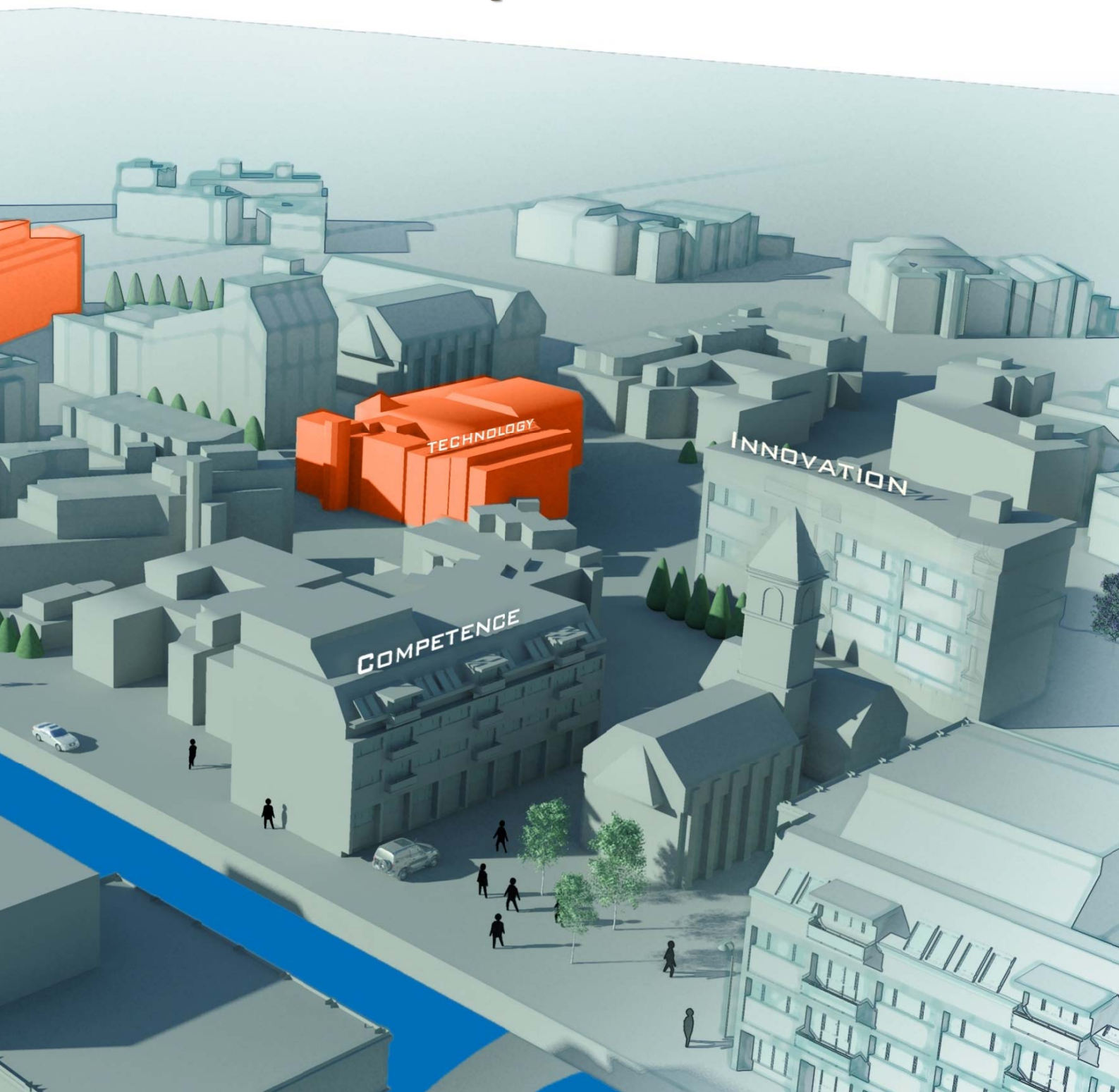




**BLOM**  
IMAGING THE WORLD

REPORT FOR  
4<sup>th</sup> QUARTER 2014



## Profitable and cash flow positive

**In 2014 the company's focus and resources have been aimed at maintaining and developing the company's profitable operations. At the same time, the company has sought growth opportunities by exploiting its existing expertise in new business areas.**

**The company's principal operations are focused now on the Nordic region and the UK, where the company has had a strong market position over time. Through a more concentrated focus on special products and customer segments, the company will seek to provide growth that will deliver better margins and more predictable earnings. In the 4<sup>th</sup> quarter, the company delivered a result that confirms that the company's strategy has started to show results. Total revenues of NOK 51 million gave an EBITDA result of NOK 3.4 million and a margin corresponding to 7 per cent.**

The company's greater focus on a broader application of sensor technology has opened up new market opportunities. The contract for 2015 for ice monitoring in the Kara Sea was terminated in November 2014 due to the political sanctions implemented against Russia. The company received compensation to cover costs and lost earnings in 2015. The company will continue to develop services for monitoring in Arctic regions and areas with environmental challenges.

The company reported revenues of NOK 51 million for the 4<sup>th</sup> quarter of 2014, compared with NOK 41 million for the same quarter in 2013. The pre-tax profit was NOK 4 million, compared with a loss of NOK 5 million for the corresponding quarter in 2013. The pre-tax profit for the 4<sup>th</sup> quarter of 2013 included a net positive non-recurring effect of NOK 9 million.

The company reported revenues of NOK 234 million for 2014, compared with NOK 200 million for 2013, adjusted for the sale of intangible assets totalling NOK 20 million. The pre-tax profit was NOK 6 million, compared with a loss of NOK 52 million for 2013. The pre-tax profit for 2013 included a net negative non-recurring effect of NOK 11 million.

The company has shown overall good growth for continued business and the company's balance sheet has improved after the restructuring implemented.

The equity ratio is 50 per cent, the current ratio is satisfactory, and the company has no ordinary interest-bearing liabilities. The net interest-bearing cash position is NOK 50 million.



## Results

IFRS	4 <sup>th</sup> qtr.		As at 31 December	
	2014	2013	2014	2013
(Amounts in NOK 1000)				
Operating revenues	<b>51,178</b>	40,506	<b>234,138</b>	219,695
EBITDA	<b>3,374</b>	21,404	<b>15,270</b>	44,380
EBIT	<b>2,230</b>	-892	<b>7,290</b>	-42,092
EBT	<b>3,981</b>	-5,263	<b>6,458</b>	-52,022

The comparable operating result for 2013, excluding non-recurring effects, was a loss of NOK 10 million for the 4th quarter, and a loss of NOK 31 million as at 31 December 2013.

This report has been prepared in accordance with IAS 34 on Interim Financial Reporting. The interim accounts do not contain all the information that is required in complete annual accounts, and they should be read in conjunction with the consolidated accounts for 2013. The interim accounts have been prepared in accordance with the same principles that are used in the annual accounts for 2013. The result from discontinued businesses is presented on a separate line in other comprehensive income. The report has not been audited.

## Operations

### Operational development

The company will continue to focus on market niches in which the company has a competitive advantage, or where new business models can be developed over time based on services of a more repetitive nature. This will ensure that the company's earnings and margins can become more predictable over time.

The company's contract with Viking Supply Ships AS (VSS) for the delivery of airborne remote sensor services is part of a larger ice monitoring programme for the Kara Sea. The revenues and margin were as expected and satisfactory in 2014. Due to the political sanctions against Russia, Viking Supply Ships AS cancelled the order for 2015 in November 2014. The economic consequences of the cancellation for 2015 have been clarified between the parties. For the company, the contract is regardless an important confirmation that the company is able to adapt and make use of its competence in new markets.

An increase in the drilling and petroleum activities in Arctic waters is planned, as well as an increase in various forms of environmental monitoring. Based on the experience and expertise that the company possesses, we will seek to develop the market for various mapping services in Arctic waters.

In 2014, the company entered into an agreement with a leading supplier of geospatial information. The agreement is part of a global programme, in which the company will participate in building a new orthophoto database covering a large part of the European continent.

The company has rights to the database, which will generate possible future revenue from resale and through the development of value-added solutions for this data alone or in combination with other data.

In the Nordic segment, the Swedish operations have developed new business areas with a different product mix. Additional measures for the development of new business areas are planned for 2015.

Certain important customer segments in Norway have in recent years seen a decline in volume combined with lower prices. The company has implemented a number of cost-saving measures to maintain its position. In 2014 the company has increased its market share, compared with 2013, but this has been at the expense of lower margins. Parts of the Norwegian market are marked by a price level that is not sustainable over time, but the company expects that this will be rectified over time.

In the Mid-Europe segment, the operations in the UK saw an increase in revenues compared with 2013, which together with the implemented efficiency measures has helped improve the margin. The order backlog is good at the start of 2015, and the company expects continued growth. The company has been awarded important contracts for the mapping of highways and the railway network. The services offered by the company are crucial in respect to making the future maintenance of infrastructure more efficient. The company will seek to develop the services in the UK further; at the same time as opportunities for offering corresponding services in the Nordic region will be considered.

The geographic exposure and risk is in 2014 further reduced through divestment and ongoing liquidation of businesses. In spite of the fact that the underlying operations for the company as a whole showed an improvement in profitability in 2014, there is still significant room for improvement in the future results. The company is therefore focusing on the development of products and services to increase the creation of value for the company's customers.



## Finance and accounts

### 4<sup>th</sup> quarter 2014

Operating revenues and EBITDA from the operative segments for the 4<sup>th</sup> quarter were:

(Amounts in NOK 1000)	Operating revenues		EBITDA	
	2014	2013	2014	2013
Nordic	35,600	29,967	2,529	3,258
Mid-Europe	15,578	10,539	3,474	-123
<b>Total operative segments</b>	<b>51,178</b>	40,506	<b>6,003</b>	3,135

### At the end of the 4<sup>th</sup> quarter 2014

Operating revenues and EBITDA from the operative segments at the end of the 4<sup>th</sup> quarter were:

(Amounts in NOK 1000)	Operating revenues		EBITDA	
	2014	2013	2014	2013
Nordic	161,823	147,356	15,774	26,490
Mid-Europe	72,315	52,140	14,039	3,249
<b>Total operative segments</b>	<b>234,138</b>	199,696	<b>29,813</b>	29,739

The comparative figures at the end of the 4<sup>th</sup> quarter have been adjusted for a positive non-recurring effect of NOK 20 million.

From continuing business, the company had a positive cash flow from operating activities of NOK 25 million in the 4<sup>th</sup> quarter. The company's trade receivables declined by NOK 6 million during the period to NOK 26 million, while work in progress declined by NOK 24 million to NOK 25 million.

In the 4<sup>th</sup> quarter, the company made operational investments of NOK 2 million. Net financial income totalled NOK 2 million in the 4<sup>th</sup> quarter.

The equity ratio was 50 per cent, compared with 29 per cent as at 31 December 2013, and cash and cash equivalents for continuing business were NOK 51 million at the end of the quarter.

## Organisation and personnel

The company has a staff of employees with a high level of competence. This represents the foundation for the company's growth. As at 31 December 2014, there were a total of 152 employees in the operative companies, down from 207 at the end of 2013. There were 267 employees at the company's produc-

tion facilities in Indonesia and Romania. The group has a total of 419 employees, which is a reduction of 46 since 31 December 2013.

## Shareholder information

As at 31 December 2014, the company's share capital totalled NOK 10,070,649.00, divided into 10,070,649 shares, each with a par value of NOK 1.00. The total number of shareholders as at 31 December 2014 was 1,754, and foreign shareholders holds 0.41 per cent of the share capital. Blom owns a total of 396,452 of the company's own shares, which represents 3.94 per cent of the total number of outstanding shares.

The company sent an announcement to the stock exchange on 25 November 2014 offering to buy shares in Blom ASA owned by shareholders with fewer than 33 shares. The reason for the offer was the Board's desire to give shareholders with small holdings an opportunity to sell their shares in a cost-effective manner, and to reduce the company's expenses for the administration of the company's shareholder base. The offer price per share was NOK 16.00. Advance notice was given in the offer that the company intended to file an application with the Ministry of Trade, Industry and Fisheries for a permit to enforce compulsory redemption of the shareholders who did not accept the voluntary offer. At the end of the offer period on 12 December 2014, the company had received a total of 339 acceptances to acquire 1,116 shares, corresponding to 0.01% of all of the outstanding shares in the company.

## Outlook

Last year's earnings, combined with an improved cash flow have given the company a stronger balance sheet. The company is positioned for profitable growth, and we seek to expand within business areas with good visibility and better margins. All four of our main countries (Norway, Sweden, Finland and the UK) are set for good, profitable operations in 2015.

**Oslo, 24 February 2015**

**Trygve Bruland**

Board Chairman

**Siv Staubo**

Board Member

**Birgitte Ellingsen**

Board Member

**Kristian Lundkvist**

Board Member

**Dirk Blaauw**

CEO



## Consolidated Statement of Income – Blom Group

(Amounts in NOK 1000)

<u>4<sup>th</sup> qtr. 14</u>	<u>4<sup>th</sup> qtr. 13</u>		<u>31/12/2014</u>	<u>31/12/2013</u>
<b>51,178</b>	<b>40,506</b>	<b>Operating revenue</b>	<b>234,138</b>	<b>219,695</b>
14,848	11,168	Cost of materials	90,995	68,124
25,649	25,394	Salaries and personnel costs	101,524	107,459
1,144	22,296	Depreciation and write-downs	7,980	86,473
7,307	6,747	Other operating and administrative costs	26,349	23,938
0	-24,207	Other gains and losses	0	-24,207
<b>48,948</b>	<b>41,398</b>	<b>Operating expenses</b>	<b>226,848</b>	<b>261,787</b>
<b>2,230</b>	<b>-892</b>	<b>Operating profit</b>	<b>7,290</b>	<b>-42,092</b>
<b>1,751</b>	<b>-4,371</b>	<b>Net financial items</b>	<b>-832</b>	<b>-9,930</b>
<b>3,981</b>	<b>-5,263</b>	<b>Pre-tax profit/loss</b>	<b>6,458</b>	<b>-52,022</b>
-325	59	Taxes	-729	-366
<b>3,656</b>	<b>-5,204</b>	<b>Profit/loss from continuing business</b>	<b>5,729</b>	<b>-52,388</b>
<b>-177</b>	<b>4,620</b>	<b>Profit/loss from discontinued business</b>	<b>2,197</b>	<b>-7,051</b>
<b>3,479</b>	<b>-584</b>	<b>Profit/loss after tax</b>	<b>7,926</b>	<b>-59,439</b>
		<b>Profit/loss attributable to:</b>		
3,479	-584	Shareholders	7,926	-59,439
<b>3,479</b>	<b>-584</b>	<b>Profit/loss after tax</b>	<b>7,926</b>	<b>-59,439</b>
		<b>Total comprehensive profit/loss:</b>		
-275	42	Recalculation of pension obligations	-853	168
3,744	3,427	Currency translation differences	11,327	6,041
<b>6,948</b>	<b>2,885</b>	<b>Total comprehensive profit/loss:</b>	<b>18,400</b>	<b>-53,230</b>
		<b>Comprehensive profit/loss attributable to:</b>		
6,948	2,885	Shareholders	18,400	-53,230
<b>6,948</b>	<b>2,885</b>	<b>Total comprehensive profit/loss</b>	<b>18,400</b>	<b>-53,230</b>
<b>Earnings per share:</b>				
		From continuing business	0.59	-38.51
		From discontinued business	0.23	-5.19
		<b>From profit/loss for the year</b>	<b>0.82</b>	<b>-43.70</b>

## Balance Sheet – Blom Group

### ASSETS

(Amounts in NOK 1000)

	<u>31/12/2014</u>	<u>31/12/2013</u>
Intangible assets	482	684
Property, plant and equipment	19,949	20,636
Fixed asset investments	4,538	1,151
<b>Total non-current assets</b>	<u>24,969</u>	<u>22,471</u>
Work in progress	24,983	30,965
Trade receivables	26,139	36,117
Other current receivables	16,232	15,054
<b>Total receivables</b>	<b>42,371</b>	<b>51,171</b>
Cash and cash equivalents	51,400	42,725
Assets classified as held for sale	4,199	48,072
<b>Total current assets</b>	<u>122,953</u>	<u>172,933</u>
<b>TOTAL ASSETS</b>	<u>147,922</u>	<u>195,404</u>



## Balance Sheet – Blom Group

### EQUITY AND LIABILITIES

(Amounts in NOK 1000)

	<u>31/12/2014</u>	<u>31/12/2013</u>
<b><i>Called-up and fully paid share capital:</i></b>		
Share capital	10,071	10,071
Treasury shares	-1,978	-1,977
Share premium account	97,703	97,720
<b><i>Other reserves:</i></b>		
Currency translation differences	-24,003	-35,348
Retained earnings	-7,137	-14,210
<b>Total equity</b>	<u><b>74,656</b></u>	<u><b>56,256</b></u>
Pension obligations	4,348	3,233
Non-current liabilities	1,003	10,506
<b>Total non-current liabilities</b>	<u><b>5,351</b></u>	<u><b>13,739</b></u>
<b>Interest-bearing current liabilities</b>	<b>648</b>	<b>3,864</b>
Trade payables	19,526	25,955
Unpaid government taxes	13,310	18,931
Other current liabilities	30 711	43,449
<b>Total other current liabilities</b>	<b>63,547</b>	<b>88,335</b>
<b>Liabilities classified as held-for-sale</b>	<b>3,720</b>	<b>33,210</b>
<b>Total current liabilities</b>	<u><b>67,915</b></u>	<u><b>125,409</b></u>
<b>Total liabilities</b>	<u><b>73,266</b></u>	<u><b>139,148</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>147,922</b></u>	<u><b>195,404</b></u>

## Change in equity from 1 January to 31 December

	<b>2014</b>	<b>2013</b>
Equity as at 1 January	56,256	40,870
Profit/loss for the period	7,926	-59,439
Change from conversion/capital write-down	0	68,617
Change from buyback of shares	-18	0
Pension obligations	-853	168
Currency translation differences	11,345	6,040
Equity as at 31 December	<u>74,656</u>	<u>56,256</u>

# Cash Flow Statement – Blom Group

Indirect model (Amounts in NOK 1000)

4 <sup>th</sup> quarter			As at 31/12	
2014	2013		2014	2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
3,981	-5,263		6,458	-52,022
		Pre-tax profit/loss		
1,144	22,296	+	7,980	86,473
		Depreciation and amortisation of property, plant and equipment		
6,420	1,592	+/-	-4 709	-6,882
		Change in trade receivables		
24,302	13,065	+/-	-1 337	-7,305
		Change in inventories and work in progress		
-13,299	-710	+/-	4,220	-3,733
		Change in trade payables		
2,310	-15,949	+/-	-10,017	-21,233
		Change in other accruals		
<b>24,858</b>	<b>15,031</b>	=	<b>2,595</b>	<b>-4,702</b>
		<b>Net cash flow from operating activities – continuing business</b>		
416	17,514		-5,791	14,855
		Net cash flow from operating activities – discontinued business		
<b>25,274</b>	<b>32,545</b>	=	<b>-3,196</b>	<b>10,153</b>
		<b>Net cash flow from operating activities – total</b>		
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
-1,152	-1,573	-	-5,438	-10,662
		Purchases of property, plant and equipment		
0	0	+	23,968	7,487
		Receipts from sale of shares and other investments		
<b>-1,152</b>	<b>-1,573</b>		<b>18,530</b>	<b>-3,175</b>
		<b>Net cash flow from investment activities – continuing business</b>		
-20	-82		-19,995	-544
		Net cash flow from investment activities – discontinued business		
<b>-1,172</b>	<b>-1,655</b>	=	<b>-1,465</b>	<b>-3,719</b>
		<b>Net cash flow from investment activities – total</b>		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
-1,276	-231	+/-	-4,916	-3,717
		Net change in current and non-current liabilities		
<b>-1,276</b>	<b>-231</b>		<b>-4,916</b>	<b>-3,717</b>
		<b>Net cash flow from financing activities – continuing business</b>		
0	0		0	-7,994
		Net cash flow from financing activities – discontinued business		
<b>-1,276</b>	<b>-231</b>	=	<b>-4,916</b>	<b>-11,711</b>
		<b>Net cash flow from financing activities – total</b>		
22,826	30,659		-9,577	-5,277
		<b>Net change in cash and cash equivalents</b>		
29,564	31,308	+	61,967	67,244
		Cash and cash equivalents at the start of the period		
<b>52,390</b>	<b>61,967</b>	=	<b>52,390</b>	<b>61,967</b>
		<b>Cash and cash equivalents as at 31 December</b>		
51,400	35,191		51,400	35,191
		<b>Cash and cash equivalents – continuing business</b>		
990	26,776		990	26,776
		<b>Cash and cash equivalents – discontinued business</b>		

## Segments – Blom Group

(Amounts in NOK 1,000)

	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>As at 31/12/2014</b>	<b>As at 31/12/2013</b>
<b>Operating revenues</b>				
Nordic	35,600	29,967	161,823	167,556
Mid-Europe	12,929	8,714	62,577	42,266
Eastern Europe	2,649	1,824	9,738	9,874
<b>Total 1)</b>	<b>51,178</b>	<b>40,506</b>	<b>234,138</b>	<b>219,696</b>
<b>EBITDA</b>				
Nordic	2,529	3,258	15,774	46,490
Mid-Europe	2,632	-847	10,497	-63
Eastern Europe	842	724	3,542	3,312
<b>Total operative segments</b>	<b>6,003</b>	<b>3,135</b>	<b>29,813</b>	<b>49,739</b>
Other segments / unallocated	-2,629	18,269	-14,543	-5,359
<b>Total 1)</b>	<b>3,374</b>	<b>21,404</b>	<b>15,270</b>	<b>44,380</b>
<b>EBIT</b>				
Nordic	1,824	-16,322	9,343	-33,168
Mid-Europe	2,324	-3,209	9,336	-6,484
Eastern Europe	728	653	3,171	3,137
<b>Total operative segments</b>	<b>4,876</b>	<b>-18,878</b>	<b>21,850</b>	<b>-36,515</b>
Other segments / unallocated	-2,646	17,986	-14,560	-5,577
<b>Total 1)</b>	<b>2,230</b>	<b>-892</b>	<b>7,290</b>	<b>-42,092</b>
<b>Assets 2)</b>				
Nordic	49,470	48,060	49,470	48,060
Mid-Europe	17,861	16,864	17,861	16,864
Eastern Europe	3,752	5,107	3,752	5,107
Other segments / unallocated	76,839	125,373	76,839	125,373
<b>Total</b>	<b>147,922</b>	<b>195,404</b>	<b>147,922</b>	<b>195,404</b>
<b>Investments</b>				
Nordic	895	2,043	4,736	12,141
Mid-Europe	431	50	514	918
Eastern Europe	71	478	447	693
Other segments / unallocated	525	0	525	306
<b>Total</b>	<b>1,922</b>	<b>2,571</b>	<b>6,222</b>	<b>14,058</b>

1) The results for the 4<sup>th</sup> quarter of 2013 include a positive non-recurring effect of NOK 9 million. The results as at 31 December 2013 include a net negative non-recurring effect of NOK -11 million.

2) Allocated assets include external trade receivables, work in progress, non-current assets and intangible assets with the exception of deferred tax assets.

Other / unallocated assets include assets classified as held for sale as at 31 December 2013 and 31 December 2014.

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