



BLOM
IMAGING THE WORLD

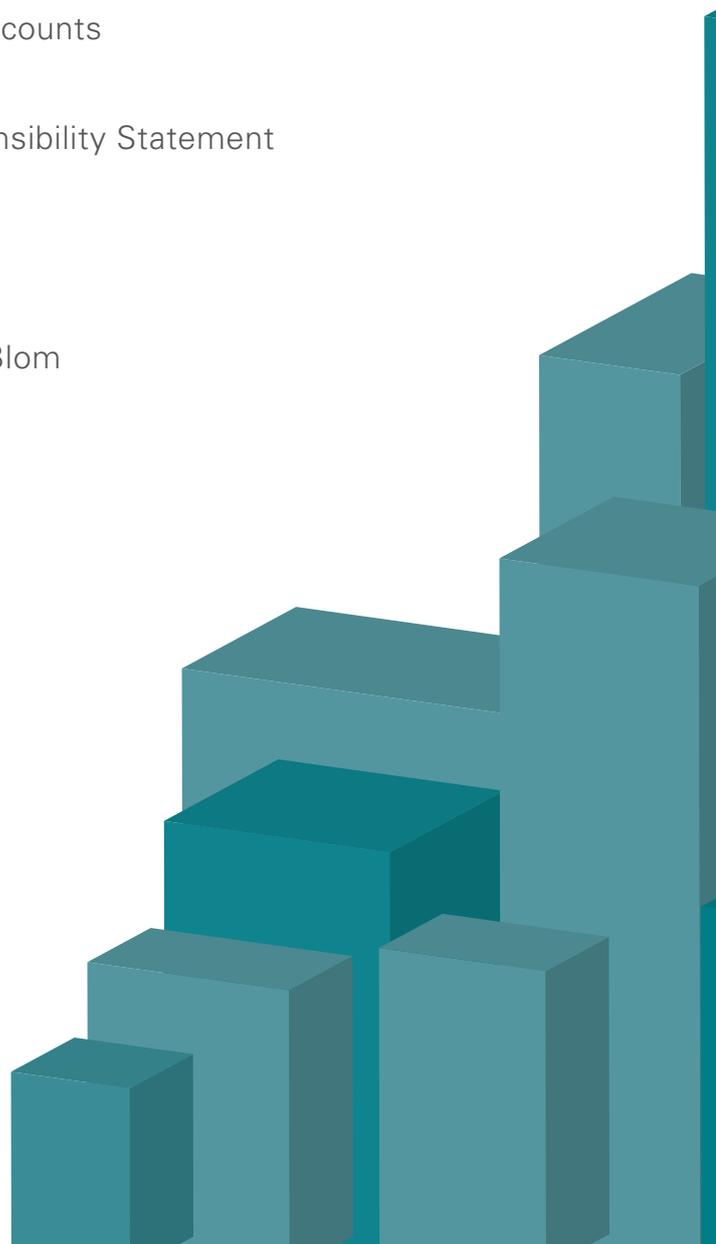
ANNUAL REPORT

2013



TABLE OF CONTENT

p. 4	Key Figures Group
p. 5	CEO's Report
p. 8-9	Company Vision and Strategy
p. 10-13	Markets
p. 14-20	Financial Analysis
p. 21-26	Board of Directors' Report
p. 27-33	Blom Group Accounts
p. 34-75	Notes to the Blom Group Accounts
p. 76-81	Blom ASA Accounts
p. 82-93	Notes to the Blom ASA Accounts
p. 94-95	Auditor's Report
p. 96	Board of Directors' Responsibility Statement
p. 97-104	Corporate Governance
p. 106-107	Social Responsibility
p. 108	Board of Directors
p. 109-111	Information on Shares in Blom
p. 112	Blom Offices





KEY FIGURES GROUP

(Amounts in NOK 1,000)

	IFRS 2013	IFRS 2012*	IFRS 2011	IFRS 2010	IFRS 2009
Sales turnover:					
Operating revenues	264,575	265,146	288,629	596,848	736,901
Results:					
EBITDA	32,442	49,484	-57,793	-35,219	92,306
EBIT	-54,906	12,028	-138,158	-416,107	-53,832
EBT	-64,195	-19,752	-235,519	-545,614	-93,960
Results from continuing business	-61,230	-21,265	-267,915	-564,957	-83,012
Capital:					
Current assets	172,933	325,655	419,692	455,756	704,592
Non-current assets	22,471	104,419	167,087	352,537	709,003
Current liabilities	125,408	300,928	379,786	636,009	326,723
Non-current liabilities	13,739	84,277	401,400	64,432	389,342
Equity	56,256	40,870	-194,408	107,853	697,530
Balance sheet total	195,404	426,075	586,779	808,294	1,413,595
Margins:					
Net operating margin	-20.75	4.54	-47.87	-69.72	-7.31
Net profit margin	-23.14	-8.02	-92.82	-92.41	-11.26
Profitability:					
Return on total assets	-23.65	-10.18	-44.94	-55.23	-9.03
Return on equity	-126.08	N/A	N/A	-140.30	-10.69
Financial strength:					
Equity ratio	28.79	9.59	-33.13	13.34	49.34
Liquidity:					
Current ratio	1.38	1.08	1.11	0.72	2.16
Acid test ratio	0.75	0.45	0.73	0.47	1.35
Key figures per share:					
Results from continuing business	-45.01	-101.82	-1.50	-13.58	-2.04
Cash flow	19.20	77.52	-1.05	-4.20	1.55
Dividend	0.00	0.00	0.00	0.00	0.00

Ordinary net profit / loss

Profit / loss before tax – taxes

Cash flow

Net profit / loss for the year + ordinary depreciation

Net operating margin

Operating profit / loss x 100 / net operating revenues

Net profit margin

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

Return on total assets

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

Return on equity

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

Equity ratio

Equity x 100 / total assets

Current ratio

Current assets / current liabilities

Acid test ratio

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

* 2012 adjusted for business sold in Romania and Italy

CEO'S REPORT



A demanding start to 2013 was followed by a year of many challenges and major changes. The company is nevertheless entering 2014 with a more positive outlook than in many years.

We have now put behind us a period in which a great deal

of our focus was on restructuring and on the implementation of various measures to ensure continued operations. This has been labour-intensive, but it has yielded results. The Board of Directors has concluded that together we have carried out the measures that were apparently required to ensure a good platform for further development of the company.

The company entered 2014 as a debt-free and downscaled enterprise. Our geographic exposure entails less risk now, and the company's cost base has been reduced significantly. Both the Italian and the Romanian subsidiaries were sold in 2013, in addition to major cutbacks in the remaining subsidiaries and closure of several minor offices. We are looking forward to 2014, where we will use all of our resources for value-adding activities for new and existing customers, who for many years have benefited from access to our competence.

The company has focused on evaluating whether the company's core competence could form the foundation for revenue streams from new customers and market areas. In the future we will seek to expand our part of the value chain within our traditional business areas. In addition, the company will seek growth through the use of a

broader range of airborne sensors. At the beginning of 2014, the company signed a contract for ice monitoring services through the use of airborne sensors. The two-year contract has an annual value of NOK 35–50 million, with an option for two additional years. This contract shows that we are capable of infiltrating new markets based on our core competence and represents a strong motivating factor for the company.

The company has sought to reduce its exposure through more focused operations with less geographic exposure. The revenues from continued operations of the company were NOK 265 million in 2013, which is on par with the previous year. The profit/(loss) for the year was lower than expected. This is attributed primarily to extraordinary depreciation and the write-down of non-current assets, inventories and trade receivables charged to the accounts, as well as to an unsatisfactory operating profit/(loss) on ordinary activities.

Through the sale and downscaling of businesses, operational and geographic exposure has been reduced and is now better adapted to the company's financial structure. After conversion of the company's interest-bearing bond debt to equity, a new ownership structure was established and a new Board of Directors was elected, who declared its confidence in the plan that has been prepared for improved earnings in 2014.

I would like to take this opportunity to thank all of our colleagues who have contributed during the challenging time we have put behind us. I am looking forward to an exciting 2014, where we can show that we are worthy of the confidence placed in us.

Dirk

BLOM INTRODUCTION



Astrup Fearnley
Museum



COMPANY VISION AND STRATEGY

VISION

Blom's ambition is to be a market leader within geographic information through innovation, technology and competence. Blom helps its customers deliver the best possible geographic information and services that benefit organisations and people.

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 utilisation 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 can be implemented 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 shall at all times be organized so that synergies can be leveraged for increased productivity and collaboration between companies.
- The company shall have a good reputation by continuously delivering high quality products and services with a high level of precision.
- The business will be managed in an ethically and socially responsible manner. The company shall have a clear and strong environmental profile.

STRATEGY

Important measures for achieving our goals are as follows:

Market

Blom aims to continuously develop its existing markets and customers. Proximity 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 strategic partnerships. 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 revenue growth and increased profitability through the development of innovative and unique products and services.

Growth and changes

The company will continue to work actively to increase growth and shareholder value through the development of new products for new markets. Structural changes may be necessary to develop the company's market position.

Competence and innovation

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

Product and technology development

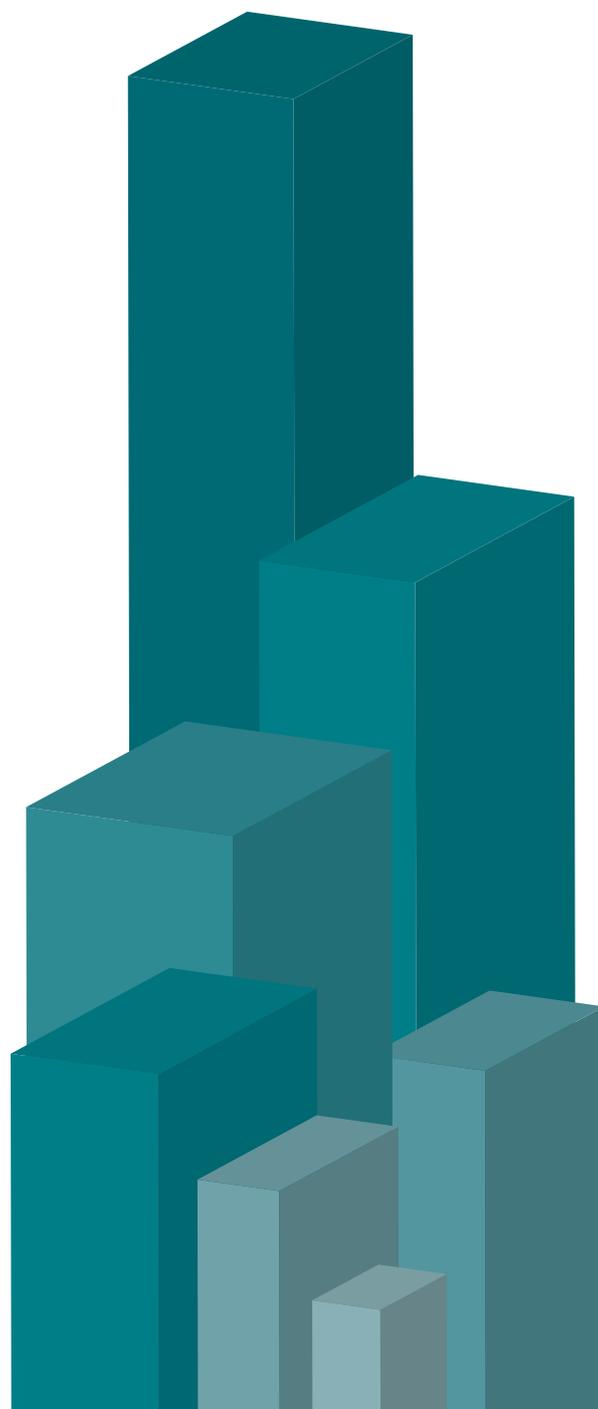
The development of technology and innovation are key to Blom's product strategy. The company invests a significant portion of its sales revenue annually in the development of products, services and databases. Product development is financed both by the company and its customers, and it will always be 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 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 independence. Financing growth and structural changes shall primarily be based on earnings and the availability of capital. The company strives to adhere to the accounting guidelines in all the countries where it operates, and it is a goal to continuously improve predictability and reduce risk.



COMPANY'S MARKETS

Blom is a leading European supplier of geographic information. Our customers include enterprises in the public sector as well as private businesses. The company supplies a wide range of custom mapping and geographic products and services. In addition, Blom provides bespoke solutions adapted to the specific needs of its customers. Blom's uniqueness lies in the competence of its employees and the company's loyal customer base.

Blom's products and services are mainly divided into the following categories:

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

Blom delivers products and services to the entire value chain. The value chain encompasses:

- Data acquisition (airborne photography and laser scanning)
- Processing of maps and models
- Analysis (GIS)
- Delivery (online and offline)

Blom produces a wide range of geographic data and models for various customers according to their specific needs and requirements. Blom's main customer segments are:

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

Blom offers delivery of its solutions as independent products and services through, for example, a plug-in or integrated in a GIS system. The solutions are independent of the system and can be adapted to the systems used by the individual customer. 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.

Ever greater demands are being placed on the digital work flow in projects. New work methods, processes and forms of cooperation are taking over to an increasing extent. This requires a willingness to change and new knowledge on the use of new tools that contribute to viewing projects in a more comprehensive "life cycle" perspective. The use of interdisciplinary 3D models is one such tool for a more coordinated work method.

DEFENCE & SECURITY

Defence organizations 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 local areas, representation of sensitive information, events management and co-ordination of regional service operators are all fundamentally important to the management of the security of a society. Blom's library of geographic data makes it possible to implement strategic dashboards to support mission planning, monitoring of dynamics and the co-ordination of territorial monitoring. All such monitoring can be performed with both static and mobile objects. Blom's libraries encompass entire countries and cover vast urban areas. The data consists of orthophotos, vertical and oblique perspectives delivered in a wide range of

resolution options, typically between 2 cm to 50 cm.

Blom's emergency and security solutions include oblique imagery to help the operators at emergency call centres. The operators use Blom's oblique aerial photo database, BlomOBLIQUE™, for navigation and to obtain the best possible overview of the affected area. This improves their decision-making processes in critical situations. Blom's oblique imagery is integrated into the emergency call centre applications, and it instantly provides visualisation and measurement information on the location from where an emergency call is received. This makes it easier for the emergency dispatcher to assess the situation and direct emergency vehicles and rescue workers to the scene of an incident.

Oblique imagery can, for example, 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 that 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 for any emergency unit to be able to provide efficient and safe assistance. Blom is intent to support all European Emergency Number Services.

RESOURCES & ENVIRONMENT

Blom's airborne sensor technology and modelling services can be used to monitor and analyse the impact of environmental changes on the landscape, such as in flooding and soil erosion. The growth

pattern of vegetation can also be monitored and analysed to assess growth in forestry and agriculture. Blom is building up databases with information from a combination of aerial photography, laser and hyper-spectral scanning to acquire data on the terrain. This can, for example, be data on land coverage, snow volumes and vegetation. Flood modelling systems and forestry management tools are examples of value-adding services offered by Blom based on the company's models and information databases. Environmental agencies and private companies, such as forestry developers, use Blom's information database in their information systems and applications for commercial and administrative decision-making.

GOVERNMENT & PUBLIC ADMINISTRATION

Blom provides various products and solutions to the public sector that contribute to better and more efficient administrative processes. These services include, among others, the collection of data and preparation of maps and models, cadastral maps and real estate property databases. Cadastral maps provide the foundation for efficient real estate management and represent a foundation for economic development and growth.

UTILITIES & INFRASTRUCTURE

Blom provides various products and solutions for both new projects and ongoing maintenance. For energy companies and railways this could be applied for planning new lines, digitalisation or maintenance of the existing line network. For infrastructure this will often include the planning of new lines and installations, as well as follow-up during the construction period to ensure a better overview and control of the progress. Blom's solutions enable the monitoring

and maintenance of critical infrastructure, such as gas pipelines, power lines, railways, roads and airports. Blom's techniques encompass the use of helicopters and aircraft for laser scanning and photography. This provides a very high level of accuracy and detail.

Mobile communications require investments in network infrastructure. Such investments are critical to a successful roll-out and optimisation. To enable geographic analyses for planning, maintenance and optimisation of various communications networks, Blom offers digital surface model (DSM) databases.

Various public and private actors involved in urban planning and infrastructure currently represent some of the most important industries that are using Blom's oblique imagery database. These include public agencies, utilities and water works, as well as engineering and contractor enterprises. The geo-referenced data helps achieve a greater level of accuracy during planning and contributes to greater efficiency. Developers of water, sewerage and power grids actively seek to increase the efficiency of grid development planning or the maintenance of existing grids. Blom's oblique images provide information that would otherwise be difficult to obtain without actually being physically present at the location.

WEB & MOBILITY SOLUTIONS

Blom provides map data, services and solutions to various web portals for commercial and public use. This encompasses various types of maps, street and aerial photography, as well as 3D models of individual roads or large urban areas.

Blom provides unique content and online services for use in geosearch services, online maps and directory services. Blom's imagery and 3D models enable service providers to provide improved, realistic online experiences for users. One example is when our customers offer Blom's unique content in the form of imagery and models of high quality to increase traffic on their websites.

Real estate companies need to present properties in the best possible way 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 a property or an area, Blom provides tool functionality that allows users to measure building heights, surface areas or distances to the nearest park, train station, school, etc.

Interactive tourist guides, where the user can travel virtually to a destination 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 that is required to develop these three-dimensional experiences and offers unique aerial images and 3D models that cover cities across all of Europe. With Blom's data, users can easily zoom in to a level of detail that was not previously available in such scale, which makes it possible to see minor details on building façades and other objects at ground level.

Smart phones that support GPS have become "daily fare" in the telecommunications industry. This has resulted in a greater focus on location-based services (LBS). Blom's LBS platform gives the

users online access to Blom's own online server, BlomURBEX™, from any unit. BlomURBEX™ is a database that contains all of Blom's aerial photography and 3D models throughout all of Europe. With BlomURBEX™, data and images that are relevant to the user's location can be downloaded directly or be streamed.

BLOMURBEX™

BlomURBEX™ is Blom's own geographic online-server where all of the company's imagery and models are available. Blom is developing and offering new products and services through BlomURBEX™ based on the company's unique content, as well as content and services that are offered by our partner network.

In several of the markets in which Blom operates, the customers want access to geographic information as an online service. The BlomURBEX™ platform can deliver products and services both offline and online. BlomURBEX™ has a set of

tools to make all content available via different platforms and in different 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 most software developers and system integrators.

BlomURBEX™ is a modern, future-oriented platform created to serve emerging markets in areas ranging from defence & security (including private security) to finance & insurance, media, telecommunications, transport and logistics.





FINANCIAL ANALYSIS



FINANCIAL ANALYSIS

RESTRUCTURING PROVIDES A NEW BASIS FOR PROFITABLE OPERATIONS IN SPITE OF WEAKER RESULTS

The company's extensive restructuring efforts now finally appear to generate results. The reduced cost base, measures to reduce geographic exposure and more focused operations have gradually shown positive effects. An extensive conversion of interest-bearing bond debt combined with the elimination of subsidiaries, so as to reduce the number of employees by more than 50 per cent, has given the company a new foundation for long-term, profitable growth.

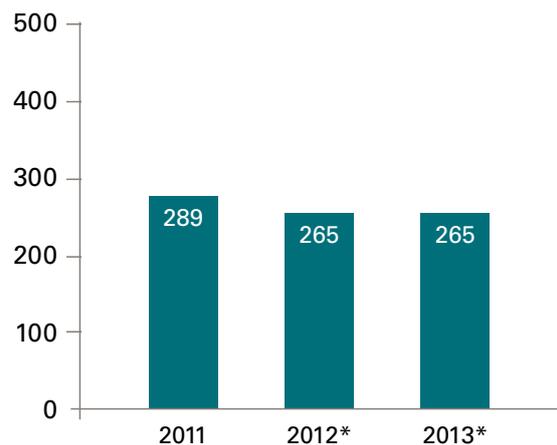
The year 2013 has also been marked by challenging economic conditions in some of the countries where Blom operates. A contract was accordingly signed in November 2013 to sell the group's Romanian subsidiary, Blom Romania SRL., to Rambøll Danmark AS/Rambøll Romania SRL.

With flat revenue growth and weak profitability in 2013, the company's results are not satisfactory. Measures have been implemented, and further measures will be implemented to improve the company's profitability.

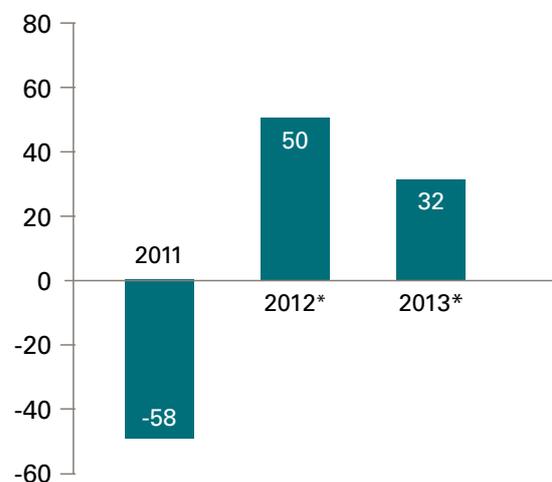
The group's revenues from continuing operations were NOK 264.6 million in 2013, compared with NOK 265.1 million in 2012. EBITDA totalled NOK 32.4 million for 2013, with a margin of 12.3 per cent, compared with an EBITDA of NOK 49.5 million and a margin of 18.6 per cent in 2012. The group's operating result, measured as EBIT, was NOK -54.9 million, compared with NOK 12.0 million in 2012. The company's assets have been subjected to substantial depreci-

ation and write-downs, and the company's total assets has been reduced from NOK 426 million to NOK 195 million. The company's bond debt has been converted to equity, and the effect of the conversion of debt on profit or loss is shown as other gains/losses in the income statement. The final settlement with Pictometry had a positive impact on the results for 2012. The result from the business sold in Romania has been recognised on a net basis under "Business under disposal" on a separate line in the accounts.

SALES TURNOVER 2011–2013: (Amounts in NOK 1,000)



EBITDA 2011–2013: (Amounts in NOK 1,000)



*Adjusted for the Romanian operation that have been sold.

MARKET

The year 2013 has been marked by challenging economic conditions in some of the countries where Blom operates. This has, like in 2012, led to a fall in demand from some public clients.

To improve profitability under the prevailing market conditions in parts of Europe in recent years, Blom has chosen to focus more on market niches in which the company has a competitive advantage, or on geographic regions in which we either see an increasing need for the company's services or can develop new business opportunities.

In Sweden, the company's increased focus on specific customer segments and a changed product mix has resulted in revenue growth and an improvement in earnings. Certain important customer segments in Norway have shown a considerable decline in volume, which has resulted in lower prices. Blom has, however, maintained its market share. All in all, the market situation in the Nordic region creates a need for innovation and a focused growth strategy in which the company's competence can be exposed to new markets with better growth opportunities. Blom's largest markets in terms of sales turnover are in the Nordic region, cf. Note 1.

Implemented efficiency measures in Mid-Europe in 2013 is expected to improve margins going forward.

In November 2013, an agreement was signed to sell Blom Romania SLR. After completion of the sale in the first quarter of 2014, the company will have limited commercial exposure to Eastern Europe.

The challenging macroeconomic conditions in Iberia continue. The reduction of geographic exposure combined with a more focused range of products will provide the basis for the company's activity in this region in 2014.

In spite of the underlying operations for the company overall showing somewhat less weak profitability in 2013 than in 2012, the company's results are not satisfactory. Blom is therefore focusing on the development of products and services to increase the value for the company's customers. As a result of these efforts, the company signed a two-year contract with Viking Supply Ships AS (VSS) on 5 February 2014 for the delivery of airborne remote sensor services in 2014 and 2015. These services are linked to VSS's operations in Northern waters and will be part of a larger ice monitoring programme. The contract will generate estimated annual revenues of NOK 35–50 million, with satisfactory margins. For Blom, the contract is important confirmation that the company is able to adapt and make use of its competence in new markets. VSS has an option for two additional years under certain conditions.

KEY ACCOUNTING PRINCIPLES

The 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 are 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 REVENUE

The group's revenues from continuing business were NOK 264.6 million in 2013, compared with NOK 265.1 million in 2012.

Many of the regional markets in which Blom has operations have been affected by macroeconomic unrest, and a subsequent 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.

The operating revenues for 2013 and 2012 have been adjusted for the sale of the Rumanian subsidiary Blom Romania SRL.

FINANCIAL EXPENSES

The net financial expenses totalled NOK 9.3 million in 2013, compared with NOK 31.8 million in 2012, which can primarily be attributed to the conversion of interest-bearing bond debt.

TAXES

The company did not have any recognised deferred tax assets on the balance sheet as at 31 December 2013. Deferred tax assets related to tax loss carryforwards that are not recognised on the balance sheet totalled NOK 188 million as at 31 December 2013, 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.

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 that financial year. From 2013, 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 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 low. The company has earmarked provisions for potential losses on specific customers and evaluated the size of the potential loss.

As at 31 December 2013, the company has provisions of NOK 2.6 million for potential future losses on specific trade receivables.

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 relatively large operative subsidiaries in seven European countries, three 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 essentially managed 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 generally have income and expenses in the same currency, and this substantially reduces the group's cash flow exposure to a single currency. An assessment of the need for and any hedging of currency risks are performed by a central financial function. In 2013, 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 42.7 million in liquid reserves at the end of the year, compared with NOK 54.4 million in liquid reserves at the end of the previous year. Restricted bank deposits totalled NOK 4.2 million and total available liquid reserves was therefore NOK 38.5 million.

Liquidity is monitored weekly and monthly by means of rolling cash flow forecasts from the subsidiaries, and these forecasts also form 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 38.5 million at the end of the year and proceeds from disposed business (see Notes 24 and 25), 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.

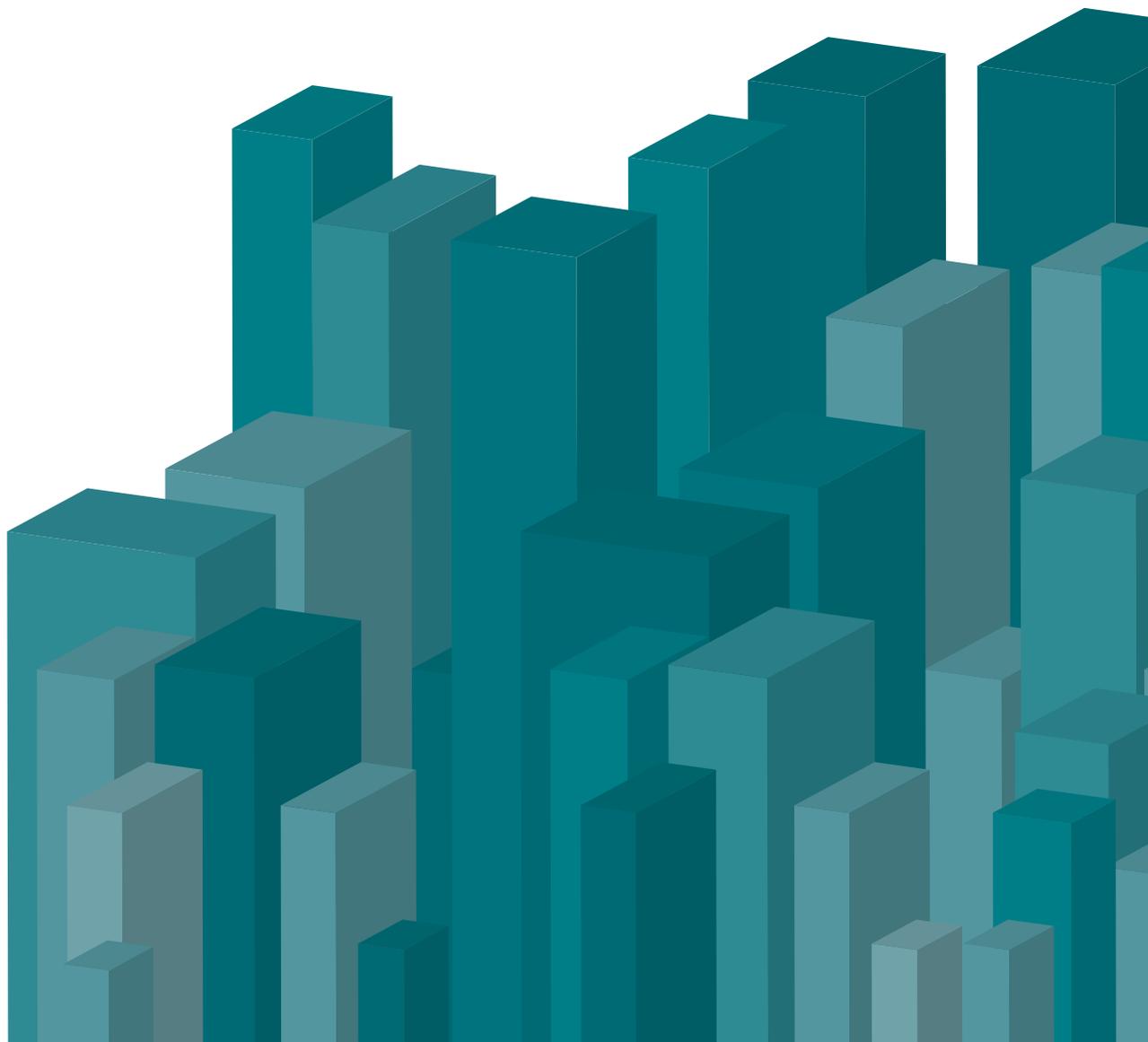
The company completed an extensive restructuring of operations in 2012 and 2013. The company's assets have been subjected to substantial depreciation and write-downs, and the company's balance sheet total has been reduced from NOK 426 million to NOK 195 million. The

company's interest-bearing bond debt has been converted to equity. Accordingly, the company considers its 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 28.8 per cent as at 31 December 2013, compared with 9.6 per cent as at 31 December 2012. In 2013, the company's total outstanding bond debt of NOK 97.3 million was converted to equity and a capital reduction and reverse-split of shares were carried out, cf. Note 16: Share capital and shareholder information.



BOARD OF DIRECTORS' REPORT

BOARD OF DIRECTORS' REPORT 2013

COMPANY'S OPERATIONS

At the start of 2013, the company faced a combination of market-related, structural and operational challenges. Blom has handled these challenges throughout the year by implementing a number of structural and cost-efficiency improvement measures. The Board of Directors is satisfied that overall, these measures have ensured continuation of the company's operations and established a platform for implementation of the company's change in strategy focusing on new growth areas.

A new ownership structure and a new Board of Directors has ensured the completion of a comprehensive refinancing of the company. At the end of 2013, a contract was signed to sell our operative company in Romania, Blom Romania SRL.

Blom carried out substantial write-downs of its book assets, including a full write-down of intangible assets. The company's interest-bearing bond debt was converted to equity. Through the sale and downscaling of businesses, the operational and geographic exposure has been reduced, and is now better adapted to the company's financial structure.

The company has prepared a new strategy that over time will form the basis for revenue streams from other customers and market areas, while at the same time building on the company's core competence. Implementation of the company's new strategy has already shown results through a two-year contract for the collection of data for ice monitoring through the use of advanced airborne sensors.

In 2013, the company's operations were divided into four geographic segments: Nordic, Mid-Europe, Eastern Europe and Iberia & Latin America.

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

Blom's reporting structure is a consequence of the company's focus on improving profitability and market orientation toward niches where Blom has a competitive advantage. This organisation secures cooperation and the coordination of activities in the group.

Blom has independent operations in a total of seven countries in Europe, as well as production units in Indonesia and Romania. The parent company has offices at Skøyen in Oslo and manages the operations from there.

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. Revenues from continuing business are stable.

Operating revenues from the various geographic segments in 2013:

(Amounts in NOK 1000)

Operating revenues	2013	2012
Nordic	167,556	164,804
Mid-Europe	52,891	36,770
Eastern Europe	9,874	5,578
Iberia & Latin America	34,254	46,326
Other segments/unallocated	0	1,600
Total	264,575	265,146

In 2013, the equity ratio was 28.8 per cent, compared with 9.6 per cent in 2012. Cash and cash equivalents were NOK 43 million, compared with NOK 65 million in 2012 (including the operations in Romania that were sold). The company has cash and cash equivalents that exceed interest-bearing debt. Net interest-bearing debt were NOK 56 million in 2012, including the operations in Romania that were sold.

RESULTS

The group's sales revenue from continuing business was NOK 265 million in 2013, compared with NOK 265 million in 2012. EBITDA totalled NOK 32 million for 2013, with a margin of 12.3 per cent, compared with an EBITDA of NOK 49 million and a margin of 18.7 per cent in 2012. The group's operating loss, measured as EBIT, was NOK -55 million, compared with NOK 12 million in 2012. The accounts include charges for extraordinary depreciation and the write-down of non-current assets, inventories and trade receivables. The result from the business sold in Romania has been recognised on a net basis under "Business under disposal" on a separate line in the accounts.

The profit/(loss) for the year was somewhat lower than expected. This is attributed primarily to the extraordinary depreciation and write-down of non-current assets, inventories and trade receivables charged

to the accounts. Some of the important customer segments in 2013 have shown a substantial decline in volume, which has also had a negative impact on the results.

Net cash flow from operating activities was NOK 10 million. Trade receivables have declined by NOK 3 million in 2013 to NOK 36 million; while work in progress was at NOK 31 million in 2013, compared with NOK 45 million in 2012.

Net financial expenses totalled NOK 9 million in 2013, compared with NOK 32 million in 2012.

INVESTMENTS

Combined operational investments from continuing business impacted liquidity less in 2013 less than in the previous year, and totalled NOK 14 million in 2013, compared with NOK 29 million in 2012. This is attributed primarily to a reduction in investments in databases and other capital equipment.

FINANCING

On 7 February 2013, the company's bondholders approved postponement of the maturity of the company's bond loan ISIN NO 001064747.2 ("2012 Bond"), thus no amount fell due before 26 April 2013.

On 26 April 2013, the company's bondholders approved postponement of the

maturity of the company's bond loan ISIN NO 001064747.2 ("2012 Bond") until 26 June 2013. The maturity of a short-term liquidity loan of EUR 2.5 million from Hexagon AB agreed on in December 2012 was extended until 24 June 2013. The main creditor for this debt was among the company's principal shareholders at the time.

The bondholders approved an extension of the maturity of the loan ISIN NO 001064747.2 until 26 September 2013 at the bondholder meeting of 26 June 2013.

The maturity of a short-term liquidity loan of EUR 2.5 million from Hexagon AB agreed on in December 2012 was extended correspondingly until 24 September 2013.

At the bondholder meeting of 5 September 2013, the bondholders approved the restructuring of debt through conversion of all outstanding bond debt to equity in the company.

The conversion of all of the company's outstanding bond debt totalling NOK 97.3 million was approved by the company's Extraordinary General Meeting of 27 September 2013. Registration of the new shares took place on 20 November 2013.

The debt of NOK 20 million to Hexagon AB was settled through the sale of intellectual property rights to Hexagon AB. Blom emerges after this with interest-bearing debt of NOK 4.2 million as at 31 December 2013.

Total assets at the end of the year were NOK 195 million, compared with NOK 426 million in the previous year. The equity ratio was 28.8 per cent as at 31 December

2013, compared with 9.6 per cent as at 31 December 2012.

CONTINUATION AS A GOING CONCERN

Pursuant to Section 3-3 of the Accounting Act, it has been confirmed that the pre-requisites for continued operations as a going concern have been met. This assumption has been made for the preparation of the accounts, forecast results for 2014 and the group's long-term strategic forecast for the coming years. The group has an economic and financial position to support continued operations.

COMMENTS ON THE BUSINESS OUTLOOK

Blom reduced its cost base significantly in 2013, primarily through a workforce reduction of 120 employees during the year. The company will continue to focus on additional cost reductions, and streamlining and developing the operations, such that the company can achieve optimal cost structures.

It is the opinion of the Board of Directors that all of the measures that have been implemented and the measures that have been planned will enable the company to have profitable operations in 2014 and the years to come. The Board of Directors is satisfied with the fact that the company has completed a demanding restructuring, at the same time as the company is establishing itself in new business areas with better visibility and margins.

The company has established a satisfactory balance sheet after the conversion of bond debt and extensive write-down of company assets, including a full write-down of intangible assets. The company's equity

ratio is 29 per cent, and the current ratio has also improved greatly. A new Board of Directors and a new shareholder structure with expressly great confidence in the company's competence and opportunities is a strong motivating factor for the company's employees.

ENVIRONMENT AND EQUALITY

Environment and equality

In 2013 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 provides the foundation for the company's future growth. As at 31 December, there were 207 employees in the operative companies, while there were 258 employees at the production facilities in Indonesia and Eastern Europe. The group has a total of 465 employees in its continuing business. In 2013, the number of employees was reduced by 46 in the operative companies and 74 at the production facilities in Indonesia and Eastern Europe, for a total of 120.

In 2013, the sick leave rate was 3.0 per cent in Norway, compared with 3.9 per cent in 2012. No workplace injuries were reported in 2013. It is the opinion of the Board of Directors that the working environment, the general level of workplace satisfaction, and loyalty to the company are good. Blom continuously seeks to improve the working environment. This is followed up locally in the individual subsidiaries.

Equal status

The proportion of women in the operations in Norway is 11 per cent in 2013, compared with 13 per cent in 2012, and two of the

group's four elected Board members are women. The employees are represented on the Board of Directors of the operative company in Norway. There are no employee-elected women 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 may to some extent have an 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 to what extent the company complies with this code of practice can be found in this annual report.

Corporate social responsibility statement

The corporate social responsibility statement has been included as a separate section in the annual report.

APPLICATION OF THE PROFIT FOR THE PARENT COMPANY

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

Proposed dividend	NOK	0
From other reserves	NOK	67,478,000

EVENTS IN 2014

Blom ASA, through its Norwegian company Blom Geomatics AS, signed a two-year contract with Viking Supply Ships AS (VSS) on 5 February 2014 for the delivery of airborne remote sensor services in 2014 and 2015. These services are linked to VSS operations in Northern waters and will be part of a larger ice monitoring programme. The contract will generate estimated annual revenues of NOK 35–50 million.

Oslo, 27 March 2014



Siv Staubo
Board Chairman



Birgitte Ellingsen
Board Chairman



Tore Hopen
Board Member



Kristian Lundkvist
Board Member



Dirk Blaauw
CEO

BLOM GROUP ACCOUNTS



STATEMENT OF COMPREHENSIVE INCOME – BLOM GROUP

(Amounts in NOK 1000)

	Note	2013	2012*
Operating revenues	1/ 23	264,575	265,146
Cost of materials		79,213	75,497
Salaries and personnel costs	12	140,809	138,693
Ordinary depreciation and write-downs	2 / 3	87,348	37,456
Other operating and administrative costs		36,318	25,355
Other gains/losses	16	-24,207	-23,884
Operating expenses		319,482	253,118
Operating profit/loss		-54,906	12,028
Net financial items	13	-9,289	-31,780
Pre-tax profit/loss		-64,195	-19,752
Tax	9	2,965	-1,513
Net profit/loss from continuing business		-61,230	-21,265
Net profit/loss from discontinued business	24	1,791	-45,362
Net profit/loss for the year		-59,440	-66,627
Profit/loss attributable to:			
Shareholders		-59,440	-66,627
Net profit/loss for the year		-59,440	-66,627
Comprehensive profit/loss:			
Items that will not be reclassified to profit or loss:			
Recalculation of pension obligations	7	168	-1,164
Items that may be reclassified to profit or loss:			
Currency translation differences	21	6,041	-808
Total comprehensive profit/loss for the year		-53,231	-68,599
Total comprehensive profit/loss attributable to:			
Shareholders		-53,231	-68,599
		-53,231	-68,599
Earnings and diluted earnings per share:			
From continuing business	17	-45.01	-101.82
From discontinued business		1.32	-217.20
From profit/loss for the year		-43.69	-319.02
Diluted earnings per share:	17		
From continuing business		-45.01	-101.82
From discontinued business		1.32	-217.20
From profit/loss for the year		-43.69	-319.02

* Comparison figures restated as a result of the implementation of changes in IAS 19 (Employee Benefits)

Notes 1 to 25 are an integral part of the consolidated financial statements.

BALANCE SHEET – BLOM GROUP ASSETS

(Amounts in NOK 1000)

	Note	2013	2012*
Patents, licences and similar rights	3	684	1,327
Deferred tax assets	9	0	0
Total intangible assets		684	1,327
Property, plant and equipment	2	20,636	98,912
Non-current asset investments	20	1,151	180
Total non-current assets		22,471	100,419
Work in progress	4/23	30,965	45,094
Trade receivables	5	36,117	39,162
Other current receivables	5	15,054	32,409
Total receivables		51,171	71,571
Cash and cash equivalents	6	42,725	64,609
Assets classified as held for sale	24	48,072	144,382
Total current assets		172,933	325,655
TOTAL ASSETS		195,404	426,075

* Comparison figures restated as a result of the implementation of changes in IAS 19 (Employee Benefits)

Notes 1 to 25 are an integral part of the consolidated financial statements.

BALANCE SHEET – BLOM GROUP EQUITY AND LIABILITIES

(Amounts in NOK 1000)

	Note	2013	2012*
Called-up and fully paid share capital:			
Share capital	16	10,071	16,849
Treasury shares	16	-1,977	-110
Share premium reserves	16	97,720	20,458
Other reserves:			
Currency translation differences	21	-35,348	-41,389
Retained earnings		-14,210	45,062
Total equity		56,256	40,870
Pension obligations	7	3,233	5,849
Non-current liabilities	8 / 14	9,607	77,154
Deferred tax	9	899	1,274
Total non-current liabilities		13,739	84,277
Credit facilities	8	0	5,657
Other interest-bearing current liabilities	8 / 14	3,864	51,513
Total interest-bearing current liabilities		3,864	57,170
Trade payables		25,955	51,480
Unpaid government taxes		18,931	18,439
Tax payable	9	0	0
Other current liabilities	10	43,450	44,781
Total other current liabilities		88,336	114,700
Liabilities classified as held-for-sale	24	33,209	129,058
Total current liabilities		125,409	300,928
Total liabilities		139,148	385,205
TOTAL EQUITY AND LIABILITIES		195,404	426,075

* Comparison figures restated as a result of the implementation of changes in IAS 19 (Employee Benefits)

Notes 1 to 25 are an integral part of the consolidated accounts.

Oslo, 27 March 2014



Siv Staubo
Board Chairman



Birgitte Ellingsen
Board Chairman



Tore Hopen
Board Member



Kristian Lundkvist
Board Member



Dirk Blaauw
CEO

CHANGES IN EQUITY – BLOM GROUP

(Amounts in NOK 1000)

	Note	Share capital	Treasury shares	Share premium reserves	Currency translation differences	Retained earnings	Total	Minority interests	Equity
Equity as at 1 January 2012	8	25,465	-110	167,847	-42,911	-344,709	-194,418	10	-194,408
Effect of changes in principles (IAS – Employment Benefits)	7					-1,876	-1,876		-1,876
Equity as at 1 January 2012 (restated)	8	25,465	-110	167,847	-42,911	-346,585	-196,294	10	-196,284
Net profit/loss for the year						-66,617	-66,617	-10	-66,627
Other comprehensive profit/loss:									
Currency translation differences	21				1,522	-2,330	-808		-808
Pension obligations	7					-1,164	-1,164		-1,164
Comprehensive profit/loss for the year					1,522	-3,494	-1,972		-1,972
Capital reduction	16	-24,191				24,191			
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 allocations				-437,566		437,566			
Total comprehensive profit/loss for the year (restated)		-8,616		-147,389	1,522	391,647	237,164	-10	237,154
Equity as at 31 December 2012 (restated)		16,849	-110	20,458	-41,389	45,062	40,870	0	40,870
Net profit/loss for the year						-59,440	-59,440		-59,440
Other comprehensive profit/loss:									
Currency translation differences	21				6,041		6,041		6,041
Pension obligations	7					168	168		168
Comprehensive profit/loss for the year					6,041	168	6,209		6,209
Capital reduction	16	-15,164		15,164					
New share capital by conversion	16	48,669					48,669		48,669
Premium on conversion	16		-1,867	23,620			21,753		21,753
Capital reduction*	16	-40,283		40,283					
Costs recognised in equity				-1,805			-1,805		-1,805
Total comprehensive profit/loss for the year		-6,778	-1,867	77,262	6,041	-59,272	15,386	0	15,386
Equity as at 31 December 2013		10,071	-1,977	97,720	-35,348	-14,210	56,256	0	56,256

* Capital reduction registered on 25 January 2014.

Notes 1 to 25 are an integral part of the consolidated accounts.

CASH FLOW STATEMENT – BLOM GROUP

INDIRECT MODEL

(Amounts in NOK 1000)

	Note	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES			
Pre-tax profit/loss		-64,195	-19,752
+ Depreciation and write-downs	2/3	87,348	37,456
- Taxes paid	9	-488	0
- Interest paid	13	-4,388	-5,622
+/- Change in trade receivables		-4,009	10,060
+/- Change in inventories and work in progress		-1,532	14,910
+/- Change in trade receivables		-3,150	-20,966
+/- Change in other accruals and unrealised foreign exchange		-10,771	-36,627
Net cash flow from operating activities – continuing business		-1,185	-20,541
Net cash flow from operating activities – discontinued business	24	11,339	36,691
A = Net cash flow from operating activities		10,153	16,150
CASH FLOW FROM INVESTMENT ACTIVITIES			
- Purchases of property, plant and equipment	2/3	-11,053	-28,643
+ Receipts from sale of shares and other investments		7,487	20,450
Net cash flow from operating activities – continuing business		-3,566	-8,193
Net cash flow from operating activities – discontinued business	24	-153	-6,989
B = Net cash flow from investing activities		-3,719	-15,182
CASH FLOW FROM FINANCING ACTIVITIES			
+/- New debt	8	0	38,933
+/- Repayment of debt	8	-9,604	-12,674
Net cash flow from operating activities – continuing business		-9,604	26,259
Net cash flow from operating activities – discontinued business	24	-2,108	-36,767
C = Net cash flow from financing activities		-11,712	-10,508
A+B+C Net change in cash and cash equivalents		-5,277	-9,540
+ Cash and cash equivalents as at 1 December		67,244	76,784
= Cash and cash equivalents as at 31 December	6/24	61,967	67,244
Cash and cash equivalents – continuing business	6	42,725	64,609
Cash and cash equivalents – discontinuing business	24	19,242	2,635

* Capital reduction registered on 25 January 2014.

Notes 1 to 25 are an integral part of the consolidated accounts.



NOTES TO THE
BLOM GROUP
ACCOUNTS

NOTES TO THE ACCOUNTS OF THE BLOM GROUP

GENERAL INFORMATION

Blom ASA collects, processes and sells high quality map data. The group possesses unique databases, and has developed applications and services for navigation and location-based services. Blom ASA has subsidiaries in 9 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 27 March 2014.

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 2013

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 pension scheme assets with a net interest amount that is calculated by means of a discount rate for the net pension obligations (assets). See Note 7, Pensions for the effect on the 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.

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 EU. 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.

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, liabilities that are assumed, plus direct costs associated with the acquisition. 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 flow generating units. This allocation is made to the cash flow generating units or groups of cash flow 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 carried commitment related to the contribution schemes is the current value of the defined contributions at balance sheet date minus the fair value of the pension scheme assets. 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.

Gains or losses that arise from recalculation of the obligations as a result of empirical deviations or changes in the actuarial assumptions are recognised in equity through other comprehensive income during the period when they arise.

The effect of changes to the schemes' benefits are recognised immediately in profit and loss.

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 2013, the group's business operations are reported primarily in four segments: Nordic, Mid-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 2013 are as follows:

(Amounts in NOK 1000)

	Nordic	Mid-Europe	Eastern Europe	Iberia & Latin America	Unallocated	Group
Operating revenues	167,556	52,891	9,874	34,254	0	264,575
EBITDA	46,490	-463	3,312	-11,538	-5,359	32,442
Depreciation and write-downs	79,657	6,742	175	554	219	87,348
Operating profit/loss	-33,168	-7,205	3,137	-12,092	-5,578	-54,906
Net financial items	0	0	0	0	-9,289	-9,289
Pre-tax profit/loss	-33,168	-7,205	3,137	-12,092	-14,868	-64,195
Tax charge	0	0	0	0	2,965	2,965
Profit/loss from continuing business	-33,168	-7,205	3,137	-12,092	-11,903	-61,230
Net profit/loss from discontinued business	0	0	0	0	1,791	1,791
Net profit/loss for the year	-33,168	-7,205	3,137	-12,092	-10,112	-59,440
Assets	48,061	16,864	5,107	18,379	106,993	195,404
Investments	12,141	918	693	154	152	14,058

The results per business area for 2012 are as follows:

(Amounts in NOK 1000)

	Nordic	Mid-Europe	Eastern Europe	Iberia & Latin America	Unallocated	Group
Operating revenues	164,804	46,838	5,578	46,326	1,600	265,146
EBITDA	44,368	2,059	1,163	-8,746	10,640	49,484
Depreciation and write-downs	22,393	8,370	13	7,998	-1,318	-37,446
Operating profit/loss	21,976	-6,311	1,150	-16,744	11,957	12,028
Net financial items	0	0	0	0	-31,780	-31,780
Pre-tax profit/loss	21,976	-6,311	1,150	-16,744	-19,823	-19,752
Tax charge	0	0	0	0	-1,513	-1,513
Profit/loss from continuing business	21,976	-6,311	1,150	-16,744	-21,336	-21,265
Net profit/loss from discontinued business	0	0	0	0	-45,362	-45,362
Net profit/loss for the year	21,976	-6,311	1,150	-16,744	-66,698	-66,627
Assets	104,180	20,804	26,915	25,343	248,833	426,075
Investments	20,485	2,942	2,055	3,861	6,405	35,748

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. Assets classified as held for sale are not allocated to segments as at 2012 and 2013. Investments consist of the addition of property, plant and equipment and intangible assets. Unallocated investments in 2012 and 2013 include investments in business under disposal.

The results per geographic segment are as follows:

(Amounts in NOK 1000)

OPERATING REVENUES	2013	2012
Norway	32,733	45,052
Other Nordic countries	110,435	86,967
Spain	17,993	24,130
UK	36,769	29,103
Romania	8	0
Other countries	66,637	79,894
Total operating revenues	264,575	265,146

(Amounts in NOK 1000)

ASSETS	2013	2012
Norway	21,040	89,966
Other Nordic countries	26,115	14,214
Spain	18,379	22,343
UK	12,530	17,219
Romania	5,107	26,915
Other countries	5,239	3,585
Total allocated assets	88,410	174,242
Assets classified as held for sale	48,072	144,382
Unallocated assets	58,922	107,451
Total assets	195,404	426,075

(Amounts in NOK 1000)

INVESTMENTS	2013	2012
Norway	9,900	18,393
Other Nordic countries	2,241	2,092
Spain	154	3,861
UK	882	2,842
Romania	693	2,055
Other countries	36	100
Total allocated investments	13,906	29,343
Unallocated investments	152	6,405
Total investments	14,058	35,748

NOTE 2: PROPERTY, PLANT AND EQUIPMENT

(Amounts in NOK 1000)

	Buildings	Machinery, fixtures, etc.	Total
2012 FINANCIAL YEAR			
Book value as at 1 January 2012	1,409	154,278	155,686
Currency translation differences	-147	-3,500	-3,647
Additions	84	27,420	27,504
Disposals/other movements	0	-2,038	-2,038
Assets held for sale	-81	-37,468	-37,549
Depreciation for the year	-902	-39,143	-40,045
Write-downs for the year	0	-10,000	-10,000
Book value as at 31 December 2012	363	98,549	98,912
As at 31 December 2012			
Historical cost	2,444	484,374	486,818
Accumulated depreciation	-2,081	-252,123	-254,204
Accumulated write-downs	0	-133,702	-133,702
Book value as at 31 December 2012	363	98,549	98,912
2013 FINANCIAL YEAR			
Book value as at 1 January 2013	363	98,549	98,912
Currency translation differences	-193	-3,407	-3,600
Additions	0	13,366	13,366
Disposals/other movements	0	0	0
Assets held for sale	-77	-1,107	-1,184
Depreciation for the year	-41	-29,100	-29,141
Write-downs for the year	0	-57,717	-57,717
Book value as at 31 December 2013	52	20,584	20,636
As at 31 December 2013			
Historical cost	261	486,562	486,823
Accumulated depreciation	-209	-274,559	-274,768
Accumulated write-downs	0	-191,419	-191,419
Book value as at 31 December 2013	52	20,584	20,636

NOTE 3: INTANGIBLE ASSETS

(Amounts in NOK 1000)

	Goodwill	Patents, licences and similar rights	Total
2012 FINANCIAL YEAR			
Book value as at 1 January 2012	0	1,827	1,827
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
Write-downs for the year	0	-1,328	-1,328
Book value as at 31 December 2012	0	1,827	1,827
As at 31 December 2012			
Historical cost	301,907	66,259	368,166
Accumulated depreciation	0	-35,535	-35,535
Accumulated write-downs	-301,907	-29,397	-29,397
Book value as at 31 December 2012	0	1,328	1,328
2013 FINANCIAL YEAR			
Book value as at 1 January 2013	0	1,328	1,328
Currency translation differences	0	-310	-310
Additions	0	540	540
Disposals / other movements	0	0	0
Assets held for sale	0	-383	-383
Depreciation for the year	0	-491	-491
Book value as at 31 December 2013	0	684	684
As at 31 December 2013			
Historical cost	301,907	56,626	358,533
Accumulated depreciation	0	-26,545	-26,545
Accumulated write-downs	-301,907	-29,397	-331,304
Book value as at 31 December 2013	0	684	684

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 2013 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 31.0 million in 2013 and NOK 45.1 million in 2012.

NOTE 5: TRADE AND OTHER RECEIVABLES

(Amounts in NOK 1000)

	2013	2012
Trade receivables	38,717	44,545
Provisions for expected losses	-2,600	-5,384
Trade receivables – net	36,118	39,162
Prepayments	2,969	3,286
Other current receivables	12,085	29,123
Total other current receivables	15,053	32,409
Total current receivables	51,171	71,571

Movement in provisions for expected losses on trade receivables:

(Amounts in NOK 1000)

	2013	2012
As at 1 January	5,384	5,868
Business under disposal	-2,721	-706
Change in provisions for expected losses	16	1,278
Realised losses for the year	-79	-215
Reversal of unused amounts	0	-843
As at 31 December	2,600	5,384

As at 31 December 2013 the provisions for expected losses on trade receivables were NOK 2,600,000 (2012: NOK 5,384,000). The provisions are related primarily to Spain.

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

Age distribution of group's trade receivables:

(Amounts in NOK 1000)

	2013	2012
Trade receivables not due for payment	28,393	29,327
Up to 30 days	3,064	5,868
Between 30 and 90 days	1,054	1,789
Over 90 days	3,706	2,178
Total outstanding receivables	7,824	9,835
Total trade receivables	36,117	39,162

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

(Amounts in NOK 1000)

	2013	2012
NOK	10,002	22,345
GBP	3,931	5,479
EUR	24,663	25,516
SEK	9,411	6,008
Other currencies	3,164	12,223
Total current receivables	51,171	71,571

NOTE 6: CASH AND CASH EQUIVALENTS

(Amounts in NOK 1000)

	2013	2012
Cash and bank deposits	38,517	53,379
Restricted bank deposits	4,208	11,230
Total	42,725	64,609

The restricted bank deposits include the employees' tax withholdings and cash deposits for portions of the group's bank guarantees.

NOTE 7: PENSIONS

As a consequence of the change in principles mentioned above, the accumulated actuarial gains or losses of NOK 1,876,000 as at 31 December 2011 have been recognised directly in equity. The pension obligations as at 1 January 2012 have accordingly been restated (increased) by this amount.

(Amounts in NOK 1000)

	2013	Restated 2012	Original 2012
Book value of obligation:			
Pension benefits	3,233	5,849	2,811
Total	3,233	5,849	2,811
Cost charged to the income statement (Note 12):			
Defined benefit pension schemes	1,833	2,339	3,616
Defined contribution pension schemes	1,837	3,656	3,656
Pension costs	3,670	5,995	7,272
Effect of recalculating the obligation recognised under other comprehensive profit/loss:	168	-1,164	0

The following companies are included in this table: Blom ASA and Nusantara (Indonesia).

Pension benefits:

(Amounts in NOK 1000)

	2013	Restated 2012	Original 2012
Present value of accrued pension obligations for defined benefit plans in fund-based schemes	11,582	15,522	11,776
Fair value of pension scheme assets	-11,282	-13,090	-10,793
Total	300	2,432	983
Present value of obligation for non-fund-based schemes	2,933	3,417	15,845
Unrecognised actuarial gains or losses	0	0	-4,037
Unrecognised costs related to pension benefits earned in prior periods	0	0	15
Share of obligation from business under disposal	0	0	-9,966
Net pension obligations on the balance sheet	3,233	5,849	2,811

Changes in the defined benefit pension obligations during the year:

(Amounts in NOK 1000)

	Present value of the obligation	Fair value of pension scheme assets	Total
1. January 2012 (restated)	23,828	-5,159	18,669
Value of pension benefits earned for the year	1,874	0	1,874
Interest expenses/(income)	503	-38	465
Total	2,377	-38	2,339
Effect of recalculation	2,817	-2,653	1,164
Currency translation differences	2,190	0	5,190
Paid to the schemes	0	-5,595	-5,595
Paid from the schemes	-355	355	0
Pension obligations from business under disposal	-10,538	0	-10,538
31 December 2012 (restated)	18,939	-13,090	5,846

(Amounts in NOK 1000)

	Present value of the obligation	Fair value of pension scheme assets	Total
1. January 2013	18,939	-13,090	5,849
Value of pension benefits earned for the year	1,476	0	1,476
Interest expenses/(income)	396	-38	358
Total	1,872	-38	1,834
Effect of recalculation	-2,398	1,230	-168
Currency translation differences	-3,477	1,543	-1,934
Paid to the schemes	0	-2,348	-2,348
Paid from the schemes	-421	421	0
31 December 2013	14,515	-11,282	3,233

Economic assumptions:

(Amounts in NOK 1000)

	2013	2012
Discount rate	4.1 - 8.75 %	2.2- 6.0 %
Annual salary inflation	3.75-10.0 %	2.0-10.0 %
Annual pension adjustment	0.6 - 3.0 %	0.5- 3.0 %

Blom Nusantara (Indonesia) has a discount rate of 8.75 per cent.

The mortality assumptions are based on published statistics and experience in each individual country. K2013 is used for Norway.

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:

	2013	2012
Men	18	17
Women	21	20

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 pension scheme assets was NOK 38,000 in 2013 (2012: NOK 38,000).

An increase of one percentage point in the discount rate gives an estimated reduction in the pension obligations of 10.3 per cent. An decrease of one percentage point in the discount rate gives an estimated increase in the pension obligations of 11.8 per cent.



NOTE 8: LOANS AND OTHER NON-CURRENT LIABILITIES

Conversion of all of the company's outstanding bond debt totalling NOK 97.3 million was approved by the company's Extraordinary General Meeting of 27 September 2013. Reference is also made to Note 16 Share capital and shareholder information. The company has had a dialogue for some time with a majority of the key bondholders for the company's bond loan with a view to strengthening the company's capital structure through increasing its equity. The aim of this was to contribute to re-establishing a healthy balance sheet for the company and securing adequate liquidity so that the company can follow its original business plan.

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 1000)

	2013	2012
Non-current liabilities:		
Bond loans	0	61,806
Financial leasing	420	1,195
Other non-current liabilities	9,187	14,153
Total	9,607	77,154
Current interest-bearing liabilities:		
Bond loans	0	26,595
Credit facilities	0	5,657
Bank loans / other financing	2,847	22,781
Financial leasing	1,016	2,137
Total	3,864	57,170



Other non-current liabilities consist primarily of interest-free loans of NOK 5.6 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 1.6 million, which will be reduced in step with the amortisation of the relevant assets in Blom Spain.

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 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:

	2013		2012	
	NOK	EUR/GBP	NOK	EUR/GBP
Bond loans			2.0-15.0 %	
Bank loans		4.3 %		6.0-12.0 %
Financial leasing	4.5-7.5 %	4.6 %	12.0-15.7 %	5.7-7.5 %
Credit facilities				9.8 %
Other interest-bearing liabilities		15.0 %		15.0 %

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

(Amounts in NOK 1000)

	2013	2012
NOK	3,082	90,650
GBP	0	1,425
EUR	9,718	33,044
Other currencies	671	9,206
Total	13,471	134,324

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

(Amounts in NOK 1000)

	2014	2015	2016	2017	2018 ->
Bank loans	531	0	0	0	0
Financial leasing	1,016	158	131	131	0
Other liabilities	2,316	3,427	2,162	1,396	2,201
Total	3,864	3,585	2,293	1,527	2,201

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 1000)

	2013	2012
Deferred tax assets:		
Deferred tax assets that reverse after more than 12 months	0	0
Deferred tax assets that reverse within 12 months	0	0
Deferred tax assets as at 31 December	0	0
Deferred tax:		
Deferred tax liabilities that reverse after more than 12 months	899	1,274
Deferred tax that falls due for payment within 12 months	0	0
Deferred tax as at 31 December	899	1,274
Net deferred tax	899	1,274
Change in recognised deferred tax:		
Book value as at 1 January	1,274	718
Foreign currency translation	-113	-168
Recognised in the income statement during the period	-34	1,284
Assets held for sale	-228	-560
Book value as at 31 December	899	1,274

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

(Amounts in NOK 1000)

	Machinery and plant	Projects	Other	Total
Deferred tax:				
1 January 2012	3,333	1,351	464	5,148
Assets held for sale	-2,860	0	0	-2,860
Recognised in the income statement during the period	-404	-51	-291	-746
Foreign currency differences	-69	-26	-173	-268
31 December 2012	0	1,274	0	1,274
Assets held for sale	0	-228	0	-228
Recognised in the income statement during the period	0	-34	0	-34
Foreign currency differences	0	-113	0	-113
31 December 2013	0	899	0	899

(Amounts in NOK 1000)

	Tax loss carryforward	Machinery and plant	Other	Total
Deferred tax assets				
1 January 2012	-3,180	-680	-570	-4,430
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 differences	-49	104	45	100
31 December 2012	0	0	0	0
Recognised in the income statement during the period	0	0	0	0
31 December 2013	0	0	0	0

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 2018 (or that there is no deadline linked to the right to carry forward). The deferred tax assets related to tax loss carryforwards that are not recognised on the balance sheet totalled NOK 188 million as at 31/12/2013 and NOK 161.3 million as at 31/12/2012. Deferred tax assets that are not recognised on the balance sheet refer primarily to tax loss carryforwards in Blom Sistemas (NOK 70,000,000), Blom ASA (NOK 47,300,000), Blom Data (NOK 37,800,000) and the Swedish subsidiaries (NOK 13,100,000). Reference is also made to Note 24.

(Amounts in NOK 1000)

	Amount
Expiration dates for tax loss carryforwards	
2014	0
2015	0
2016	0
2017	0
2018	0
Later than 2018	241,706
No restrictions	438,343
Total tax loss carryforward	680,049

(Amounts in NOK 1000)

	2013	2012
Tax charge:		
Tax payable	427	0
Reversal of excess tax allocation in Spain	-3,358	0
Change in deferred tax	-34	1,513
Total	-2,965	1,513

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 1000)

	2013	2012
Pre-tax profit/loss	-64,195	-19,752
Tax calculated at the tax rate of the various countries	-18,637	-4,705
Non-tax-deductible expenses / non-taxable income	-11,898	-6,558
Tax losses recognised as an expense, or not on the balance sheet	26,680	12,776
Utilisation of previously unrecognised tax loss carry-forward	-890	0
Tax charge	-2,965	1,513

The weighted average tax rate was -4.6 per cent in 2013 (2012: 4 per cent).

The following tax rates apply in the various countries in 2013:

Norway 28 per cent, Sweden 22 per cent, Finland 20 per cent, Germany 39 per cent, UK 23 per cent, Spain 30 per cent and Romania 16 per cent.

NOTE 10: OTHER CURRENT LIABILITIES

(Amounts in NOK 1000)

	2013	2012
Prepayments	13,899	2,951
Holiday pay etc. for employees	14,003	9,208
Interest/fees on bond loans	0	3,979
Project costs	6,601	4,578
Government grants (Note 8)	3,317	10,386
Other current liabilities	5,629	13,678
Total	43,449	44,780

Government grants of NOK 3.3 million are a short-term share of the total grants and loans of NOK 10.6 million. The loans total NOK 9 million and are interest-free, while the grants total NOK 1.6 million. See also Note 8 and Note 20.

NOTE 11: CHARGES ON ASSETS AND SECURITY

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

In connection with the sale of property in Tønsberg, Blom ASA has, together with Scanrope Holding AS, guaranteed that Scan Subsea ASA will pay its rent up until 5 September 2016. Scan Subsea ASA was acquired in 2007 by the NYSE listed company Parker Hannifin Corporation.

NOTE 12: PAYROLL COSTS

(Amounts in NOK 1000)

	2013	2012
Wages and salaries	113,810	97,192
Employers' share of National Insurance contributions	19,599	30,164
Pension costs	3,670	5,995
Other benefits	3,730	5,342
Total	140,809	138,693

Pension costs include both defined benefit and defined contribution schemes. As at 31 December In 2013 the group had a total of 465 employees.

NOTE 13: FINANCIAL INCOME AND EXPENSES

(Amounts in NOK 1000)

	2013	2012
Interest and other financial income	1,303	1,003
Interest and other financial expenses	-12,115	-28,042
Net foreign currency gains/(losses)	1,523	-4,741
Net financial items	-9,289	-31,780

Interest and other expenses in 2013 include recognised transaction costs of NOK 2,730,000 in connection with the conversion of the company's bond debt.

NOTE 14: FINANCIAL LEASING AGREEMENTS

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

(Amounts in NOK 1000)

	2013	2012
Historical cost recognised on balance sheet	27,019	38,100
Accumulated depreciation	-25,374	-34,145
Book value as at 31 December	1,645	3,954

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

(Amounts in NOK 1000)

	2013	2012
Maturity within 1 year	1,016	2,137
Maturity between 1 and 5 years	420	1,195
Maturity after more than 5 years	0	0
Total	1,436	3,332

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 1000)

	2013	2012
Maturity within 1 year	6,859	3,800
Maturity between 1 and 5 years	7,529	7,402
Maturity after more than 5 years	0	0
Total	14,388	11,202

The operating leasing agreements encompass the leasing of vehicles, offices, sensors 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 10,070,649 outstanding shares with a nominal value of NOK 5.00 at the end of 2013. The share capital was NOK 50,353,245 as at 31 December 2013.

On 19 August 2013, the company Merckx AS acquired 36.45 per cent of the shares in Blom ASA at a price of NOK 0.10 per share. The company acquired bonds in Blom's outstanding bond loans corresponding to more than two-thirds of each of the loans at the same time.

On 18 September Merckx AS made a mandatory offer for the remaining shares in Blom ASA at a price of NOK 0.10 per share. At the end of the offer period on 19 September, Merckx AS had obtained acceptance for a total of 8,588,088 shares, so that Merckx AS achieved an ownership interest of 61.9 per cent.

Conversion of all of the company's outstanding bond debt totalling NOK 97.3 million was approved by the company's Extraordinary General Meeting of 27 September 2013. A gain of NOK 24.2 million in connection with the conversion of debt is shown as other gains/losses in the income statement. Registration of the new shares took place on 20 November 2013. A capital reduction and reverse-split of shares was adopted at the same time.

After conversion of the bond loans, reduction of capital and reverse-split of shares were carried out on 20 November 2013, the company's share capital was NOK 50,353,245, divided into 10,070,649 shares, each with a nominal value of NOK 5.00.

After conversion of the bond debt, Merckx AS owns 73.4 per cent of the shares in Blom. Blom ASA acquired 384,629 new treasury shares through the conversion of bond debt.

At the company's Extraordinary General Meeting of 29 November 2013, the Board of Directors proposed to reduce the company's capital to ensure greater flexibility with regard to the company's evaluation and choice of various future strategic development alternatives.

The General Meeting adopted a reduction of the company's capital by NOK 40,282,596, from NOK 50,353,245 to NOK 10,070,649, by reducing the nominal value of the company's shares from NOK 5.00 to NOK 1.00. After the expiration of the deadline for objections by creditors, the reduction of capital was carried out on 25 January 2014. The reduction in capital took place in the form of a transfer to other reserves, and thus no distributions were made in connection with the reduction in capital.

Change in share capital in 2013:

	Date	No. of shares	Nom. value NOK	Share capital NOK
Share capital as at 1 January 2013		33,697,725.00	0.50	16,848,862.50
Capital reduction	20 Nov 2013	33,697,725.00	0.45	15,163,976.25
Share capital after reduction		33,697,725.00	0.05	1,684,886.25
Conversion of bond loan A	20 Nov 2013	360,500,000.00	0.05	18,025,000.00
Share capital after conversion A		394,197,725.00	0.05	19,709,886.25
Conversion of bond loan B	20 Nov 2013	505,228,601.00	0.05	25,261,430.05
Share capital after conversion B		899,426,326.00	0.05	44,971,316.30
Conversion of bond loan C	20 Nov 2013	107,638,559.00	0.05	5,381,927.95
Share capital after conversion C		1,007,064,885.00	0.05	50,353,244.25
Issue of 15 shares	20 Nov 2013	15.00	0.05	0.75
Share capital after new issue		1,007,064,900.00	0.05	50,353,245.00
Combination 100	20 Nov 2013	10,070,649.00	5.00	50,353,245.00
Share capital as at 31 December 2013		10,070,649.00	5.00	50,353,245.00
Capital reduction	25 Jan 2014	10,070,649.00	4.00	40,282,596.00
Share capital after reduction		10,070,649.00	1.00	10,070,649.00

TREASURY SHARES

At the end of the year, the company owned 395,336 shares corresponding to 3.93 per cent of the total number of outstanding shares. Blom ASA acquired 395,229 new shares through the conversion of bond debt. The Board of Directors does not have any authorisation to acquire treasury shares.

OWNERSHIP STRUCTURE

The number of shareholders as at 31 December 2013 was 2,413, compared with 2,861 shareholders as at 31 December 2012. Foreign shareholders have a 0.26 per cent ownership interest in the company, compared with 27.7 per cent as at 31 December 2012.

Blom's 20 largest shareholders as at 31 December 2013:

Shareholder	Number	%
1 Merckx as	7,456,517	74.04 %
2 MP Pensjon PK	594,080	5.90 %
3 Holmen Spesialfond	500,000	4.96 %
4 Blom ASA	395,336	3.93 %
5 Veen A/S T.D.	175,462	1.74 %
6 A/S Meretium	175,357	1.74 %
7 Spar Kapital Investor	126,049	1.25 %
8 Lars Erik Karlsen	47,084	0.47 %
9 A/S Parma	35,051	0.35 %
10 Flumen Finans AS	35,051	0.35 %
11 North Sea Group AS	24,500	0.24 %
12 Geir Bjørndalen	22,000	0.22 %
13 Jan-Hugo Jeremiassen	20,200	0.20 %
14 Kurt Oddvar Austrått	20,000	0.20 %
15 Joh. Rasmussen & Raci	17,578	0.17 %
16 A/S Termes	17,578	0.17 %
17 Meps A/S	17,578	0.17 %
18 Johan Magnus Aursjø	16,877	0.17 %
19 Bente Cecilie Ranhoff	15,000	0.15 %
20 Sverre Osland	11,412	0.11 %
Total 20 largest shareholders	9,722,710	96.55 %
Others	347,939	3.45 %
Total	10,070,649	100.00 %

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

		The number of shares held as at 31 December 2013
Siv Staubo	Board Chairman	0
Tore Hopen	Board Member	0
Birgitte Ellingsen	Board Member	0
Kristian Lundkvist	Board Member	0
Dirk Blaauw	CEO	0
Merckx AS, related party to Hopen, Ellingsen and Lundkvist		7,456,517

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 21 November 2013, the conversion of bond loans into 973,367,160 shares took place, while 15 new shares were issued so that the total number of shares after the conversion and new issue was 1,007,064,900 shares. A reverse-split of shares (1:100) took place on the same date, in which treasury shares were used. The earnings per share for 2012 have been restated to show comparable figures.

The diluted earnings per share for 2012 is calculated by using the weighted average of outstanding ordinary shares throughout the year 2012, 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)

	2013	2012
Earnings per share		
From continuing business	-45.01	-101.82
From discontinued business	1.32	-217.20
From net profit/loss for the year	-43.70	-319.02
Diluted earnings per share:		
From continuing business	-45.02	-101.82
From discontinued business	1.32	-217.20
From net profit/loss for the year	-43.70	-319.02
Net profit/loss for the year from continuing business	-61,230	-21,265
Net profit/loss for the year from discontinued business	7,791	-45,362
Net profit/loss for the year	-59,440	-66,627
Weighted average of number of outstanding shares	1,360,261	20,885,133
Diluted shares	0	4,668,921
Number of conversion shares omitted from the diluted EPS	0	4,668,921

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 accounting 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 2014:

STATEMENT ON THE FIXING OF REMUNERATION TO EXECUTIVE PERSONNEL

Guidelines for 2014

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 2013

The remuneration of senior executives in 2013 has been in accordance with the declaration that was presented to the General Meeting in 2013.

SENIOR EXECUTIVES

Salary and other remunerations to senior executives in 2013:

(Amounts in NOK)

Name	Position	Base salary	Bonus earned	Other taxable benefits	Contrib. paid to collective pension	Agreed severance pay
Dirk Blaauw	CEO	3,150,000	0	214,905	62,373	18 months pay
Lars Bakklund	CFO until 31 Oct.	2,593,750	0	187,041	51,977	
Nils Karbø	CTO	1,500,000	0	201,658	60,167	6 months pay

NOK 235,192 was charged against income in 2013 for the early retirement scheme for CEO Dirk Blaauw, and the total pension obligation was NOK 6,334,995. The pension rights apply from age 62.

Lars Bakklund resigned on 31 October 2013 and received as agreed severance pay corresponding to 18 month's salary, including remuneration in addition to the benefits mentioned above. NOK 742,465 was charged against income in 2013 for the early retirement scheme for CFO Lars Bakklund, and the total pension obligation was NOK 0.

The assumptions made for the pension obligations are a return of 4.40 per cent, discount rate of 4.10 per cent, expected National Insurance basic amount (G) adjustment of 3.00 per cent and wage inflation of 3.75 per cent.

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 Sep.	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.

BOARD OF DIRECTORS

The General Meeting determines the remuneration for the Board of Directors. NOK 1,350,000 was paid in directors' fees for the period from 31 May 2012 to 03 June 2013.

A new Board of Directors was elected at the Extraordinary General Meeting of 27 September 2013. NOK 375,000 was paid in directors' fees for the period from 03 June 2013 to 27 September 2013.

Provisions totalling NOK 750,000 have been allocated in the accounts for 2013 for the remuneration of the Board of Directors for the period from 27 September 2013 to the Annual General Meeting in 2014. The remuneration breaks down into NOK 300,000 for the Board Chairman and NOK 150,000 for other board members.

Remuneration paid to the Board of Directors for the period from 1 July 2012 to 3 June 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
Total	1,350,000

Remuneration paid to the Board of Directors for the period from 3 June 2013 to 27 September 2013:

(Amounts in NOK)

	Blom ASA
Tom H. Knoff	150,000
Siv Sandvik	75,000
Ingvild Myhre	75,000
Olav Fjell	75,000
Total	375,000

The following provisions have been made for remuneration of the Board of Directors for the period from 27 September 2013 to the Ordinary General Meeting in 2014:

(Amounts in NOK)

	Blom ASA
Siv Staubo	300,000
Tore Hopen	150,000
Kristian Gjertsen Lundkvist	150,000
Birgitte Ellingsen	150,000
Total	750,000

NOTE 19: AUDITOR

Auditor's fees totalling NOK 942,000 were charged against income in the group for 2013 (2012: NOK 2,040,000). In addition, there were fees for other assurance services (including declarations associated with share capital increases and agreed audit procedures) totalling NOK 886,000 (2012: NOK 350,000), as well as fees totalling NOK 322,000 (2012: NOK 145,000) 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 provided by the Spanish authorities was NOK 10.5 million as at 31 December 2013, while it was NOK 13.5 million as at 31 December 2012.

(Amounts in NOK)

	2013 Loans and receivables	2013 Non-financial assets	2013 Total
Assets			
Non-current asset investments	802	349	1,151
Trade receivables	36,117	0	36,117
Other current receivables	12,085	2,969	15,054
Cash and cash equivalents	42,725	0	42,725
Total	91,729	3,318	95,047
	Financial liabilities at amortised cost	Non-financial liabilities	Total
Liabilities			
Non-current liabilities	9,607	0	9,607
Credit facilities	0	0	0
Other interest-bearing current liabilities	3,864	0	3,864
Trade payables	25,955	0	25,955
Other current liabilities	29,551	13,899	43,449
Total	68,977	13,899	82,875

Financial instruments by category:

(Amounts in NOK)

	2012 Loans and receivables	2012 Non-financial assets	2012 Total
Assets			
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
Total	132,875	5,892	136,361
	Financial liabilities at amortised cost	Non-financial liabilities	Total
Liabilities			
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	41,830	2,951	44,781
Total	227,634	2,951	230,584

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. Foreign exchange 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 seven European countries, three of which use the euro as their functional currency, while the four 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 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. An assessment of the need for and any hedging of currency risks are performed by a central financial function. In 2013 the company did not find it necessary to hedge cash flows against currency risks through forward contracts.

Net foreign exchange gains totalled NOK 1.5 million in 2013.

The company has investments in foreign subsidiaries, whose net assets are exposed to a foreign currency translation risk. The currency translation difference for the equity as at 31 December 2013 totalled NOK -35.3 million.

The euro rate as at 31 December 2013 was 8.40 against NOK, while the average of the monthly average rates that is used to translate the income statement was 7.86 against NOK.

If the NOK to EUR rate was 6.18 per cent stronger as at 31 December 2013 and all other variables were constant, this would have given a profit after tax that was NOK 2.68 million higher. The change is attributed primarily to foreign exchange gains in connection with the translation of trade receivables and inventories.

If the NOK to RON rate was 4.93 per cent stronger as at 31 December 2013 and all other variables were constant, this would have given a profit after tax that was NOK 0.20 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 group has interest-bearing liabilities as described in Note 8. The interest-bearing debt has adjustable or fixed interest rates that are shorter than three months at any given time. 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 associated with long-term loans and financial leasing. 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 the interest rate level by 1 per cent will entail a change in the interest costs of around NOK 0.03 million and have a corresponding impact on the net profit/loss after tax.

Credit risk

The company has not entered into any transactions that involve financial derivatives or other financial instruments. The counterpart 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.

As at 31 December 2013, the company has provisions of NOK 2.6 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 67.1 million as at 31 December 2013, compared with NOK 84.3 million as at 31 December 2012, i.e. a reduction of 20.4 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 42.7 million in liquid reserves at the end of the year, compared with NOK 54.4 million in liquid reserves at the end of the previous year. Restricted bank deposits totalled NOK 4.2 million and the available liquid reserves were therefore NOK 38.5 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 the 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 38.5 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.

In addition, the company has current liabilities of NOK 88.3 million as at 31 December 2013, as specified in Note 10.

The group has current assets excluding cash and cash equivalents and assets classified as held for sale of NOK 82.1 million as at 31 December 2013.

The company has not entered into any financial instruments and does thus do 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 in the balance sheet. The adjusted total capital is the equity stated on the balance sheet plus 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 2013 and 31 December 2012 is calculated as follows:

(Amounts in NOK 1000)

	2013	2012*
Total loans	14,370	135,598
Total equity	56,256	40,870
Total capital (adjusted)	70,626	176,468
Debt-to-equity ratio	20 %	77 %

* Comparison figures restated as a result of the implementation of changes in IAS 19 (Employee Benefits)

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%)
- PT. Blom Nusantara, Indonesia (90%)
- TopEye AB, Sweden (100%)
- Blom Deutschland GmbH, Germany (100%)
- Blom Aerofilms Ltd, England (100%)
- Blom Sweden AB, Sweden (100%)
- Blom Sistemas Geoespaciales S.L.U, Spain (100%)
- Blom Portugal, Portugal (100%)
- Î.C.S. Blom S.R.L, Moldova (100%)
- Blom International Operations S.R.L, Romania (100%)
- Blom Data Spain S.L.U, Spain (100%)
- Blom Nordic Holding AS, Oslo (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 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 flow 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 2014 budget approved by the company's Board of Directors. Different growth assumptions have been used to reflect the expected market performance and gradual increase in working capital in step with the growth and the required rate of return of 12.3 per cent before tax.

- If the required rate of return is increased by 5 percentage points to 17.3 per cent, the testing of property, plant and equipment would not entail any write-down requirement.
- If the working capital worsens by NOK 7 million in 2014, the testing of property, plant and equipment would not entail any write-down requirement.
- If the growth in the terminal value from 2016 and beyond is reduced from 1 to 0 per cent, the testing of property, plant and equipment would not entail any write-down requirement.

As described in Notes 3 and 4, goodwill has been written down to nil and property, plant and equipment have been written down further in 2013 as a result of estimation of the utility value in use against future cash flow. It has been assessed whether the book value of property, plant and equipment is justifiable within various growth scenarios and with a satisfactory and rational change in the required rate of return.

Deferred tax assets

The group is taxed for income in several 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 31.0 million as at 31 December 2013. Work in progress is revenue recognized, however not invoiced to the customer, as at 31 December 2013. 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 3.1 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.

As at 31 December 2013, the company has provisions of NOK 2.6 million for potential future losses on specific trade receivables. 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 0.25 million.



NOTE 24: ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets and liabilities related to the company Blom Romania S.R.L. are classified as held for sale as at 31 December 2013 based on the Board of Directors' decision to sell the company in the autumn of 2013. The transaction was completed in March 2014 (Note 25).

The "discontinuing business" line item in the income statement includes the sale of Blom Romania S.R.L, Blom CGR S.p.A and BlomInfo A/S for 2013 and 2012.

Blom Romania S.R.L.:

Cash flow statement

(Amounts in NOK 1000)

	2013	2012
Cash flow from operating activities	11,339	7,468
Cash flow from investing activities	-153	-1589
Cash flow from financing activities	-2,108	-3,894
Total	9,078	1,985

Assets and liabilities classified as held for sale

(Amounts in NOK 1000)

	2013	2012
Property, plant and equipment	1,566	0
Work in progress	11,153	0
Trade receivables	6,897	0
Other assets	28,456	0
Total assets	48,072	0

(Amounts in NOK 1000)

	2013	2012
Non-current liabilities	309	0
Credit facilities	3,715	0
Trade payables	20,911	0
Unpaid government taxes	613	0
Other current liabilities	7,660	0
Total liabilities	33,209	0

Net profit/loss from discontinuing business

(Amounts in NOK 1000)

	2013	2012
Operating revenues	40,429	70,070
Expenses	37,145	82,025
Profit/loss after tax	3,284	-11,955

Assets and liabilities related to the company Blom CGRE S.p.A. are classified as held for sale as at 31 December 2012 based on the Board of Directors' decision to sell the company in the autumn of 2012. The transaction was completed in February 2013.

Blom CGR S.p.A.:

Cash flow statement

(Amounts in NOK 1000)

	2013	2012
Cash flow from operating activities	0	29,233
Cash flow from investment activities	0	-5,400
Cash flow from financing activities	0	-32,873
Total	0	-9,050

Assets and liabilities classified as held for sale

(Amounts in NOK 1000)

	2013	2012
Property, plant and equipment	0	32,549
Work in progress	0	35,435
Trade receivables	0	66,700
Other assets	0	9,698
Total assets	0	144,382

(Amounts in NOK 1000)

	2013	2012
Non-current liabilities	0	23,866
Credit facilities	0	53,736
Trade payables	0	30,428
Unpaid government taxes	0	6,240
Other current liabilities	0	14,788
Total liabilities	0	129,058

Net profit/loss from discontinuing business

(Amounts in NOK 1000)

	2013	2012
Operating revenues	3,986	123,593
Expenses	5,479	154,357
Profit/loss after tax	1,493	-30,764

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.

BlomInfo A/S:

Net profit/loss from discontinuing business

(Amounts in NOK 1000)

	2013	2012
Operating revenues	0	5,940
Expenses	0	8,583
Profit/loss after tax	0	-2,643

NOTE 25: EVENTS AFTER THE DATE OF THE BALANCE SHEET

Blom ASA signed a contract in November 2013 to sell its subsidiary Blom Romania SRL to the Danish engineering company Rambøll A/S. The transaction was completed in March 2014. Blom will receive cash consideration of EUR 2.1 million for 100 per cent of the shares in Blom Romania SRL. The transaction does not encompass the activities of Blom International Operations SRL in Romania.

BLOM ASA ACCOUNTS





PROFIT AND LOSS ACCOUNT – BLOM ASA

(Amounts in NOK 1000)

	Note	2013	Restated 2012
Operating revenues	1	10,530	11,061
Salaries and personnel costs	2 / 7	24,400	21,234
Ordinary depreciation	3	62	122
Other operating and administrative costs	4 / 13	8,020	10,056
Operating expenses		32,482	31,411
Operating profit/loss		-21,952	-20,350
Financial income/expenses		-3,549	-17,799
Write-down of subsidiaries	14/15	-41,977	-67,478
Net financial items		-45,526	-85,277
Pre-tax profit/loss		-67,478	-105,627
Tax	10	0	0
Net profit/loss for the year		-67,478	-105,627
Application of profit/loss:			
Transferred to/from other reserves		-67,478	-105,627
Total allocations		-67,478	-105,627



BALANCE SHEET – BLOM ASA

ASSETS

(Amounts in NOK 1000)

	Note	2013	Restated 2012
Property, plant and equipment	3	0	62
Shares in subsidiaries	14	73,021	78,244
Non-current receivables	7	0	0
Total non-current asset investments		73,021	78,244
Total non-current assets		73,021	78,306
Current receivables	5/15	10,583	33,057
Cash and cash equivalents	6	7,571	31,414
Total current assets		18,154	64,471
TOTAL ASSETS		91,175	142,778



BALANCE SHEET – BLOM ASA

EQUITY AND LIABILITIES

(Amounts in NOK 1000)

	Note	2013	Restated 2012
Called-up and fully paid share capital:			
Share capital		10,071	16,849
Treasury shares		-1,977	-110
Share premium reserves		51,313	17,919
Retained earnings:			
Other reserves		0	0
Total equity	8 / 9	59,407	34,658
Pension obligations	7	300	2,432
Other non-current liabilities	9	0	61,806
Total non-current liabilities		300	64,238
Trade payables		3,145	1,540
Unpaid government taxes		961	190
Other current liabilities	9/11/15	27,361	42,152
Total current liabilities		31,468	43,882
Total liabilities		31,767	108,120
TOTAL EQUITY AND LIABILITIES		91,175	142,778

* Capital reduction registered on 25 January 2014.

Oslo, 27 March 2014


Siv Staubo
Board Chairman

Birgitte Ellingsen
Board Chairman

Tore Hopen
Board Member

Kristian Lundkvist
Board Member

Dirk Blaauw
CEO

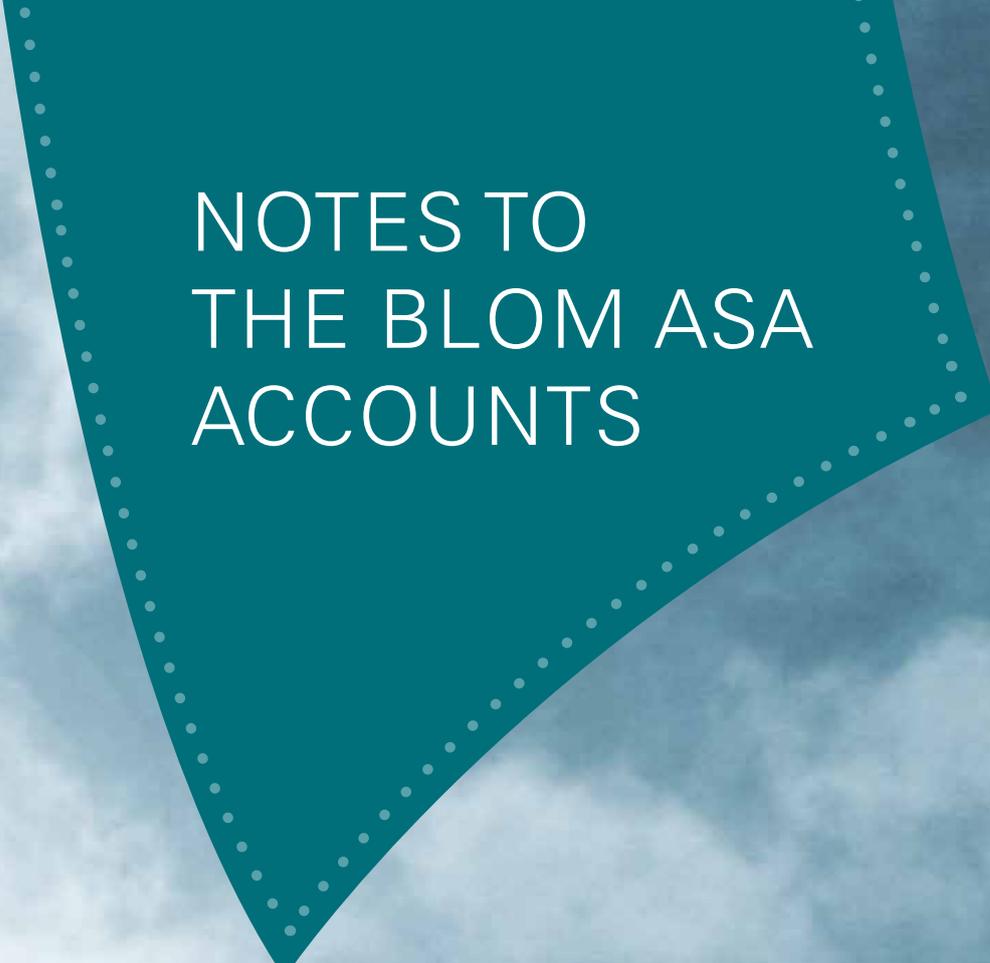
CASH FLOW STATEMENT – BLOM ASA

INDIRECT MODE

(Amounts in NOK 1000)

	Note	2013	Restated 2012
CASH FLOW FROM OPERATING ACTIVITIES			
Pre-tax profit/loss		-67,478	-105,627
+ Depreciation and write-downs	3/14/15	42,039	67,600
+/- Change in current receivables		2,285	-4,254
+/- Change in current liabilities		-17,380	2,725
+/- Change in other accruals		9,204	-10,512
A = Net cash flow from operating activities		-31,330	-50,068
CASH FLOW FROM INVESTING ACTIVITIES			
+ Receipts from sale of shares and other investments		7,487	20,450
B = Net cash flow from investing activities		7,487	20,450
CASH FLOW FROM FINANCING ACTIVITIES			
+ New long-term debt		0	20,494
C = Net cash flow from financing activities		0	20,494
A+B+C Net change in cash and cash equivalents		-23,843	-9,124
+ Cash and cash equivalents as at 1 December		3,414	40,538
= Cash and cash equivalents as at 31 December		7,571	31,414





NOTES TO THE BLOM ASA ACCOUNTS



NOTES TO THE ACCOUNTS OF BLOM ASA

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.

CHANGES IN ACCOUNTING PRINCIPLES

In accordance with the NRS 6 standard, the company recognises pension costs in accordance with IAS 19 Employee Benefits from 2013. The amendment entails that all actuarial gains or losses will be recognised directly in equity as they arise (no corridor), immediate recognition in profit and loss of all costs associated with pension benefits earned in prior periods and the replacement of interest costs and the expected return on pension scheme assets with a net interest amount that is calculated by means of a discount rate for the net pension obligations (assets). See Note 7 Pensions for the effect on the accounts.

Otherwise, there are no changes in the accounting principles.

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.

PROPERTY, PLANT AND EQUIPMENT

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.

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 27 per cent on the basis of temporary differences between the financial accounting and tax-related values (as a consequence of the change in the tax rate effective in 2014), in addition to any tax loss carryforward 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 contributions 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 carried commitment

related to the contribution schemes is the current value of the defined contributions at balance sheet date minus the fair value of the pension scheme assets. 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.

Gains or losses that arise from recalculation of the obligations as a result of empirical deviations or changes in the actuarial assumptions are recognised in equity through other comprehensive income during the period when they arise.

The effect of changes to the schemes' benefits are recognised immediately in profit and loss.

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 1000)

	2013	2012
Business areas		
Nordic	7,300	7,050
Mid-Europe	1,000	500
Eastern Europe	2,230	1,711
Iberia & Latin America	0	300
Others/Unallocated	0	1,500
Total operating revenues	10,530	11,061

(Amounts in NOK 1000)

	2013	2012
Geographic breakdown		
Norway	5,700	5,700
Other Nordic countries	1,600	1,100
Other Europe	3,230	4,261
Total operating revenues	10,530	11,061

NOTE 2: PAYROLL

(Amounts in NOK 1000)

	2013	2012
Wages and salaries	17,008	15,304
Employers' share of National Insurance contributions	3,105	3,020
Pension costs	2,490	2,665
Other benefits	1,797	245
Total	24,400	21,234

Pension costs include both defined benefit and defined contribution schemes. In 2013 the average number of man-years was 9.

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

(Amounts in NOK 1000)

	2013	2012
Historical cost as at 1 January	756	756
Additions during the year	0	0
Accumulated depreciation as at 31 December	756	694
Book value as at 31 December	0	62
Depreciation for the year	62	122

NOTE 4: OTHER OPERATING AND ADMINISTRATIVE EXPENSES

(Amounts in NOK 1000)

	2013	2012
Travel expenses	724	631
Rent and other office expenses	1,610	1,659
External services	4,885	4,989
Other operating and administrative expenses	801	2,778
Total	8,020	10,057

NOTE 5: CURRENT RECEIVABLES

(Amounts in NOK 1000)

	2013	2012
Intragroup receivables (Note 15)	2,825	30,600
Accrual items	455	461
Other current receivables	7,303	1,996
Total	10,583	33,057

Bad debts were NOK 0 in 2013 and 2012.

NOTE 6: CASH AND CASH EQUIVALENTS

(Amounts in NOK 1000)

	2013	2012
Cash and bank deposits	4,232	27,531
Restricted bank deposits	3,339	3,883
Total	7,571	31,414

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 7 persons. This pension scheme satisfies the requirements stipulated in the Mandatory Occupational Pension Act. In addition, the pension for two persons 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.

The company has changed its accounting principles from the 2013 financial year, so that pensions are recognised in accordance with MRS 6 (IAS 19R). This means that the accumulated actuarial gains or losses of NOK 552,000 as at 1 January 2012 have been charged to equity, see Note 8. The actuarial gains or losses that arise in subsequent periods are recognised directly in equity.

(Amounts in NOK 1000)

	2013	Restated 2013	Original 2012
Net pension costs financed through revenue	1,268	1,892	3,052
Defined contribution costs	1,222	773	773
Total pension costs	2,490	2,665	3,825
Actuarial gains or losses for the year recognised directly in equity	2,134	-3,213	
Net pension costs			
Present value of current year's pension benefits earned	858	1,277	1,277
Interest cost of pension obligations	149	306	300
Return on pension scheme assets	0	0	-38
Recognised estimate changes	0	0	1,226
Recognised plan discrepancies	0	0	0
Administrative costs	46	57	57
Employers' share of National Insurance contributions	215	252	230
Net pension costs	1,268	1,892	3,052
Net pension obligations			
Accrued pension obligations as at 31 December	11,545	13,090	13,090
Estimated pension obligations as at 31 December	11,545	13,090	13,090
Pension scheme assets (at market value) as at 31 December	11,282	10,959	10,793
Unrecognised effect of actuarial gains or losses/pension scheme changes	0	0	-2,538
Employers' share of National Insurance contributions	37	301	135
Net pension obligations	300	2,432	-106

	2013	2012
Economic assumptions		
Discount rate	4.10 %	2.20 %
Expected return on pension fund assets	4.10 %	3.60 %
Expected wage inflation	3.75 %	3.25 %
Expected pension adjustment	0.60 %-3.00 %	0.10 %-3.00 %
Expected National Insurance basic amount (G) adjustment	3.50 %	3.00 %

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 1000)

	Note	Share capital	Treasury shares	Share premium reserves	Retained earnings	Equity
Equity as at 31 December 2011		25,465	-110	168,997	-379,937	-185,585
Effect of change in principles on pensions	7				-552	-552
Equity as at 1 January 2012		25,465	-110	168,997	-380,489	-186,137
Net profit/loss for the year				-105,627		-105,627
Actuarial gains or losses recognised directly in equity	7			-3,213		-3,213
Capital reduction		-24,191			24,191	
Capital increase / premium on conversion		15,575		295,937		311,512
Unconverted bond loans					23,883	23,883
Tax recognised directly in equity				-1,150	1,150	
Conversion costs				-5,760		-5,760
Other allocations				-331,265	331,265	
Equity as at 1 January 2013		16,849	-110	17,919	0	34,658
Net profit/loss for the year				-67,478		-67,478
Actuarial gains or losses recognised directly in equity	7			2,134		2,134
Capital reduction		-15,164		15,164		
Capital increase / premium on conversion		48,668	-1,867	47,827		94,628
Capital reduction*		-40,283		40,283		
Costs of conversion / capital reduction				-4,535		-4,535
Equity as at 31 December 2013		10,071	-1,977	51,314	0	59,407

*Capital reduction was registered on 25 January 2014.

Reference is also made to Note 16 Share capital and shareholder information in the consolidated financial statements.

NOTE 9: NON-CURRENT LIABILITIES

Conversion of all of the company's outstanding bond debt totalling NOK 97.3 million was approved by the company's Extraordinary General Meeting of 27 September 2013. The company has had an ongoing dialogue for some time with a majority of the key bondholders for the company's bond loan with a view to strengthening the company's capital structure through increasing its equity. The aim of this was to contribute to re-establishing a healthy balance sheet for the company and securing adequate liquidity so that the company can follow its original business plan. Reference is made otherwise to the notes to the consolidated financial statements.

NOTE 10: TAX

(Amounts in NOK 1000)

	2013	2012
Calculation of deferred tax assets/liabilities:		
Temporary differences:		
Property, plant and equipment	-472	-549
Receivables	-3,028	-21,788
Capital gain and loss account	6,784	8,480
Provisions in accordance with the generally accepted accounting principles	-286	-958
Pension scheme assets/pension obligations	-11,545	-10,687
Net temporary differences	-8,547	-25,502
Tax loss carryforward	-177,283	-130,089
Basis for deferred tax assets	-185,830	-155,591
27%/28% deferred tax assets	-50,174	-43,565
Deferred tax assets on balance sheet	0	0
Tax basis, change in deferred taxes and tax payable:		
Pre-tax profit/loss	-67,478	-105,626
Permanent differences	12,874	149,528
Write-down of shares	28,900	67,478
Tax basis for current year	-25,703	108,928
Change in temporary profit/loss differences	-16,955	-143,166
Change in loss	47,193	39,999
Share issue expenses recognised directly in equity	-4,535	-5,760
Basis for tax payable in profit and loss	0	0
Tax breakdown:		
Tax payable	0	0
Change in deferred tax	0	0
Tax charge (28% of basis for the tax charge for the year)	-5,339	30,500
Use of deferred tax assets not recognised on the balance sheet	0	-30,500
Share of deferred tax assets not recognised on the balance sheet	5,339	0
Tax charge	0	0

Tax loss carryforward is NOK 177.3 million as at 31 December 2013.

NOTE 11: OTHER CURRENT LIABILITIES

(Amounts in NOK 1000)

	2013	2012
Intragroup liabilities (Note 15)	23,063	6,509
Bond loan (Note 9)	0	26,595
Interest and fees on loans	0	3,979
Other current liabilities	4,298	5,069
Total	27,361	42,152

NOTE 12: CHARGES ON ASSETS AND SECURITY

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

In connection with the sale of property in Tønsberg, Blom ASA has, together with Scanrope Holding AS, guaranteed that Scan Subsea ASA will pay its rent up until 5 September 2016. Scan Subsea ASA was acquired in 2007 by the NYSE listed company Parker Hannifin Corporation.

NOTE 13: AUDITOR FEES

NOK 440,000 (2012: NOK 1,065,000) in auditor fees has been charged against the income of Blom ASA for 2013. In addition, there were tax consulting fees (including technical assistance with tax papers and guidance concerning tax questions) totalling NOK 175,000 (2012: NOK 30,000). A total of NOK 585,000 (2012: NOK 322,000) was charged against income for other assurance services.

NOTE 14: SUBSIDIARIES

(Amounts in NOK 1000)

Company	Company's share capital	No. of shares	Total nominal value	Cost price of shares	Balance sheet value
Blom Data AS	4,000,000	40,000	4,000,000	18,529	0
Blom Data AS – converted loan				200,000	0
Blom Nordic Holding AS	10,070,649	10,070,649	10,070,649	55,642	55,642
TopEye AB	SEK 310,000	3,100	SEK 310,000	285	0
Blom Romania SRL	RON 10,005,600	100,056	RON 10,005,600	0.001	0
Blom Romania SRL – converted loan				17,379	17,379
Total				291,835	73,021

The value of the shares was written down by a net amount of NOK 28.9 million in 2013 and NOK 67.3 million in 2012. All the companies are wholly owned unless otherwise stated. In February 2013 the company completed the sale of the Italian subsidiary Blom CGR and received consideration of EUR 1.0 million. Reference is made otherwise to the notes to the consolidated financial statements.

NOTE 15: RELATED PARTIES

The parent company does not have any closely related parties other than the subsidiaries and associated companies. 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 1000)

Company	P&L Purchases	Current liabilities 31/12/2013	P&L Sales	Current receivables 31/12/2013	Non-current receivables 31/12/2013	Non-current liabilities 31/12/2013
Blom Data AS	0	0	5,000	0	0	0
Blom Geomatics AS	0	0	700	567	0	0
Blom Kartta OY	0	0	600	0	0	0
Blom Deutschland GmbH	0	0	200	0	0	0
Blom Aerofilms Ltd	0	0	800	0	0	0
Blom Sweden AB	0	0	1,000	0	0	0
TopEye AB	0	0	0	42	0	0
Blom Int.Operations SRL	0	0	1,530	0	0	0
BlomInfo Romania SRL	0	0	700	2,216	0	0
Blom Nordic Holding AS	0	23,063	0	0	0	0
Total	0	23,063	10,530	2,825	0	0

The value of the receivables was written down by NOK 13.1 million in 2013 and NOK 0.2 million in 2012.



PricewaterhouseCoopers AS
Postboks 748 Sentrum
NO-0106 Oslo
Telefon 02316

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 2013, 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 2013, 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 2013, 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 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the Board of Directors' report and the statement on Corporate Governance

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 in the statement on Corporate Governance concerning the financial statements, 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, 27 March 2014

PricewaterhouseCoopers AS

Geir Haglund

State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

BOD RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2013 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, 27th of March 2014



Siv Staubo
Board Chairman



Birgitte Ellingsen
Board Chairman



Tore Hopen
Board Member



Kristian Lundkvist
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. (See corporate social responsibility statement.)

Non-conformance with the recommendation: None

2. OPERATIONS

Blom is a major 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 the Articles of Association.

The Board of Directors consider it as its duty to continuously adapt the company's strategy to ensure that shareholders can optimize their returns based on the resources the company represents 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 2013 were NOK 195 million, with an equity ratio of 28.8 per cent. Dividends will be considered on an ongoing basis as a result of the company's strategy and earnings.

Capital changes

Conversion of all of the company's outstanding bond debt totalling NOK 97.3 million was approved by the company's Extraordinary General Meeting of 27 September 2013. Registration of the new shares took place on 20 November 2013. A capital reduction and reverse-split of shares was adopted at the same time.

After conversion of the bond loans, reduction of capital and reverse-split of shares was carried out on 20 November

2013, the company's share capital will be NOK 50,353,245, divided into 10,070,649 shares, each with a nominal value of NOK 5.00. Blom ASA acquired 384,629 new treasury shares through the conversion of bond debt.

At the company's Extraordinary General Meeting of 29 November 2013, the Board of Directors proposed to reduce the company's capital to ensure greater flexibility with regard to the company's evaluation and choice of various future strategic development alternatives.

The General Meeting adopted a reduction of the company's capital by NOK 40,282,596, from NOK 50,353,245 to NOK 10,070,649 by reducing the nominal value of the Company's shares from NOK 5.00 to NOK 1.00. After the expiration of the deadline for objections by creditors, the reduction of capital was carried out on 27 January 2014. The reduction in capital took place in the form of a transfer to other reserves, and thus no cash distributions were made in connection with the reduction in capital.

Authorisation to increase capital

There is no authorisation from the Board of Directors to increase the company's capital.

Authorisation to acquire treasury shares

At the company's Extraordinary General Meeting of 27 September 2013, the Board of Directors was granted authorisation to acquire up to 10 per cent of the company's own shares. This authorisation is valid until the Annual General Meeting in 2014 and will expire no later than 30 June 2014. As at 31 December 2013, the company owned a total of 396,336 treasury shares, which corresponds to 3.93 per cent of the outstanding 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.

If the Board of Directors proposes that the existing shareholders' pre-emptive rights are to 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 non-material transactions are conducted between the company and shareholders, key 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. FREELY NEGOTIABLE

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 the 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.

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. The members are elected for a term of two years.

At the Annual General Meeting of 3 June 2013, Ingvild Myhre and Olav Fjell were elected as new board members and Tom H. Knoff was re-elected as the Board Chairman by the General Meeting.

At the Extraordinary General Meeting of 27 September 2013, Siv Staubo, Tore Hopen, Birgitte Ellingsen and Kristian Lundkvist were elected as new board members. Siv Staubo was elected as the Board Chairman.

At least two of the board members should be 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.

After the board elections of 27 September 2013, only the Board Chairman is independent of the company's principal shareholders. The other three board members represent the principal shareholder Merckx AS, which owns 74.04% of the shares. In the opinion of the Board of Directors, the Board is capable of safeguarding the interests of all the shareholders in the company for a transitional phase. The Board of Directors will take the initiative to increase the proportion of independent board members from 25 to 50 per cent at the next General Meeting.

Non-conformance with the recommendation: One instance of non-conformance.

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 27 meetings in 2013.

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 2013.

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 1,350,000 was paid in directors' fees for the period from 31 May 2012 to 03 June 2013.

A new Board of Directors was elected at the Extraordinary General Meeting of 27 September. NOK 375,000 was paid in directors' fees for the period from 3 June 2013 to 27 September 2013.

Provisions totalling NOK 750,000 have been allocated in the accounts for 2013 for the remuneration of the Board of Directors for the period from 27 September 2013 to the Annual General Meeting in 2014. The remuneration breaks down into NOK 300,000 for the Board Chairman and NOK 150,000 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 Officer. Reference is also made to his responsibilities and duties in the company's rules of procedure for the Board of Directors. The General Meeting determines the remuneration of the Chief Executive Officer.

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.

Key executives receive free telephone, mobile phone, Internet, newspapers and canteen as benefits in kind. Key executives are members of the company's defined contribution scheme in the same manner as other employees. The CEO has 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 key 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, which contains IR information and other information that is useful for understanding the group's overall operations and development. Quarterly presentations are distributed by webcast in connection with the reporting of interim results. The Company follows the recommendations of Oslo Børs for reporting IR information.

The Board Chairman and Managing Director 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.

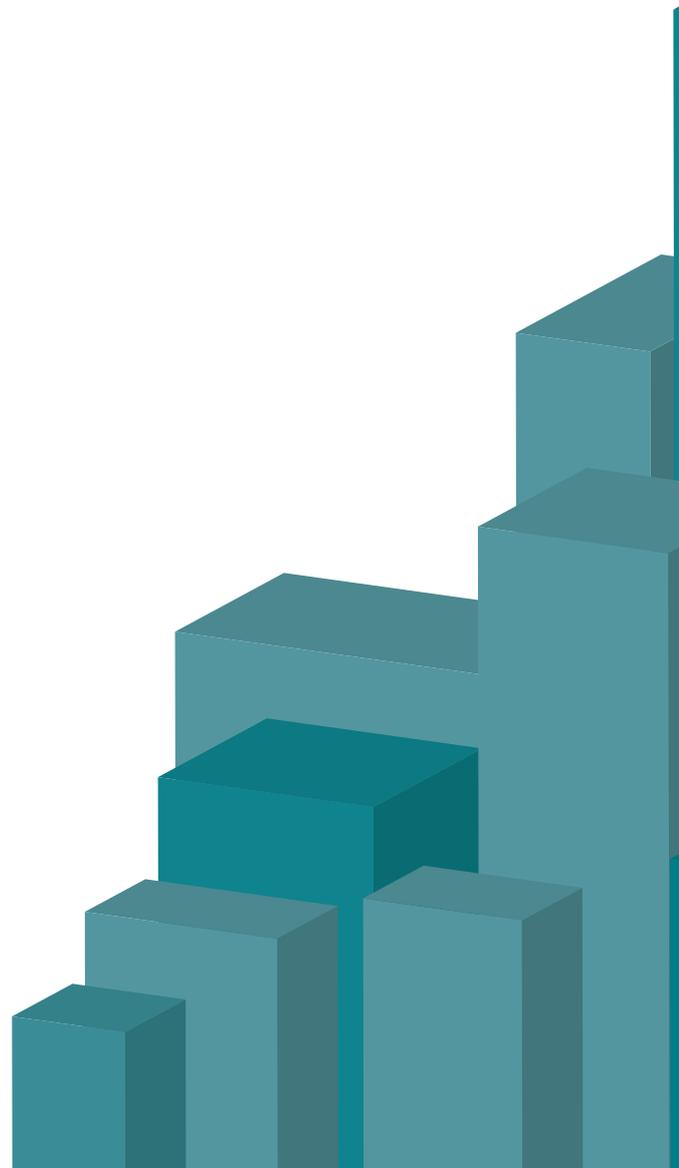
15. AUDITOR

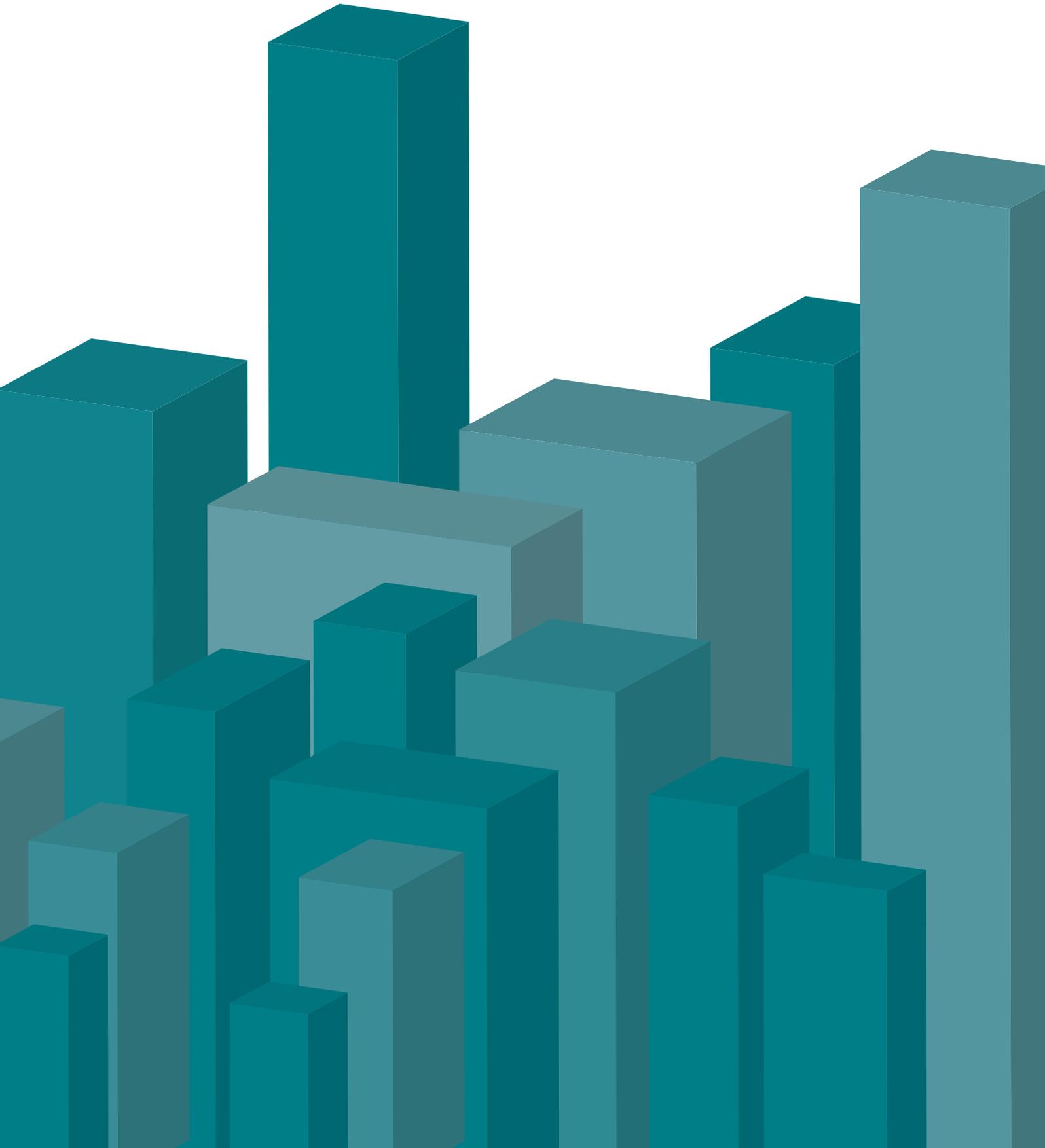
The company's auditor will prepare an annual plan for the performance of audit work and present the plan to the audit committee. The auditor will attend the board meeting that reviews the annual accounts. The auditor otherwise performs the activities he is required to perform in accordance with Norwegian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





CORPORATE SOCIAL RESPONSIBILITY STATEMENT

1. OUR CORPORATE SOCIAL RESPONSIBILITY

Blom primarily aims to be a recognised international company with a focus on innovation and development of the company's assets. Blom will strengthen shareholder value through profitable growth by developing attractive customer-oriented solutions, based on full utilisation of the company's resources and strong competence. We will accomplish this while respecting human rights and working life rights. Blom continuously evaluates the community and social consequences of our operations against our responsibility to ensure a sustainable development of our society.

2. CORPORATE SOCIAL RESPONSIBILITY AT BLOM

- Aims and values describe the basic attitudes and the philosophy that should characterise the group and its operations.
- Together with Blom's corporate governance principles and the group's ethical guidelines, the corporate social responsibility principles describe the general responsibility that rests on the management and all of the employees in the group.
- In addition, the company has guidelines and governing documents in various areas.

3. FUNDAMENTAL PRINCIPLES FOR CORPORATE SOCIAL RESPONSIBILITY

Blom observes the fundamental principles for corporate social responsibility:

- Blom will be responsible for its impact on society, the economy and the environment. This means that Blom accepts scrutiny of its operations to a reasonable extent. Blom is obligated to bear this responsibility in relation to the interests that control the company and the legal authorities with regard to laws and regulations.
- Blom shall allow access to its decisions and activities that impact society at large and the environment. The principle of transparency does not require that protected information is made public. Moreover, it does not entail that information be disclosed that is confidential, or if disclosure is in violation of legal, commercial or security obligations or the protection of privacy.
- Blom shall conduct itself in an ethical manner. Blom's conduct is based on the values of honesty, equality and integrity. This means that the company shall show consideration for humans, animals and the environment, and a binding goal to place the company's impact on humans, animals and the environment on the agenda.
- Blom shall respect, show consideration for and react to interest in the company's stakeholders. The stakeholders are ordinarily owners, employees, customers or the authorities. However, other groups may also have rights, requirements or specific interests that the company shall take into account.
- Blom accepts that respect for the rule of law is an absolute requirement. This means that the company shall have an overview of the current laws and regulations and comply with them.

- Blom shall observe international norms for conduct. In countries where the legal system does not ensure reasonable environmental or social protection, the company shall strive to observe the international norms for conduct.
- Blom shall observe the UN Declaration on Human Rights and recognise its importance and universal validity.
- Blom shall fight fraud and corruption and fulfil the ethical and legal obligations that this entails.

4. ROLES AND RESPONSIBILITY

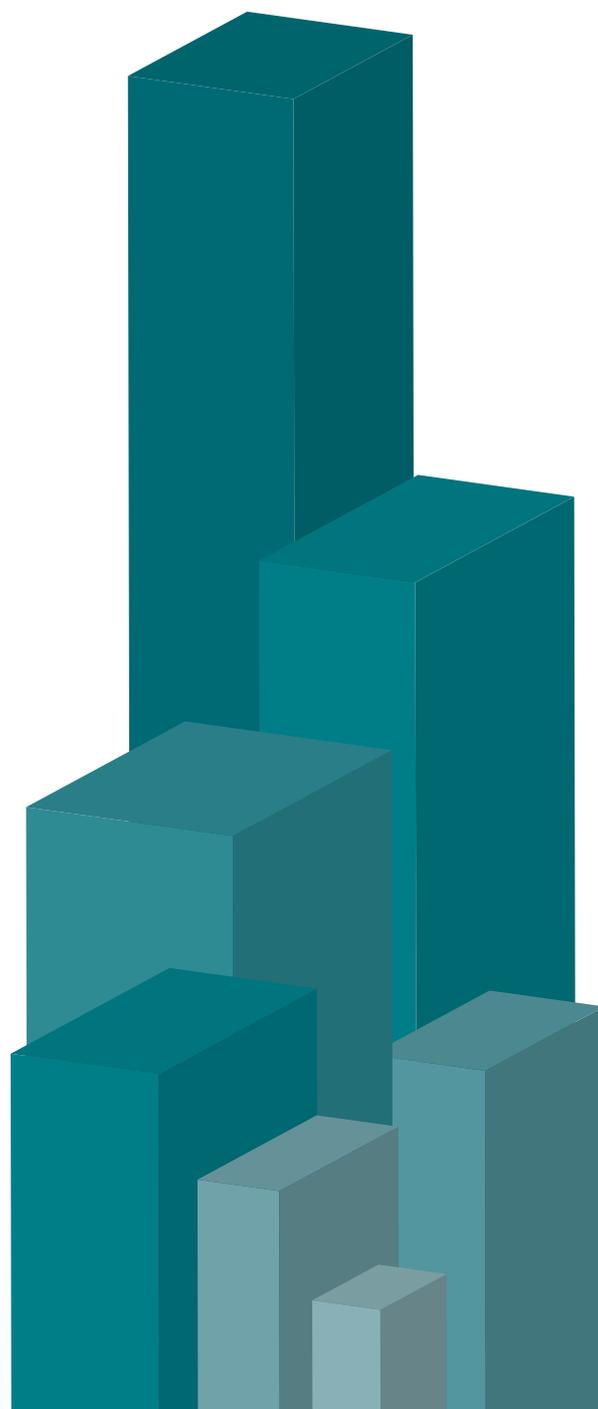
To ensure that Blom's business practices are in accordance with the fundamental principles, each individual company in the group is responsible for evaluation of the impact their operations have on society at large. If necessary, separate guidelines shall be prepared for how the principles for corporate social responsibility shall be applied in the individual company.

All employees and board members of Blom shall observe the fundamental principles as they are described in this document.

5. EFFORTS GOING FORWARD

Blom has not prepared and implemented separate procedures for the group's corporate social responsibility.

In its efforts going forward, the company will therefore observe the corporate social responsibility guidelines in Norwegian Standard (NS-ISO 26000:2010).



BOARD OF DIRECTORS

SIV JØNLAND STAUBO, CHAIRMAN OF THE BOARD

Staubo is working 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 from Heriot-Watt University, Edinburgh, studies in geophysics from Arizona State University, US, 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.

TØRE HOPEN, BOARD MEMBER

Hopen is a partner in Jarlsberg Partners AS. He is educated at the Royal Norwegian Naval Academy and holds an MBA from Rotterdam School of Management. Hopen has previously worked as head of corporate finance in Handelsbanken Capital Markets Norway, CEO of SEB Privatbanken and CFO of Storebrand Bank. Prior to that he worked with business development in Storebrand ASA and corporate finance in JP Morgan.

KRISTIAN G. LUNDKVIST, BOARD MEMBER

Lundkvist is the founder of Middelborg AS, a corporation with roots from the retail business in the telecom industry, which has grown into a diversified holding company including investments in real estate, equities, and shipping. Middelborg AS is a long term industrial owner who actively participates in the value creation of the companies in the portfolio, especially business development, optimization of capital structures and networking.

BIRGITTE A. ELLINGSEN, BOARD MEMBER

Ellingsen is CFO in Middelborg AS. She is educated at Agder University College and is a registered auditor. She has previously worked eight years as an auditor in KPMG AS, and has for the last eleven years worked at Middelborg AS with investments within telecom, real estate and shipping.

INFORMATION ON SHARES IN BLOM

Blom ASA has one class of shares, and there were 10,070,649 outstanding shares in the company, each with a nominal value of NOK 5.00, at the end of 2013. The total share capital was NOK 50,353,245 as at 31 December 2013.

The company's ownership structure changed in the 3rd quarter. On 19 August 2013, the company Merckx AS acquired 36.45 per cent of the shares in Blom ASA at a price of NOK 0.10 per share. The company acquired bonds in Blom's outstanding bond loans corresponding to more than two-thirds of each of the loans at the same time.

On 18 September 2013, Merckx AS made a mandatory offer for the remaining shares in Blom ASA at a price of NOK 0.10 per share. At the end of the offer period on 19 September 2013, Merckx AS had obtained acceptance for a total of 8,588,088 shares, so that Merckx AS achieved an ownership interest of 61.9 per cent.

Conversion of all of the company's outstanding bond debt totalling NOK 97.3 million was approved by the company's Extraordinary General Meeting of 27 September 2013. Registration of the new shares took place on 20 November 2013. A capital reduction and combination of shares was adopted at the same time.

After conversion of the bond loan, reduction of capital and combination of shares on 20 November 2013, the company's share capital was NOK 50,353,245, divided into 10,070,649 shares, each with a nominal value of NOK 5.00.

After conversion of the bond debt, Merckx AS owns 73.4 per cent of the shares in Blom and emerges as the company's dominant principal shareholder. Blom ASA acquired 384,629 new treasury shares through the conversion of bond debt.

At the company's Extraordinary General Meeting of 29 November 2013, the Board of Directors proposed a reduction of the company's capital to ensure greater flexibility with regard to the company's evaluation and choice of various future strategic alternatives.

The General Meeting approved a reduction of the company's share capital by NOK 40,282,596 from NOK 50,353,245 to NOK 10,070,649 by a reduction of the nominal value of the company's shares from NOK 5.00 to NOK 1.00. After the deadline for objections by creditors had passed, the reduction of capital was carried out on 27 January 2014. The reduction in capital took place in the form of a transfer to other reserves, and thus no distributions will be made in connection with the reduction in capital.

At the end of the year, the company owned 395,336 shares, which corresponds to 3.93 per cent of the total number of outstanding shares. Blom ASA acquired 395,229 new treasury shares through the conversion of bond debt. The Board of Directors does not have any authorisation to acquire the company's own shares.

Authorisation to increase capital

The Board of Directors does not have any authorisation to increase the company's capital.

Authorisation to acquire treasury shares

At the company's Extraordinary General Meeting of 27 September 2013, the Board of Directors was authorised to acquire a maximum of 10 per cent of the company's own shares. This authorisation is valid until the Annual General Meeting in 2014 and will expire no later than 30 June 2014.

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 ongoing basis as a result of the company's strategy and earnings. No dividend will be distributed for the 2013 financial year.

SHAREHOLDERS AND VOTING RIGHTS

Blom ASA had 2,413 shareholders at the end of 2013. Foreign shareholders owned 0.26 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 2013:

	<i>Shaeholder</i>		<i>Number</i>	<i>%</i>
1	Merckx AS		7,456,517	74.04 %
2	MP Pensjon PK		594,080	5.90 %
3	Holmen Spesialfond		500,000	4.96 %
4	Blom ASA		395,336	3.93 %
5	Veen A/S T.D.		175,462	1.74 %
6	A/S Meretium		175,357	1.74 %
7	Spar Kapital Investor		126,049	1.25 %
8	Lars Erik Karlsen		47,084	0.47 %
9	A/S Parma		35,051	0.35 %
10	Flumen Finans AS		35,051	0.35 %
11	North Sea Group AS		24,500	0.24 %
12	Geir Bjørndalen		22,000	0.22 %
13	Jan-Hugo Jeremiassen		20,200	0.20 %
14	Kurt Oddvar Austrått		20,000	0.20 %
15	Joh. Rasmussen & Raci		17,578	0.17 %
16	A/S Termes		17,578	0.17 %
17	Meps A/S		17,578	0.17 %
18	Johan Magnus Aursjø		16,877	0.17 %
19	Bente Cecilie Ranhoff	FOR	15,000	0.15 %
20	Sverre Osland		11,412	0.11 %
	Total 20 largest shareholders		9,722,710	96.55 %
	Others		347,939	3.45 %
	Total		10,070,649	100.00 %

INFORMATION TO THE STOCK MARKET

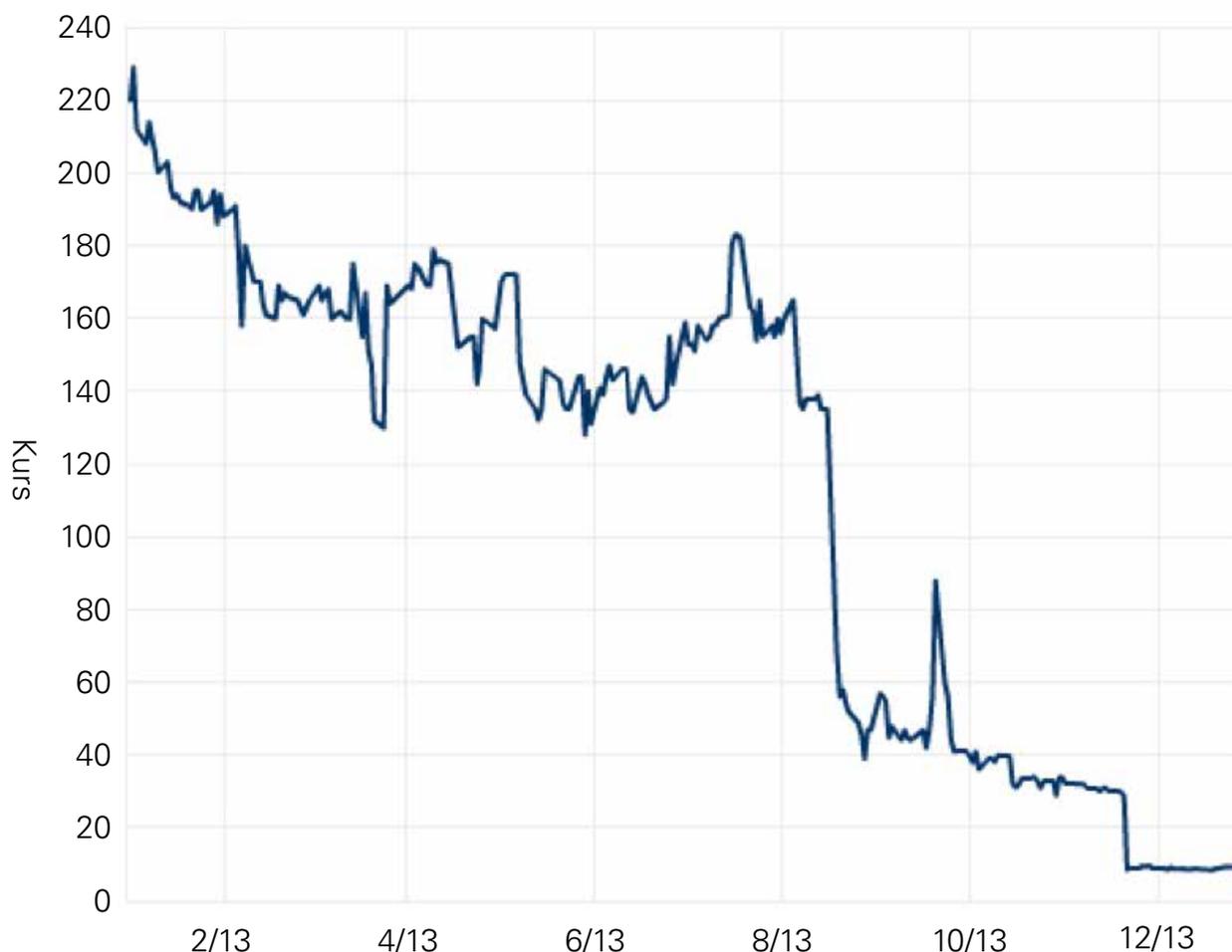
Blom assigns high priority to contact with the stock market and desires an open dialogue with the market players. Our goal is to ensure that the market always has adequate and identical information to ensure correct pricing of our shares. This is done by informing Oslo Børs, the company's shareholders, 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 2014:

Date	Event
15/05/14	1th quarter 2014 results
22/05/14	General Meeting 2014
21/08/14	2nd quarter 2014 results
30/10/14	3rd quarter 2014 results

SHARE PRICE PERFORMANCE



BLOM OFFICES

Blom ASA/Geomatics AS

PB 34 Skøyen
0212 Oslo
Norway
Tel: +47 23 25 45 00
Email: info.no@blomasa.com

Blom Aerofilms Ltd

The Astrolabe
Cheddar Business Park
Wedmore Road
Cheddar
Somerset BS27 3EB
UK
Tel: +44 (0) 1934 311000
Sales Hotline: +44 (0) 1934 311001
Email: info.uk@blomasa.com

Blom Deutschland GmbH

Oskar-Frech-Straße 15
73614 Schorndorf
Germany
Tel: +49 7181 980210
Email: info.de@blomasa.com

Blom Kartta OY

Pasilanraitio 5
00240 Helsinki
Finland
Tel: +358 10 322 8940
Email: info.fi@blomasa.com

Blom Sistemas Geoespaciales

C/ Zurbano 46
28010 Madrid
Spain
Tel: + 34 91 4150350
Email: info.spain@blomasa.com

Blom Sweden AB

Hammarbacken 6B
191 49 Sollentuna
Tel: +46 8 578 247 00
Email: info.se@blomasa.com

