
Board Member



Siv Staubo  
Board Member



Siv Sandvik  
Board Member



Johnny Andersson  
Board Member



Dirk Blaauw  
CEO

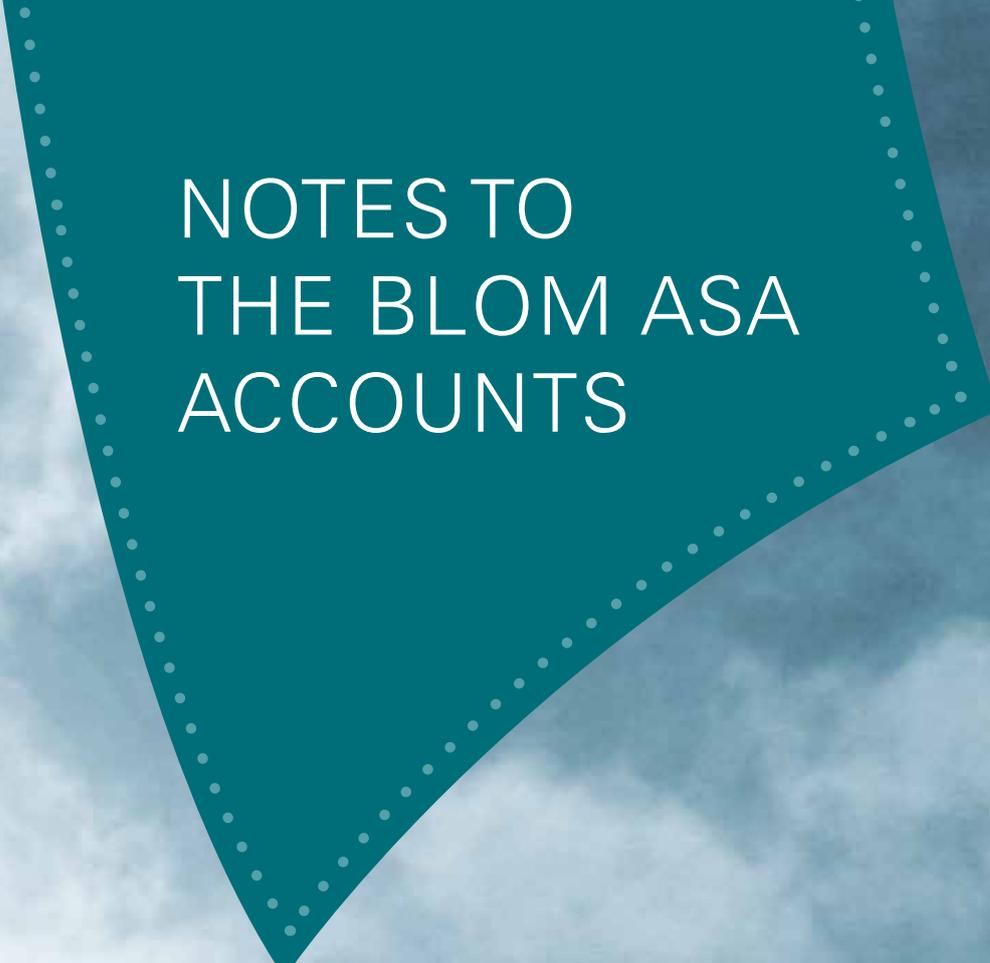
## CASH FLOW STATEMENT – BLOM ASA

### INDIRECT MODEL

(Amounts in NOK 1,000)

|  | Note    | 2012           | 2011           |
|--|---------|----------------|----------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>             |         |                |                |
| Pre-tax profit / loss                                  |         | -106,853       | -422,576       |
| + Depreciation and write-downs                         | 3/14/15 | 67,600         | 365,305        |
| +/- Change in current receivables                      |         | -4,254         | -12,973        |
| +/- Change in current liabilities                      |         | 2,725          | -3,550         |
| +/- Change in other accruals                           |         | -9,285         | -15,796        |
| <b>A = Net cash flow from operating activities</b>     |         | <b>-50,068</b> | <b>-89,590</b> |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>             |         |                |                |
| - Purchases of property, plant and equipment           |         | 0              | -26            |
| + Receipts from sale of shares and other investments   | 14      | 20,450         | 0              |
| <b>B = Net cash flow from investing activities</b>     |         | <b>20,450</b>  | <b>-26</b>     |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>             |         |                |                |
| +/- Net change in current and non-current liabilities  | 9/12    | 20,494         | 44,330         |
| + Net receipt of equity capital                        |         | 0              | 59,561         |
| <b>C = Net cash flow from financing activities</b>     |         | <b>20,494</b>  | <b>103,891</b> |
| <b>A+B+C Net change in cash and cash equivalents</b>   |         | <b>-9,124</b>  | <b>14,275</b>  |
| + Cash and cash equivalents at the start of the period |         | 40,538         | 26,264         |
| <b>= Cash and cash equivalents as at 31 December</b>   | 6       | <b>31,414</b>  | <b>40,539</b>  |





# NOTES TO THE BLOM ASA ACCOUNTS



## NOTES TO THE BLOM ASA ACCOUNTS

### GENERAL INFORMATION

The accounts for Blom ASA have been prepared in accordance with the Accounting Act of 1998 and the generally accepted accounting principles in Norway (NGAAP). In cases where the notes for the parent company are significantly different from the notes for the group, they are listed below. Reference is made otherwise to the note information for the group.

### FOREIGN CURRENCY

Transactions involving foreign currencies are translated into the functional currency using the exchange rates that are in effect at the time of the transactions. Gains and losses that arise from the payment of such transactions and the translation of monetary items in foreign currencies at the rates in effect on the date of the balance sheet are recognised in the income statement. The company uses Norwegian kroner (NOK) as both its functional and presentation currency.

### SUBSIDIARIES

Investments in subsidiaries are valued in accordance with the cost method and written down if the value in the balance sheet exceeds the recoverable amount. Write-downs are reversed if the basis for the write-down no longer exists. The group contribution received from subsidiaries is recognised as income under financial income. The net group contribution paid is added to the acquisition cost for investments in subsidiaries.

### PROPERTY, PLANT AND EQUIPMENT

Varige driftsmidler føres i Property, plant and equipment are recognised in the accounts at historical cost less accumulated

depreciation and write-downs. Depreciation is calculated based on the straight-line method so that the cost price of the non-current assets is depreciated to the residual value over the expected life of the asset.

### LOANS

Loans are recognised in the accounts at their fair value when they are disbursed, less any transaction costs. In subsequent periods, loans are recognised in the accounts at their amortised cost, as calculated by means of the effective interest rate method. The difference between the loan amount disbursed (less transaction costs) and the redemption value are recognised in the income statement over the term of the loan. Loans are classified as current liabilities unless there is an unconditional right to postpone payment of the debt by more than 12 months from the date of the balance sheet.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, bank deposits and other short-term, readily negotiable investments. Overdraft facilities used are included under current liabilities on the balance sheet.

### ASSOCIATED COMPANIES

Associated companies are units where the group has a significant, but not controlling, influence. A significant influence exists normally for investments where the group has between 20 and 50 per cent of the voting capital. Investments in associated companies are recognised in accordance with the cost method of accounting. They are written down to fair value if an impairment in value is attributed to causes that cannot be expected to be of a temporary nature and must be regarded as necessary in accordance with the generally accepted accounting principles. Write-downs are re-

versed when the basis for the write-downs no longer exists.

## TAX

The tax charge in the income statement encompasses the tax payable for the period and the change in deferred tax. Deferred tax is calculated at the rate of 28 per cent on the basis of temporary differences between the financial accounting and tax-related values, in addition to any tax loss carry-forward at the end of the accounting year. Tax increasing or reducing temporary differences that may reverse during the same period are offset. Deferred tax and tax assets that can be recognised on the balance sheet are recognised on a net basis on the balance sheet. Deferred tax assets are recognised on the balance sheet provided future taxable income is probable and the temporary differences can be offset against this income.

## PENSION SCHEMES

The company has both defined benefit and defined contribution schemes. The contri-

butions are recognised as a payroll cost in the accounts as they fall due. Contributions paid in advance are recognised as an asset in the accounts if the contribution can be refunded or reduce future payments. The liability recognised on the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Pension payments an employee will receive on retirement are normally dependent on one or more factors such as age, years of service and salary level. The pension obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefits is determined by discounting the estimated future payments at the interest rate for a bond issued by a company with high creditworthiness in the same currency, as the benefits will be paid with a term that is approximately the same as the term of the associated pension obligation.

## NOTE 1: REVENUES

The operating revenues consist of fees for services the parent company performs for companies in the group.

Operating revenues are allocated to business areas and geographic areas:

(Amounts in NOK 1,000)

|                                 | 2012          | 2011          |
|---------------------------------|---------------|---------------|
| <b>Business areas</b>           |               |               |
| Nordic                          | 7,050         | 7,150         |
| Mid-Europe                      | 500           | 2,250         |
| Eastern Europe                  | 1,711         | 800           |
| Iberia & Latin America          | 300           | 1,900         |
| Others/Unallocated              | 1,500         | 3,000         |
| <b>Total operating revenues</b> | <b>11,061</b> | <b>15,100</b> |

(Amounts in NOK 1,000)

|                                 | 2012          | 2011          |
|---------------------------------|---------------|---------------|
| <b>Geographic breakdown</b>     |               |               |
| Norway                          | 5,700         | 5,800         |
| Other Nordic countries          | 1,100         | 2,750         |
| Other Europe                    | 4,261         | 6,550         |
| <b>Total operating revenues</b> | <b>11,061</b> | <b>15,100</b> |

## NOTE 2: PAYROLL

(Amounts in NOK 1,000)

|  | 2012          | 2011          |
|--|---------------|---------------|
| Wages and salaries                                   | 15,304        | 12,960        |
| Employers' share of National Insurance contributions | 3,020         | 1,721         |
| Pension costs  | 3,826         | 2,535         |
| Other benefits                                       | 309           | 1,009         |
|  | <b>22,459</b> | <b>18,225</b> |

Pension costs include both defined benefit and defined contribution schemes. In 2012 the average number of man-years was 10.

## NOTE 3: PROPERTY, PLANT AND EQUIPMENT

(Amounts in NOK 1,000)

|  | 2012      | 2011       |
|--|-----------|------------|
| Historical cost as at 1 January            | 756       | 730        |
| Additions during the year                  | 0         | 26         |
| Accumulated depreciation as at 31 December | 694       | 572        |
| <b>Book value as at 31 December</b>        | <b>62</b> | <b>184</b> |
| Depreciation for the year                  | 122       | 144        |

## NOTE 4: OTHER OPERATING AND ADMINISTRATIVE EXPENSES

(Amounts in NOK 1,000)

|   | 2012          | 2011          |
|---|---------------|---------------|
| Travel expenses                             | 631           | 810           |
| Rent and other office expenses              | 1,659         | 1,701         |
| External services                           | 4,989         | 5,827         |
| Other operating and administrative expenses | 2,778         | 4,557         |
| <b>Total</b>                                | <b>10,057</b> | <b>12,895</b> |

## NOTE 5: CURRENT RECEIVABLES

(Amounts in NOK 1,000)

|                                  | 2012          | 2011          |
|----------------------------------|---------------|---------------|
| Intragroup receivables (Note 15) | 30,600        | 31,131        |
| Accrual items                    | 461           | 354           |
| Other current receivables        | 1,996         | 4,613         |
| <b>Total</b>                     | <b>33,057</b> | <b>36,098</b> |

The intragroup receivables as at 31 December 2012 include the subsidiaries' withdrawals from accounts that are part of the company's cash pooling system and group contributions. The parent company had NOK 0 in bad debts in 2012 and 2011.

## NOTE 6: CASH AND CASH EQUIVALENTS

(Amounts in NOK 1,000)

|                          | 2012          | 2011          |
|--------------------------|---------------|---------------|
| Cash and bank deposits   | 27,531        | 27,544        |
| Restricted bank deposits | 3,883         | 12,995        |
| <b>Total</b>             | <b>31,414</b> | <b>40,539</b> |

Blom ASA has a cash pooling system with Skandinaviska Enskilda Banken (SEB) that covers two of the group's subsidiaries. Cash and bank deposits include the subsidiaries' net deposits in accounts that are part of the company's corporate account system. The restricted bank deposits include the employees' tax withholdings and cash deposits for portions of the company's guarantees (Note 12).



## NOTE 7: PENSIONS

Blom ASA has a defined contribution pension scheme that covers 10 people. This pension scheme satisfies the requirements stipulated in the Mandatory Occupational Pension Act. In addition, the pension for three people is covered by the company through operating revenues. The agreements are partially insured through an insurance company or cash deposits. A tax deduction cannot be claimed until the pension has been paid.

(Amounts in NOK 1,000)

|   | 2012          | 2011         |
|---|---------------|--------------|
| Net pension costs financed through revenue                | 3,052         | 1,792        |
| Defined contribution costs                                | 773           | 744          |
| <b>Total pension costs</b>                                | <b>3,826</b>  | <b>2,535</b> |
| <b>Net pension costs</b>                                  |               |              |
| Present value of current year's pension benefits earned   | 1,277         | 1,184        |
| Interest cost of pension obligations                      | 300           | 310          |
| Return on plan assets                                     | -38           | -59          |
| Recognised estimate changes                               | 1,226         | 0            |
| Recognised plan discrepancies                             | 0             | 0            |
| Administrative expenses                                   | 57            | 0            |
| Employers' share of National Insurance contributions      | 230           | 356          |
| <b>Net pension costs</b>                                  | <b>3,052</b>  | <b>1,792</b> |
| <b>Net pension obligations</b>                            |               |              |
| Accrued pension obligations as at 31 December             | 13,090        | 8,140        |
| <b>Estimated pension obligations as at 31 December</b>    | <b>13,090</b> | <b>8,140</b> |
| Plan assets (at market value) as at 31 December           | 10,793        | 5,160        |
| Unrecognised effect of estimate deviations / plan changes | - 2,538       | -552         |
| Employers' share of National Insurance contributions      | 135           | 818          |
| <b>Net pension obligations</b>                            | <b>-106</b>   | <b>3,246</b> |
| <b>Economic assumptions</b>                               |               |              |
| Discount rate   | 2.2 %         | 3.3 %        |
| Expected return on plan assets                            | 3.6 %         | 4.5 - 4.8 %  |
| Expected wage inflation                                   | 3.25 %        | 4.0 %        |
| Expected pension adjustment                               | 0.1 - 3.0 %   | 0.7 - 3.0 %  |
| Expected National Insurance basic amount (G) adjustment   | 3.00 %        | 3.8 %        |

The actuarial assumptions are based on the normal assumptions that are used by the insurance industry with regard to demographic factors.

## NOTE 8: EQUITY

(Amounts in NOK 1,000)

|  | Share capital | Treasury shares | Share premium reserve | Retained earnings | Equity          |
|--|---------------|-----------------|-----------------------|-------------------|-----------------|
| <b>Equity as at 1 January 2012</b>     | <b>25,465</b> | <b>-110</b>     | <b>168,997</b>        | <b>-379,937</b>   | <b>-185,585</b> |
| Net profit/loss for the year           |               |                 | -106,853              |                   | -106,853        |
| Capital reduction                      | -24,191       |                 |                       | 24,191            |                 |
| Capital increase/premium on conversion | 15,575        |                 | 295,937               |                   | 311,512         |
| Unconverted bond loan                  |               |                 |                       | 23,883            | 23,883          |
| Tax recognised through equity          |               |                 | -1,150                | 1,150             |                 |
| Conversion costs                       |               |                 | -5,760                |                   | -5,760          |
| Other transfers                        |               |                 | -330,713              | 330,713           |                 |
| <b>Equity as at 31 December 2012</b>   | <b>16,849</b> | <b>-110</b>     | <b>20,458</b>         |                   | <b>37,196</b>   |

## NOTE 9: NON-CURRENT LIABILITIES

As a result of the weak financial results in 2011, the company's equity had been lost and stood at negative NOK 185 million.

After a dialogue with the bondholders for the company's bond loan, the conversion of NOK 312 million in debt to equity was adopted on 25 April 2012 by the company's General Meeting. Conversion of the bond loan took place in the form of a capital increase, where the bonds and the accrued interest were used to subscribe for shares. The company did thus not receive any injection of cash, but the balance sheet was improved by converting the debt to equity.

NOK 35 million of the 2009 bond loan was replaced by a new convertible bond loan with a nominal value of NOK 10,729,762. The new convertible bond loan will have a term of five years and an interest rate of 2.0 per cent p.a. Bonds in the convertible bond issue can be converted to shares during the two first years of the term of the loan at a subscription price equal to 120 per cent of the volume-weighted average price two days following the Extraordinary General Meeting.

On 24 April 2012 an amendment agreement was entered into with the bondholders that extended the term of the company's NOK 50 million bond loan (FRN Blom ASA Senior Bond Issue 2011/2012) by three years, and the interest rate was changed from NIBOR +11 per cent to NIBOR +5.5 per cent.

In the 2nd quarter the company decided to issue a new secured bond loan that matures on 8 February 2013. The maximum amount for the new bond loan was NOK 30 million, NOK 21.3 million of which was subscribed for immediately. The remaining NOK 8.7 million was subscribed for in October 2012. The interest rate is 15 per cent p.a. On 22 February 2013 the bondholder meeting decided to extend the maturity date to 4 April 2013.

As a result of the debt conversion and lower interest rate for the remaining bond debt, the company has significantly lowered its interest expenses.

Reference is also made to Note 26 Events after the date of the balance sheet in the consolidated financial statements.

## NOTE 10: TAX

(Amounts in NOK 1,000)

|  | 2012            | 2011            |
|--|-----------------|-----------------|
| <b>Calculation of deferred tax assets/liabilities:</b>                     |                 |                 |
| <b>Temporary differences:</b>  |                 |                 |
| Property, plant and equipment  | -549            | -597            |
| Receivables  | -21,788         | -168,594        |
| Capital gain and loss account  | 8,480           | 10,600          |
| Provisions in accordance with the generally accepted accounting principles | -958            | -1,671          |
| Plan assets/pension obligations  | -10,687         | -8,406          |
| <b>Net temporary differences</b>   | <b>-25,502</b>  | <b>-168,668</b> |
| Tax loss carry-forward   | -155,900        | -115,901        |
| <b>Basis for deferred tax assets</b>                                       | <b>-181,402</b> | <b>-284,569</b> |
| 28 per cent deferred tax assets  | -50,793         | -79,679         |
| <b>Deferred tax assets on balance sheet</b>                                | <b>0</b>        | <b>0</b>        |
| <b>Tax basis, change in deferred taxes and tax payable:</b>                |                 |                 |
| Pre-tax profit/loss  | -106,852        | -422,576        |
| Permanent differences  | 148,302         | 170,737         |
| Write-down of shares   | 67,478          | 260,901         |
| <b>Tax basis for current year</b>  | <b>108,928</b>  | <b>9,062</b>    |
| Change in temporary profit/loss differences                                | -143,166        | -96,469         |
| Change in loss   | 39,999          | 91,730          |
| Share issue expenses recognised directly in equity                         | -5,760          | -4,323          |
| <b>Basis for tax payable in the profit and loss account</b>                | <b>0</b>        | <b>0</b>        |
| <b>Tax breakdown:</b>  |                 |                 |
| Tax payable  | 0               | 0               |
| Change in deferred tax   | 0               | 7,178           |
| <b>Tax charge (28 per cent of basis for the tax charge for the year)</b>   | <b>30,500</b>   | <b>2,537</b>    |
| Use of deferred tax assets not recognised on the balance sheet             | -30,500         | -2,537          |
| Share of deferred tax assets not recognised on the balance sheet           | 0               | 0               |
| <b>Tax charge</b>  | <b>0</b>        | <b>7,178</b>    |

Tax loss carry-forward is NOK 155.9 million as at 31 December 2012.

## NOTE 11: OTHER CURRENT LIABILITIES

(Amounts in NOK 1,000)

|                                  | 2012          | 2011          |
|----------------------------------|---------------|---------------|
| Intragroup liabilities (Note 15) | 6,509         | 642           |
| Bond loan (Note 9)               | 26,595        | 51,313        |
| Interest and fees on loans       | 3,979         | 0             |
| Other current liabilities        | 5,069         | 6,132         |
|                                  | <b>42,152</b> | <b>58,087</b> |

The intragroup liabilities include the subsidiaries' bank deposits in accounts that are part of the company's cash pooling system.

## NOTE 12: CHARGES ON ASSETS AND SECURITY

Machinery and plant totalling NOK 150 million, trade receivables totalling NOK 150 million and inventories totalling NOK 150 million have been pledged as collateral for the parent company's debt to Skandinaviska Enskilda Banken as at 31 December 2012.

As security for the bond loan of NOK 89.2 million, the parent company has pledged as collateral its shares in Blom Data AS, Blom Geomatics AS, Blom Kartta OY, Blom Deutschland GmbH, Blom Aerofilms Ltd, Blom Sweden AB, Blom Environmental Coastal Surveys AB, Blom CGR and Blom Sistemas Geoespeciales S.p.A. The financial prerequisites are described in Note 9 and reference is otherwise made to Note 26 in the consolidated financial statements.

In addition, the subsidiaries Blom Data AS, Blom Geomatics AS, Blom Aerofilms Ltd and Blom Sistemas Geoespeciales S.p.A. have guaranteed the parent company's loan covenants linked to the bond.

Bank guarantees totalling NOK 2.4 million have been furnished by the company in connection with rent and the execution of projects. A cash deposit has been furnished as collateral for the bank guarantees.

In December 2012 the company entered into an agreement for a short-term liquidity loan of EUR 2.5 million from Hexagon AB. This is a short-term loan and the interest rate corresponds to that of the company's other short-term financing at 15 per cent. Fixed assets in Blom Data AS have been pledged as collateral for the loan. Reference is made to note 26, events after the date of the balance sheet, in the group accounts.

Blom ASA has guaranteed that Scan Subsea ASA will pay its rent in connection with the sale of real estate in Tønsberg. Scan Subsea ASA was acquired in 2007 by the NYSE listed company Parker Hannifin Corporation.

## NOTE 13: AUDITOR FEES

NOK 1,065,000 (2011: NOK 885,000) in auditor fees has been charged against the income of Blom ASA for 2012. In addition, there were tax consulting fees (including technical assistance with tax papers and guidance concerning tax questions) totalling NOK 30,000 (2011: NOK 30,000). A total of NOK 322,000 (2011: NOK 375,000) was charged against income for other non-auditing services.

## NOTE 14: SUBSIDIARIES

(Amounts in NOK 1,000)

| Company                                    | Company's share capital | No. of shares | Total nominal value | Cost price of shares | Balance sheet value |
|--|-------------------------|---------------|---------------------|----------------------|---------------------|
| Blom Data AS                               | 2,000,000               | 20,000        | 2,000,000           | 18,529               | 0                   |
| Blom Data AS – converted loan              |                         |               |                     | 188,000              | 35,000              |
| Blom Kartta OY                             | EUR 58,865.77           | 30            | EUR 58,865.77       | 29,791               | 9,304               |
| Blom Geomatics AS                          | 3,000,000               | 30,000        | 3,000,000           | 11,622               | 0                   |
| Blom Geomatics AS – converted loan         |                         |               |                     | 23,000               | 5,121               |
| Blom Deutschland GmbH                      | EUR 30,677.51           | 12            | EUR 30,677.51       | 12,865               | 0                   |
| Blom Aerofilms Ltd                         | GBP 300                 | 300           | GBP 300             | 88,809               | 0                   |
| Blom Sweden AB                             | SEK 1,000,000           | 10,000        | SEK 1,000,000       | 21,015               | 14,304              |
| Blom Sweden AB – converted loan            |                         |               |                     | 3,483                | 0                   |
| Compagnia Generale R. S.p.A.               | EUR 1,500,000           | 10,000        | EUR 1,500,000       | 157,014              | 14,513              |
| Blom TopEye AB                             | SEK 310,000             | 3,100         | SEK 310,000         | 285                  | 0                   |
| Blom Sistemas Geo. S.L.U.                  | EUR 522,870             | 8,700         | EUR 522,870         | 57,521               | 0                   |
| Blom Sistemas Geo. S.L.U. – converted loan |                         |               |                     | 145,590              | 0                   |
| Blom Env. and Coastal Survey AB            | SEK 800,000             | 8,000         | SEK 800,000         | 1,212                | 0                   |
| PT. Blom Nusantara (95%)                   | IDR 20,309,000,009      | 213,750       | IDR 20,309,000,009  | 0.001                | 0                   |
| BlomInfo Romania SRL                       | RON 10,005,600          | 100,056       | RON 10,005,600      | 0.001                | 0                   |
| BlomInfo Romania SRL – converted loan      |                         |               |                     | 8,477                | 0                   |
| Blom Int. Operations SRL (99%)             | RON 1,000               | 100           | RON 1,000           | 2                    | 2                   |
| Blom Ukraine Ltd. (51%)                    | UAH 30,000              | 1,000         | UAH 30,000          | 1,502                | 0                   |
| Blom Kosova Shpk (51%)                     |                         |               |                     | 194                  | 0                   |
| Blom Bulgaria EODD                         | BGN 50,000              | 1,000         | BGN 50,000          | 0.001                | 0                   |
| BlomInfo Polska Sp.zo.o                    | PLN 50,000              | 1,000         | PLN 50,000          | 0.001                | 0                   |
| <b>Total</b>                               |                         |               |                     | <b>768,911</b>       | <b>78,244</b>       |

The value of the shares was written down by a net amount of NOK 67.3 million in 2012 and NOK 229.1 million in 2011. All the companies are wholly owned unless otherwise stated. In February 2012 the company completed the sale of the Danish subsidiary BlomInfo A/S and received consideration of DKK 19.4 million. Reference is made otherwise to the notes to the consolidated financial statements.

## NOTE 15: RELATED PARTIES

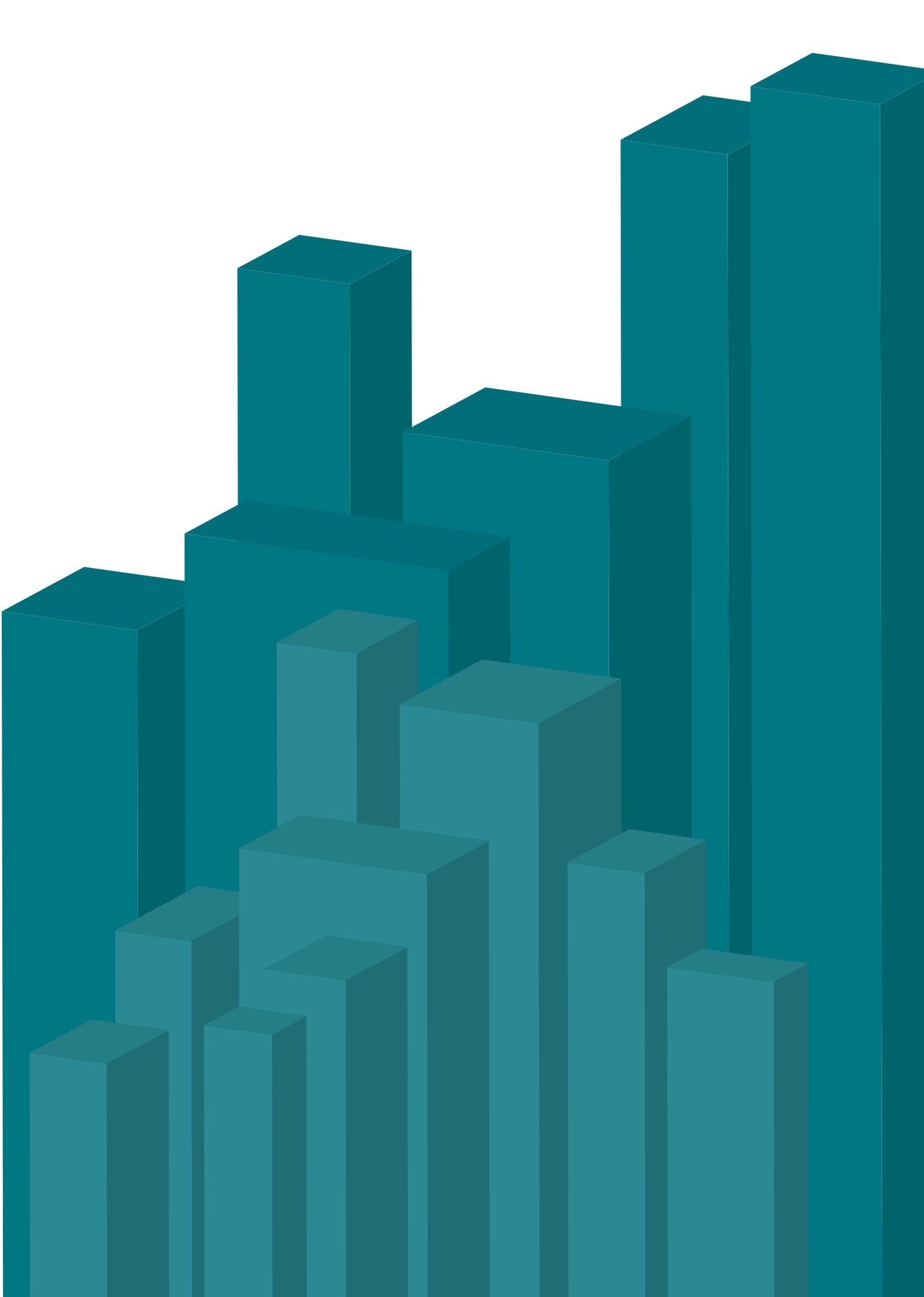
The parent company does not have any related parties other than subsidiaries, associated companies and certain managers. Reference is also made to the notes to the consolidated financial statements.

Transactions between the parent company and subsidiaries are as follows:

(Amounts in NOK 1,000)

| Company                     | P&L Purchases | Current liabilities 31/12/2012 | P&L Sales     | Current receivables 31/12/2012 | Non-current receivables 31/12/2012 | Non-current liabilities 31/12/2012 |
|-----------------------------|---------------|--------------------------------|---------------|--------------------------------|------------------------------------|------------------------------------|
| Blom Data AS                | 0             | 5,405                          | 5,000         | 0                              | 0                                  | 0                                  |
| PT. Blom Nusantara          | 0             | 1,104                          | 0             | 0                              | 0                                  | 0                                  |
| Blom Geomatics AS           | 0             | 0                              | 950           | 6,006                          | 0                                  | 0                                  |
| Blom Kartta OY              | 0             | 0                              | 700           | 3,079                          | 0                                  | 0                                  |
| Blom Deutschland GmbH       | 0             | 0                              | 200           | 4,958                          | 0                                  | 0                                  |
| Blom Aerofilms Ltd          | 0             | 0                              | 300           | 5,551                          | 0                                  | 0                                  |
| Blom Sweden AB              | 0             | 0                              | 400           | 2,543                          | 0                                  | 0                                  |
| Compagnia Generale R.S.p.A. | 0             | 0                              | 1,500         | 4,795                          | 0                                  | 0                                  |
| Blom Sistemas Geoespaciales | 0             | 0                              | 300           | 315                            | 0                                  | 0                                  |
| Blom Int. Operations SRL    | 0             | 0                              | 1,011         | 1,048                          | 0                                  | 0                                  |
| BlomInfo Romania SRL        | 0             | 0                              | 700           | 2,305                          | 0                                  | 0                                  |
| <b>Total</b>                | <b>0</b>      | <b>6,509</b>                   | <b>11,061</b> | <b>30,600</b>                  | <b>0</b>                           | <b>0</b>                           |

Current liabilities and receivables include the subsidiaries' deposits and credit facilities used, respectively, in the company's corporate cash pooling system. The value of the receivables was written down by NOK 0.2 million in 2012 and NOK 95.2 million in 2011. The value of shares and receivables in associated companies was written down by NOK 0 million in 2012 and NOK 39.5 million in 2011 (Note 13 in the consolidated financial statements).





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## INDEPENDENT AUDITOR'S REPORT REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Blom ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2012, and the income statement, statement of changes in equity and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2012, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *The Board of Directors and the Managing Director's Responsibility for the Financial Statements*

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion on the financial statements of the parent company*

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Blom ASA as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### *Opinion on the financial statements of the group*

In our opinion, the financial statements of the group present fairly, in all material respects, the financial position of the group Blom ASA as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

#### *Emphasis of Matter*

We draw attention to the Board of Directors' report and Note 26 in the financial statements which indicate that there is uncertainty regarding whether the company will be able to service its debt at maturity. These conditions, along with other matters as set forth in the Board of Directors' report and in Note 26, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

#### *Opinion on the Board of Directors' report and statement of corporate governance principles and practices*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and statement of corporate governance principles and practices concerning the financial statements and the going concern assumption, and the proposal for coverage of the loss is consistent with the financial statements and complies with the law and regulations.

#### *Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 29 April 2013

**PricewaterhouseCoopers AS**

**Geir Haglund**

**State Authorised Public Accountant (Norway)**

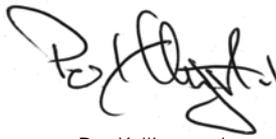
## BOARD OF DIRECTORS' RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2012 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the management report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Oslo, 29 April 2013



Tom H. Knoff  
Board Chairman



Per Kyllingstad  
Board Member



Siv Staubo  
Board Member



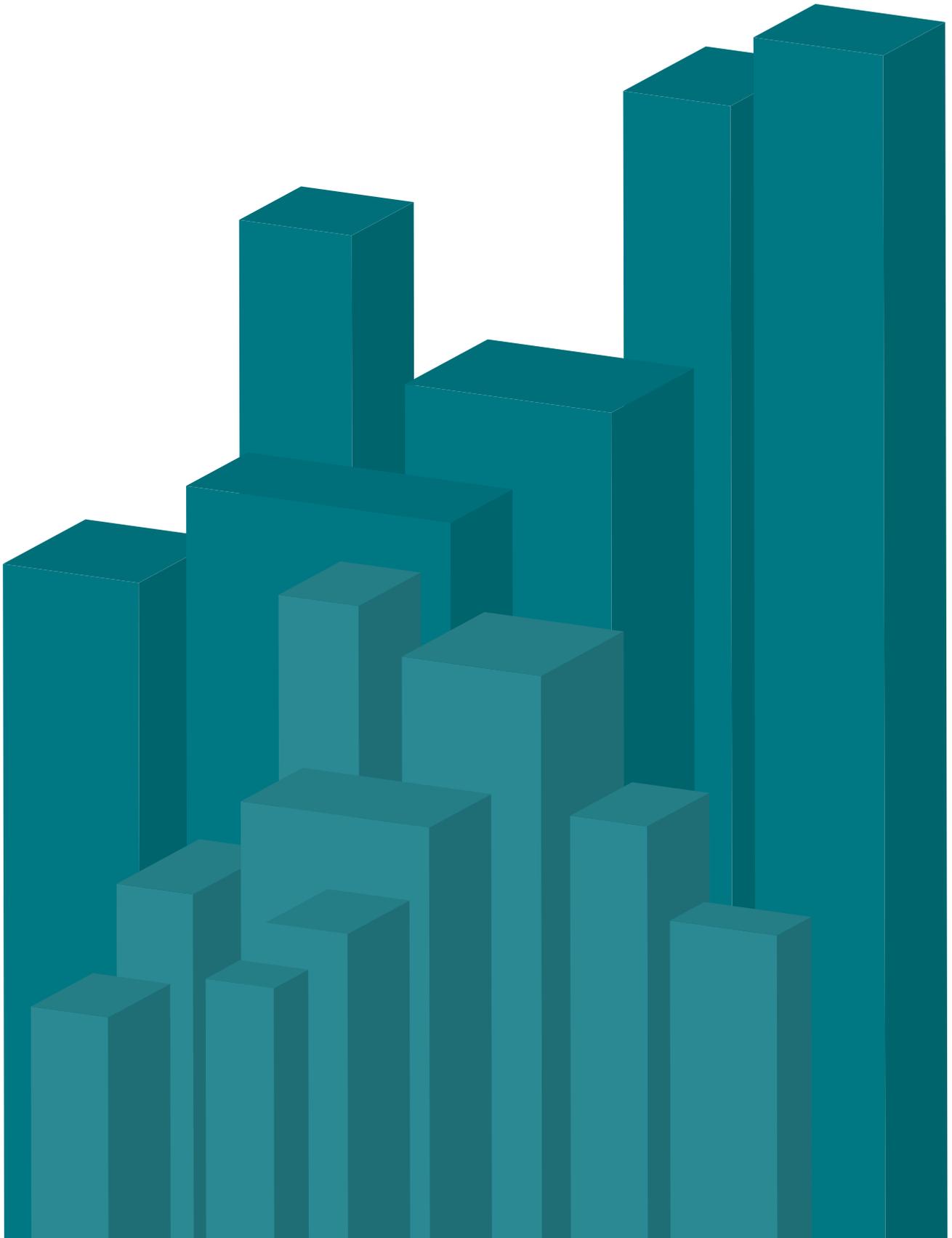
Siv Sandvik  
Board Member



Johnny Andersson  
Board Member



Dirk Blaauw  
CEO







# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE

### 1. STATEMENT

For Blom ASA it is important that investors, clients, partners and others who follow the company have confidence in the fact that the company's operations are managed properly in accordance with sound ethical guidelines. Reliability, honesty and integrity are key to the company's core values. These are values that are important for a good reputation and the realisation of Blom's business goals.

Blom is concerned about having an adequate level of independence between the company's bodies and confidence in the fact that the company is managed in accordance with principles that promote ethical and sustainable business practices.

Blom ASA, which is the parent company of the group, is the company in which the group's supervisory board and management functions are carried out. The group's management structure is based on Norwegian company law, the Articles of Association, the rules of procedure for the Board of Directors, and the instructions for the company's management adopted by the Board of Directors. The company has prepared ethical guidelines and guidelines for corporate social responsibility.

**Non-conformance with the recommendation:** None

### 2. OPERATIONS

Blom is a leading European supplier for the collection, processing and modelling of geographic information. Blom possesses unique European databases with maps, images and models. The company delivers data and solutions to customers in the public and private sectors, as well as the

consumer market, and it allows partners to develop applications based on the company's databases, location-based services and navigation solutions. The object of the company is established in its Articles of the Association.

The Board of Directors views it as its duty to continuously adapt the company's strategy so as to optimise the shareholders' return, based on the resources represented by the company at any given time. The Board of Directors works to develop the company based on the resources represented by the competence of its employees and the recognition the company enjoys in the market. Blom will use the financial platform and instruments that are available to achieve this goal.

**Non-conformance with the recommendation:** None

### 3. SHARE CAPITAL AND DIVIDENDS

#### *Capital*

The total assets at the end of the year 2012 were NOK 426 million, with an equity ratio of 10.3 per cent. Dividends will be considered on an ongoing basis as a result of the company's strategy and earnings.

#### *Capital increase*

On 25 April 2012, the Extraordinary General Meeting of Blom approved a combination of the shares, so that 100 shares with a nominal value NOK 0.10 were combined into one share with a nominal value of NOK 10.00. The General Meeting subsequently resolved to reduce the company's share capital by NOK 24,191,484 by reducing the nominal value of the company's shares from NOK 10.00 to NOK 0.50.

The General Meeting also adopted the conversion of NOK 312 million in debt into

equity. The subscription price was NOK 10.00 per share for each share with a nominal value of NOK 0.50. Conversion of the bond loan took place in the form of a capital increase, where the bonds and the accrued interest were used to subscribe for shares. The company did thus not receive any injection of cash, but the balance sheet was improved by converting the debt to equity.

NOK 35 million of the 2009 bond loan was replaced by a new convertible bond loan with a nominal value of NOK 10,729,762. Bonds in the convertible bond issue can be converted to shares during the two first years of the term of the loan at a subscription price equal to 120 per cent of the volume-weighted average price for the two days following the Extraordinary General Meeting.

#### *Authorisation to increase capital*

The earlier authorisation to increase the share capital granted at the company's General Meeting on 1 June 2011 was not renewed at the Annual General Meeting in 2012.

#### *Authorisation to acquire treasury shares*

The Board of Directors does not have any authorisation to acquire treasury shares.

**Non-conformance with the recommendation:** None

#### **4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES**

The Board of Directors of Blom ASA is concerned about equal treatment of the company's shareholders. This is accomplished by informing Oslo Børs, the company's shareholders, securities firms and the rest of the market on a continuous

basis about the company's performance, activities and special events that may affect the price of the company's shares. Blom ASA only has one class of shares. The share is listed under OB Match on Oslo Børs.

If the Board of Directors proposes that the existing shareholders' pre-emptive rights be waived, the waiver will be based on the common interests of the company and the shareholders. The reasons will be made public in a stock exchange disclosure in connection with the capital increase.

If any not immaterial transactions are conducted between the company and shareholders, senior executives and their close associates, the board will ensure that an independent valuation of the transactions in question is performed by a third party as required.

**Non-conformance with the recommendation:** None

#### **5. FREE NEGOTIABILITY**

Shares in Blom ASA are freely negotiable. The Articles of Association do not restrict the negotiability of shares.

**Non-conformance with the recommendation:** None

#### **6. GENERAL MEETING**

The Board of Directors will make arrangements so that as many shareholders as possible can exercise their rights by participating in the company's General Meeting and that the General Meeting can function as an effective meeting place for the shareholders and Board of Directors.

- A complete notice will be sent to all the shareholders in writing at least 21 days in advance and will be available on Blom's

website 21 days prior to the General Meeting. Enclosures to the notice and documents concerning the items on the General Meeting's agenda will be published on the company's website and not sent to the shareholders. A shareholder may nevertheless request that the documents concerning the items to be discussed are sent free of charge.

- The registration deadline is normally the day prior to the meeting.
- The right to participate or vote at the General Meeting may only be exercised when the acquisition of shares has been entered in the register of shareholders on the fifth working day prior to the date of the General Meeting (registration date).
- Shareholders who cannot be present at the General Meeting will be given an opportunity to vote. The Board of Directors will:
  - Provide information on the procedure for attending by proxy
  - Appoint a person who can vote by proxy on behalf of shareholders
  - Prepare a proxy form so that individual items to be considered and candidates to be elected can be voted on.
- The Board of Directors and auditor will be present at the General Meeting.
- The Board of Directors and chairperson will make arrangements so that the General Meeting has an opportunity to vote on each of the individual candidates for positions in the company's bodies.
- The Board of Directors will put forth a proposal for an independent chairperson if such a chairperson is required to ensure a proper execution of the General Meeting.
- The Ordinary General Meeting elects the Board of Directors, determines the directors' fees, approves the annual accounts and dividend proposed by the Board of Directors, elects the auditor and approves the auditor's remuneration, and

deals with any other items stated in the notice of the meeting.

- The Board Chairman is elected by the General Meeting.
- Minutes of the General Meeting will be available on the company's website [www.blomasa.com](http://www.blomasa.com).

#### **Non-conformance with the**

**recommendation:** None. See Item 7 with regard to nomination committee non-conformance.

### **7. NOMINATION COMMITTEE**

Blom ASA does not have a nomination committee. The Board of Directors believes that the duties of the Nomination Committee can be performed satisfactorily by the Board of Directors in dialogue with various shareholder groups and the company's principal shareholders.

#### **Non-conformance with the**

**recommendation:** One instance of non-conformance.

### **8. COMPOSITION AND INDEPENDENCE OF THE BOARD OF DIRECTORS**

The object of the Board of Director's work is to manage the shareholders' assets in the best possible manner and treat all shareholders equally. In electing Board Members, emphasis is, therefore, placed on having a Board of Directors that can safeguard the common interests of shareholders and the company's need for competence, capacity and diversity. Board members are elected for a term of two years.

At the Annual General Meeting on 31 May 2012, Board Members Gunnar Hirsti and Hege Skryseth announced that they wished to resign from the Board. Siv Sandvik and Tom H. Knoff were elected as new board members. Tom H. Knoff was elected as the

new Board Chairman. Johnny Andersson was elected as a new member of the Board at the company's Extraordinary General Meeting on 11 July 2012.

At least two of the board members are independent of the company's day-to-day management, important business associates and the company's largest shareholders. The Board Chairman is elected by the General Meeting. The Board of Directors will elect a deputy chairman if it is appropriate for the proper performance of the Board of Directors.

**Non-conformance with the recommendation:** None

## 9. WORK OF THE BOARD OF DIRECTORS

In accordance with Norwegian law, the Board of Directors is responsible for the supervisory management of the company, while the CEO is responsible for the day-to-day management. The Board Chairman should follow the development of the operations in close cooperation with the CEO, plan the board meetings and ensure that the Board Members receive the information that is required so that they can perform their functions properly in accordance with the legislation.

The Board Chairman chairs the board meetings. If it is appropriate for the proper performance of the Board of Directors, the Board of Directors will appoint another board member to head the discussion at board meetings. The CEO participates at board meetings. Other members of the management ordinarily participate whenever appropriate. The Board of Directors held a total 21 meetings in 2012.

In accordance with the rules of procedure, the Board of Directors shall have an annual plan for its work with emphasis on goals, strategy and execution. The Board of Directors has established and appointed members to an audit committee and a remuneration committee. The Board of Directors will consider the use of other board committees if it is appropriate to ensure that the Board of Directors performs its work in an independent manner. The Board of Directors has not made use of other board committees in 2012.

**Non-conformance with the recommendation:** None.

## 10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is concerned about the company having sound internal control and an appropriate system for risk management. This includes elements such as risk management of significant business risks, execution of significant management controls, and control of financial reporting and monitoring mechanisms.

Significant risks include strategic risks, financial risks, liquidity risks and operational risks. The company's significant risks are assessed on an ongoing basis and at least once a year, and they are included in the company's annual report.

Blom's internal control of financial reporting encompasses guidelines and procedures to ensure that the accounts are prepared in accordance with IFRS and provide a true picture of the company's operations and financial position.

Management controls are performed at a senior level in the company. The organisation was restructured in 2012, and the

reporting system was changed accordingly in order to enable closer follow-up and cooperation within the group. Country Managing Directors (CMDs) and Regional Managing Directors (RMDs) report directly to the Chief Executive Officer (CEO). The CEO holds monthly meetings with each individual CMD and RMD.

**Non-conformance with the recommendation:** None

## 11. REMUNERATION OF THE BOARD OF DIRECTORS

The General Meeting determines the remuneration for the Board of Directors. NOK 1,125,000 was paid in directors' fees for the period from 1 July 2011 to 31 May 2012.

Provisions totalling NOK 1,350,000 have been allocated in the accounts for 2012 for the remuneration of the Board of Directors for the period from 31 May 2012 to the Annual General Meeting in 2013. The remuneration breaks down into NOK 450,000 for the Board Chairman and NOK 225,000 for other board members.

The remuneration of the Board of Directors shall reflect the Board's responsibility, expertise and time spent, and the compensation is not performance-based. No options have therefore been issued or any other performance-linked remuneration given to members of the Board of Directors. For special tasks that are carried out by the members of the Board of Directors, the Board of Directors can approve separate remuneration for these services.

**Non-conformance with the recommendation:** None.

## 12. REMUNERATION OF SENIOR EXECUTIVES

The Board of Directors has prepared separate guidelines for remuneration of the executive management in accordance with the Limited Liability Companies Act. The guidelines will be presented to the General Meeting.

Special instructions have been prepared for the Chief Executive Office. Reference is also made to his responsibilities and duties in the company's rules of procedure for the Board of Directors. The remuneration for the Chief Executive Officer is set by the Board of Directors.

The company's senior executives are paid a fixed salary that reflects the employee's education, experience and professional qualifications. It is important that the remuneration is at a level that makes it possible to attract the best-qualified persons to the company's key positions. A bonus can be agreed on in addition to the base salary. The size of the bonus paid to the individual employees will be dependent in part on the achievement of individual targets and in part on the performance of the group.

Senior executives receive free telephone, mobile phone, Internet, newspapers and canteen as benefits in kind. Senior executives are members of the company's defined contribution scheme in the same manner as other employees. Two of the company's senior executives have an early retirement agreement from age 62. Blom believes that the company's performance-based bonus agreements with senior executives have a motivating effect and are in the best interest of the company and its shareholders.

The company does not currently have any agreements with senior executives concerning the allocation of shares, subscription rights, options and other forms of remuneration linked to shares or the performance of the company's share or shares of other companies within the group. The Board of Directors will, however, continuously consider incentive schemes that are appropriate to secure a qualified management for the company, including the use of various share option schemes.

**Non-conformance with the recommendation:** None.

### 13. INFORMATION AND COMMUNICATION

Blom ASA seeks to maintain an open information policy in relation to shareholders, the media and other interested parties within the bounds of the securities legislation, accounting law and stock exchange regulations. The group has its own website, [www.blomasa.com](http://www.blomasa.com), which contains IR information and other information that is useful for understanding the group's overall operations and development. Open presentations with webcasts are held in connection with the reporting of interim results. The Company follows the recommendations of Oslo Børs for reporting IR information.

The Board Chairman and CEO or CFO are authorised to speak on behalf of the company.

**Non-conformance with the recommendation:** None.

### 14. TAKEOVERS

The Board of Directors will not attempt to influence, hinder or complicate the submission of bids for the acquisition of

the company's operations or shares, or prevent the execution thereof. The Board of Directors will help ensure that shareholders are treated equally.

If a bid is made for the company's shares, the Board of Directors will obtain a valuation from an independent expert and issue a recommendation to shareholders as to whether they should accept or reject the bid.

**Non-conformance with the recommendation:** None.

### 15. AUDITOR

The company's auditor will prepare an annual plan for the performance of audit work and present the plan to the audit committee. The auditor will attend the board meeting that reviews the annual accounts. The auditor otherwise performs the activities he is required to perform in accordance with Norwegian law and the generally accepted auditing standards.

The auditor will review the company's internal control, including the identification of weaknesses and recommendations for improvements, annually together with the audit committee.

The Board of Directors has given the management access to use the auditor, to a limited extent, for the performance of services for the company other than pure auditing. This applies in particular to matters of a particularly complicated nature, such as tax issues, acquisitions and mergers/demergers. The Board of Directors feels that such consulting does not affect the auditor's independence in relation to the company.

**Non-conformance with the recommendation:** None.

## THE BOARD OF DIRECTORS

### **TOM KNOFF, BOARD CHAIRMAN**

Since 2011 Knoff has been working as an independent advisor. During the years 2008 – 2011 he was partner in Norscan Partners AS. Knoff has a Master of Business and Finance Degree from the Norwegian School of Economics and an MBA from University of Rochester, NY. He has held various managerial positions as CFO and Managing Director, namely in Norcem, Elkem, DnB Fonds, Christiania Markets and Nordea Private Banking. In addition, Knoff has been member of a number of boards within industrial and financial corporations. Currently he is Chairman of the board of Argentum Fondsinvesteringer and board member of Holta Invest AS.

### **PER KYLLINGSTAD, BOARD MEMBER.**

Kyllingstad holds a law degree from the University of Oslo and a Master of Law degree from Temple University, Philadelphia. He has more than 25 years of experience as an attorney, and his main fields of practice include offshore, shipping, banking and finance, property, board appointments and general business law. Kyllingstad is partner in the firm Kyllingstad Kleveland Advokatfirma DA.

### **JOHNNY ANDERSSON, BOARD MEMBER**

Andersson holds a Master of Laws degree from Lund University, and has been serving as a partner with the Swedish law firm Mannheimer Swartling Advokatbyrå AB since 2003. He is Group General Counsel for Hexagon, the largest shareholder in Blom. He is a member of both the Swedish Bar Association and the International Bar Association.

**SIV JØNLAND STAUBO, BOARD MEMBER.**

Staubo holds a research position in the field of Corporate Governance at the Department of Financial Economy at the Norwegian Business School. She is a senior lecturer in the same department. Staubo holds a Bachelor of Applied Physics Degree from Heriot-Watt University, Edinburgh, and a Master of Finance from the Norwegian Business School. Staubo has previously worked as a consultant on alternative energy resources and with computer technology for oil exploration.

**SIV SANDVIK, BOARD MEMBER.**

Sandvik is currently partner in Bull & Co law firm and has since 2010 held positions as Head of the Control Committee of Terra-Gruppen AS and three associated financial institutions. She has a Law Degree from University of Oslo. Her previous jobs include partnership in DLA Piper Norway (7 years) and employment in PwC Norway (6 years). Sandvik has many years of experience in assisting various local and international clients, including banks and financial institutions, international corporations and public authorities/agencies in finance and corporate law. She is one of the leading lawyers in Norway, and internationally, within the field of restructuring and insolvency. Sandvik holds positions of trust in several Norwegian and international associations and committees.

## INFORMATION ON SHARES IN BLOM

Blom ASA has one class of shares, and there were 33,697,725 outstanding shares with a nominal value of NOK 0.50 at the end of 2012.

On 25 April 2012 the Extraordinary General Meeting of Blom approved a combination of the shares, so that 100 shares with a nominal value NOK 0.10 were combined into one share with a nominal value of NOK 10.00. The General Meeting subsequently resolved to reduce the company's share capital by NOK 24,191,484 by reducing the nominal value of the company's shares from NOK 10.00 to NOK 0.50.

The General Meeting also adopted the conversion of NOK 312 million in debt into equity. The subscription price was NOK 10.00 per share for each share with a nominal value of NOK 0.50. Conversion of the bond loan took place in the form of a capital increase, where the bonds and the accrued interest were used to subscribe for shares. The company did thus not receive any injection of cash, but the balance sheet was improved by converting the debt to equity.

NOK 35 million of the 2009 bond loan was replaced by a new convertible bond loan with a nominal value of NOK 10,729,762. Bonds in the convertible bond issue can

be converted to shares during the two first years of the term of the loan at a subscription price equal to 120 per cent of the volume-weighted average price for the two days following the Extraordinary General Meeting.

At the end of the year the company owned 10,707 shares corresponding to 0.03 per cent of the total number of outstanding shares.

The earlier authorisation to increase the share capital granted at the company's General Meeting on 1 June 2011 was not renewed at the Annual General Meeting in 2012. The Board of Directors does not have any authorisation to acquire treasury shares.

### **DIVIDENDS**

In accordance with the company's future growth goals, Blom will seek to maintain a sound financial platform. Dividends will be considered on an on-going basis as a result of the company's strategy and earnings. No dividend will be distributed for the 2012 financial year.

### **SHAREHOLDERS AND VOTING RIGHTS**

Blom ASA had 2,861 shareholders at the end of 2012. Foreign shareholders owned 27.7 per cent of the shares. All the shares are registered by name and carry equal voting rights. The shares are freely negotiable.

**BLOM'S 20 LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2012:**

|    | <i>Shareholder</i>                          |     | <i>Number</i>     | <i>%</i>       |
|----|---|-----|-------------------|----------------|
| 1  | Norwegian National Insurance Fund           |     | 8,513,137         | 25.26%         |
| 2  | Euroclear Bank S.A./ 25% Clients            | NOM | 8,438,881         | 25.04%         |
| 3  | Skandinaviska Enskilda, own account trading |     | 2,472,863         | 7.34%          |
| 4  | MP Pensjon PK                               |     | 1,334,447         | 3.96%          |
| 5  | Akershus Country Administration             |     | 1,297,969         | 3.85%          |
| 6  | A/S Meretium                                |     | 865,312           | 2.57%          |
| 7  | Veen A/S                                    |     | 865,312           | 2.57%          |
| 8  | Bergen Municipal Pension Fund               |     | 865,312           | 2.57%          |
| 9  | Firmament AS                                |     | 865,312           | 2.57%          |
| 10 | DnB NOR Bank ASA, own account trading       |     | 535,782           | 1.59%          |
| 11 | Skandinaviska Enskilda Banken               | NOM | 432,656           | 1.28%          |
| 12 | Vollstad, Dag Kristian                      |     | 353,000           | 1.05%          |
| 13 | Toten Sparebank                             |     | 239,594           | 0.71%          |
| 14 | No Limit Holding                            |     | 186,333           | 0.55%          |
| 15 | Gjersvik, Anne-Brit                         |     | 173,062           | 0.51%          |
| 16 | Flumens Finans AS                           |     | 173,062           | 0.51%          |
| 17 | A/S Parma                                   |     | 173,062           | 0.51%          |
| 18 | Leif Høegh Foundation                       |     | 171,019           | 0.51%          |
| 19 | Vind AS                                     |     | 150,562           | 0.45%          |
| 20 | Nordnet Bank AS                             | NOM | 143,417           | 0.43%          |
|    | <b>Total 20 largest shareholders</b>        |     | <b>28,250,094</b> | <b>83.83%</b>  |
|    | Others                                      |     | 5,447,631         | 16.17%         |
|    | <b>Total</b>                                |     | <b>33,697,725</b> | <b>100.00%</b> |

**INFORMATION TO THE STOCK MARKET**

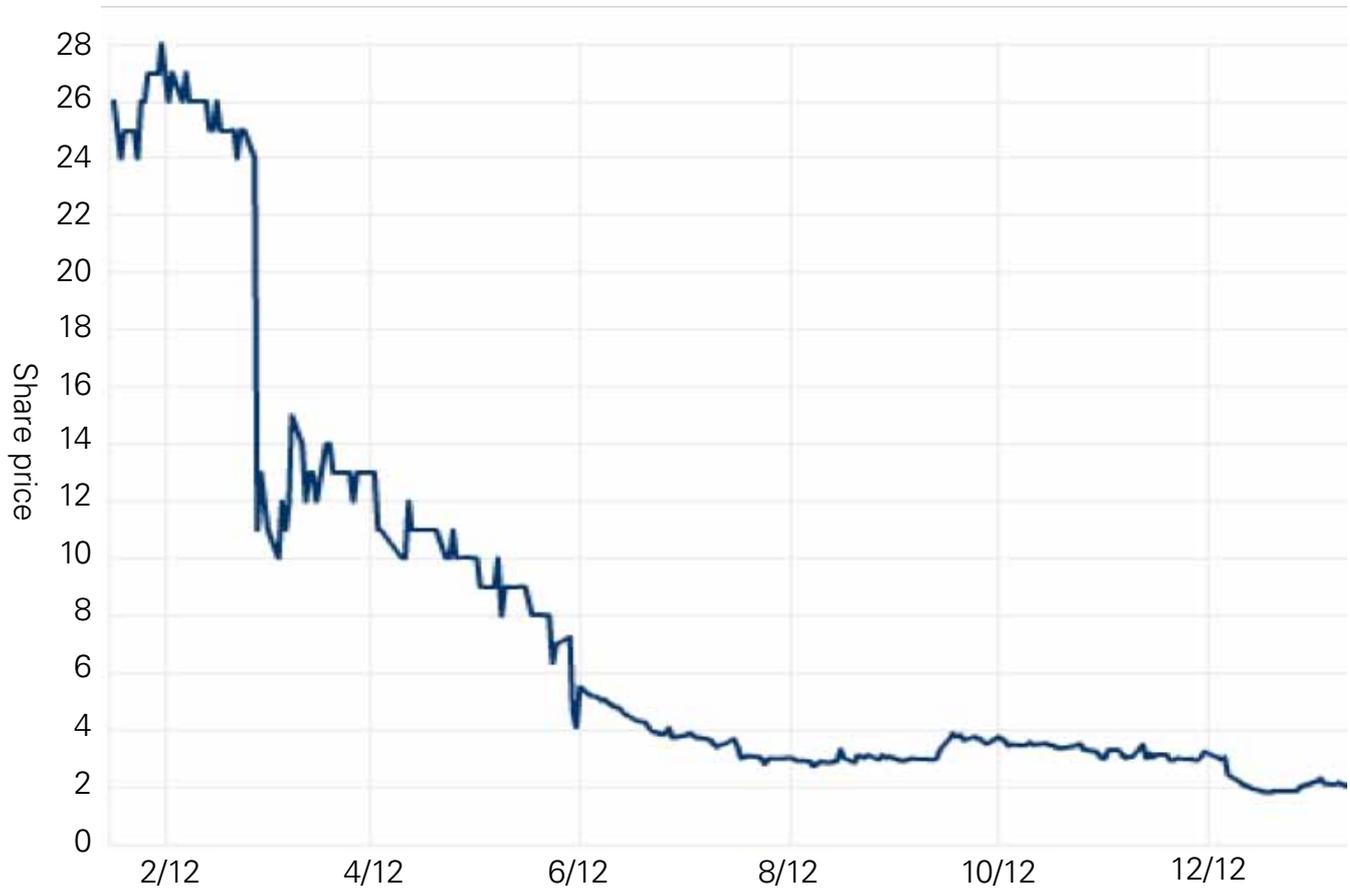
Blom assigns high priority to contact with the stock market and desires an open dialogue with the market players. Our goal is to ensure that the market always has adequate and identical information to ensure correct pricing of our shares. This is accomplished by informing Oslo Børs, the company's shareholders, securities firms and the rest of the market on a continuous basis about the company's performance, activities and special events that may affect the price of the company's shares. The liquidity of the share is good, and the share is listed under OB Match on Oslo Børs.

The company's annual and quarterly reports will be published in Norwegian and English. Presentation of the quarterly reports will also be broadcast as webcasts.

**FINANCIAL CALENDAR 2013:**

| <b>Date</b> | <b>Event</b>             |
|-------------|--------------------------|
| 08/05/13    | 1st quarter 2013 results |
| 05/06/13    | General Meeting 2013     |
| 07/08/13    | 2nd quarter 2013 results |
| 22/10/13    | 3rd quarter 2013 results |

## SHARE PRICE PERFORMANCE



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