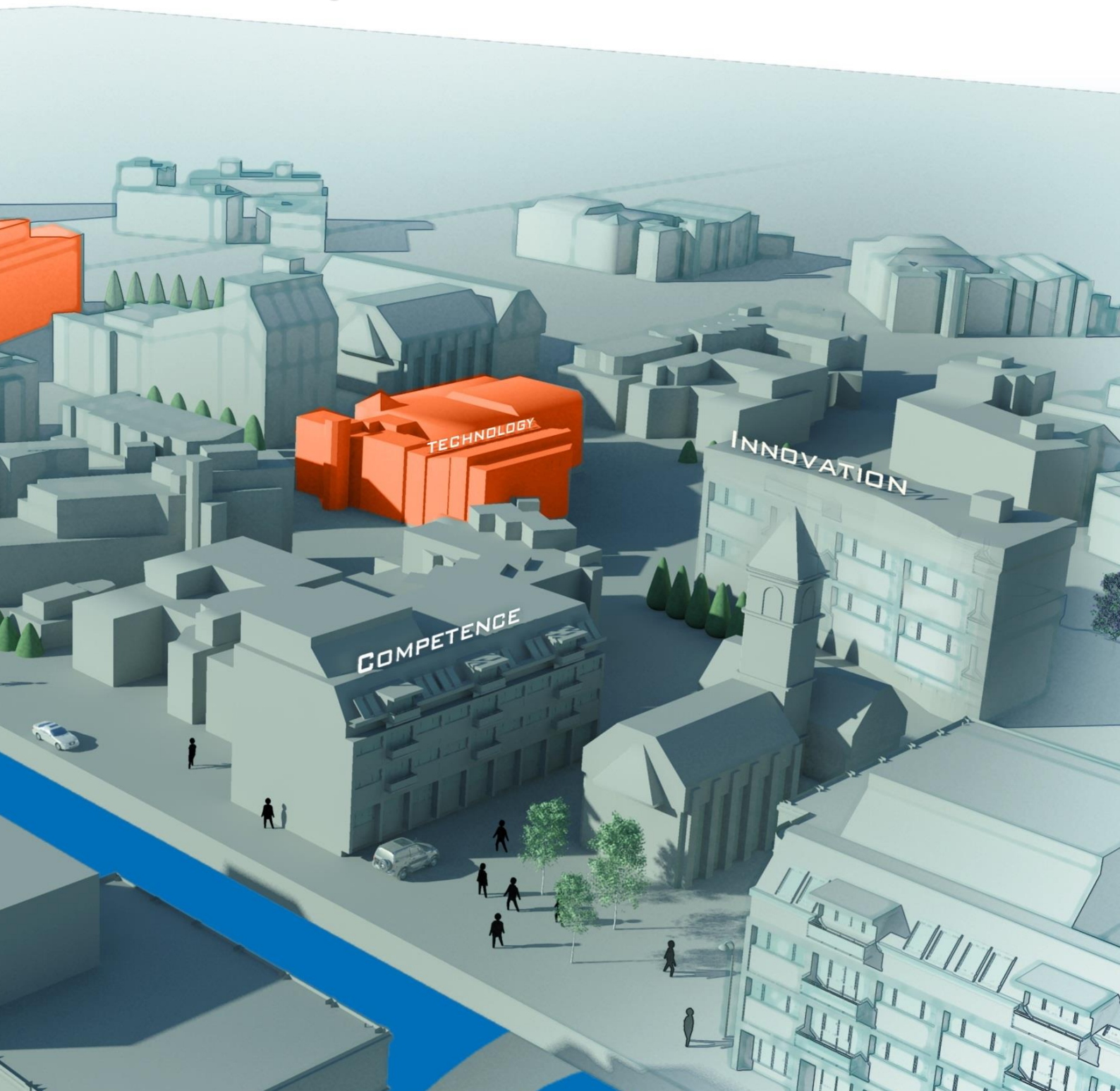




**BLOM**  
IMAGING THE WORLD

REPORT FOR  
2<sup>nd</sup> QUARTER AND 1<sup>st</sup> HALF OF 2014



## Improved results

**The company's focus and resources during the quarter have been aimed at maintaining and developing the company's profitable operations further. In addition, the company has focused on the development of a sustainable business model by exploiting its existing expertise in new business areas.**

**Blom entered into an agreement to build a new European map data set during the quarter. The agreement has an initial value of up to NOK 30 million, but it is expected to increase significantly if the project is carried out as planned. This agreement confirms the company's position as a strong expertise and resource centre for large complex jobs. The agreement will give us rights linked to the database, which may offer future earning opportunities.**

The company reported revenues of NOK 71 million in the 2<sup>nd</sup> quarter, compared with NOK 69 million for the same quarter in 2013. EBITDA for the quarter was NOK 5 million, compared with NOK 3 million for the corresponding quarter in 2013. This corresponds to an EBITDA margin of 6.7 per cent, compared with 4.5 per cent in the 2<sup>nd</sup> quarter of 2013. The pre-tax profit was NOK 2 million, compared with a pre-tax loss of NOK -7 million for the corresponding quarter in 2013.

Revenues for the 1<sup>st</sup> half year totalled NOK 113 million, compared with NOK 105 million for the same period in 2013. EBITDA for the 1<sup>st</sup> half year was NOK -1 million, compared with NOK -4 million for the corresponding period in 2013. This corresponds to an EBITDA margin of -0.8 per cent, compared with -3.3 per cent for the 1<sup>st</sup> half of 2013. The operating loss for the 1<sup>st</sup> half year was NOK -5 million, compared with NOK -19 million for the same period in 2013.

The company's principal operations are focused now on the Nordic region, where the company has had a strong market position over time. A stronger concentration of the resources combined with a more concentrated focus on special products and customer segments is expected to give more predictable earnings and better margins over time.

The challenging macroeconomic conditions in Iberia continue. In 2014, the company has scaled down its operations further through the sale and liquidation of its subsidiaries. The operations linked to the company's database technology will still be managed by a Spanish subsidiary.

In the future, the company will focus on increasing sales and measures to develop business opportunities in markets where the company's competence can be exposed to a better risk and earnings profile. The company will also assess new development and business opportunities in which we can exploit the company's expertise to improve the results through various forms of partnership. The company will also continue its work to adapt its structure, cost base and product portfolio.



The company has a satisfactory balance sheet. The company's equity ratio is 41 per cent, and the current ratio has improved.

## Results

IFRS	2 <sup>nd</sup> qtr.		1 <sup>st</sup> half year	
	2014	2013	2014	2013
(Amounts in NOK 1000)				
Operating revenues	<b>71,262</b>	68,921	<b>113,127</b>	105,376
EBITDA	<b>4,789</b>	3,105	<b>-915</b>	-3,509
EBIT	<b>2,390</b>	-5,787	<b>-4,942</b>	-19,299
EBT	<b>1,768</b>	-7,363	<b>-6,880</b>	-23,551

This report has been prepared in accordance with IAS 34 on interim accounts. 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 has chosen to focus more on market niches in which the company has a competitive advantage, or where new business models can be developed based on services of a more repetitive nature over time, so that the company's earnings and margins can become more predictable.

In the Nordic segment, the Swedish operations have demonstrated a good ability to develop new business areas. The 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 seen a decline in volume and lower prices in recent years. The company has implemented a number of cost-saving measures to maintain its position. The order intake has been good, and the company has increased its market share, compared with 2013, but this has unfortunately been at the expense of lower margins.

Mid-Europe has increased its revenues somewhat compared with 2013, and the efficiency improvement measures implemented are contributing to an improved margin. The order intake has been relatively good, and there is reason to expect improved earnings in the region for the year as a whole.

In spite of the fact that the underlying operations for the company as a whole show a slight earnings improvement this year, 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. We believe that this will contribute to stronger margins over time.

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 operations in Northern waters and will be part of a larger ice monitoring programme. The contract will generate estimated annual revenues of NOK 35 to 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. Thus far, the contract has followed the plan in every way, and the customer is satisfied with the service.

The company has entered into an agreement with a leading global supplier of geospatial information. The agreement is part of a global programme, in which the company will build a new orthophoto library covering most of the European continent. The entire programme should be completed by the end of 2017. Blom will retain certain rights to the library, which will provide potential future earnings.

## Finance and accounts

### 2<sup>nd</sup> QUARTER 2014

Operating revenues from the segments in the 2<sup>nd</sup> quarter:

<b>Operating revenues (NOK 1000)</b>	<b>2<sup>nd</sup> qtr. 2014</b>	<b>2<sup>nd</sup> qtr. 2013</b>
Nordic	<b>44,944</b>	52,541
Mid-Europe	<b>23,873</b>	14,297
Eastern Europe	<b>2,445</b>	2,083
<b>Total</b>	<b>71,262</b>	68,921

### 1<sup>st</sup> HALF OF 2014

Operating revenues from the segments in the 1<sup>st</sup> half were:

<b>Operating revenues (NOK 1000)</b>	<b>1. half of 2014</b>	<b>1. half of 2013</b>
Nordic	<b>69,411</b>	72,303
Mid-Europe	<b>39,208</b>	27,679
Eastern Europe	<b>4,508</b>	5,394
<b>Total</b>	<b>113,127</b>	105,376

The company's operations are exposed to substantial seasonal fluctuations. The company's trade receivables increased by NOK 5 million during the period to NOK 28 million, while work in progress increased by NOK 22 million, to NOK

42 million. This resulted in a negative cash flow from operating activities of NOK 12 million in the 2<sup>nd</sup> quarter.

In the 2<sup>nd</sup> quarter, the company made operational investments of NOK 2 million. Net financial expenses totalled NOK 0.6 million in the 2<sup>nd</sup> quarter, and they were lower than the same period last year.

The equity ratio was 41 per cent, compared with 29 per cent as at 31 December 2013, and cash and cash equivalents were NOK 33 million at the end of the quarter.

## Risk


The financial risks are discussed in more detail in the annual report for 2013. Our credit risk consists primarily of government and municipal customers, and purely private companies to a lesser extent. The company has not experienced any significant losses on trade receivables. Certain government and municipal customers are, however, relatively late with the payment of their trade payables.

The amount of capital committed in work in progress and trade receivables has declined significantly in 2014 as a result of the company's reduced exposure to Southern European markets, compared with the same period last year. Work in progress and trade receivables are set out contractually, and this means that the amount of capital committed is determined by the credit terms of the contracts. Blom continues to focus a great deal on reducing the amount of capital committed. The group's liquidity reserves will be at their lowest in the spring and summer due to the seasonally relatively high amount of working capital committed. During this period, the company has a low level of liquidity reserves for unforeseen events. Blom is also exposed in general to fluctuations in exchange rates, while fluctuations in interest rates are of less importance.

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 accounting estimates that are made as a result of this will rarely coincide in full with the final outcome. The most important valuation items for Blom are the recognition of income from projects and provisions for potential losses on trade receivables. The estimates and discretionary assessments are discussed in more detail in the annual report for 2013.

## 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 30 June 2014, there was a total of 162 employees in the operative companies, down from 207 at the end of 2013. There are 265 employees at Blom's production facilities in Indonesia and Eastern Europe. The group has a total of 427 employees, which is a reduction of 6 since 31 December 2013.



## Shareholder matters

As at 30/06/2014, 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. Number of shareholders as at 30 June 2014 was 2,201, and foreign shareholders accounted for 0.57 per cent of the share capital. Blom owns a total of 395,336 of the company's own shares, which represents 3.93 per cent of the total number of outstanding shares.

## Outlook

In the opinion of the Board of Directors, the company should have profitable operations in 2014 based on the current strategy. The Board of Directors is satisfied with the company's ability to carry out demanding restructuring, at the same time that the company is establishing itself in new business areas with better visibility and margins.

## Statement of the Board and CEO

We confirm that the half-year financial statements for the period from 1 January to 30 June 2014 have been prepared in accordance with IAS 34 Interim Reporting, and that the information presented in the financial statements provides a fair representation of the group's assets, debt, financial situation and overall results, in addition to providing a fair overview of important events during the accounting period and their influence on the half-year financial statements, and the most important risk factors and factors of uncertainty that the business faces.

**Oslo, 20 August 2014**

**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

<u>2<sup>nd</sup> qtr. 14</u>	<u>2<sup>nd</sup> qtr. 13</u>		<u>30/06/2014</u>	<u>30/06/2013</u>	<u>31/12/2013</u>
<b>71,262</b>	<b>68,921</b>	<b>Operating revenues</b>	<b>113,127</b>	<b>105,376</b>	<b>230,321</b>
31,479	24,419	Cost of materials	45,733	37,289	70,082
27,869	32,957	Salaries and personnel costs	54,258	58,353	114,219
2,400	8,893	Depreciation and write-downs	4,028	15,790	86,794
7,125	8,440	Other operating and administrative costs	14,051	13,243	26,247
0	0	Other gains and losses	0	0	-24,207
<b>68,873</b>	<b>74,708</b>	<b>Operating expenses</b>	<b>118,070</b>	<b>124,675</b>	<b>273,135</b>
<b>2,390</b>	<b>-5,787</b>	<b>Operating profit/loss</b>	<b>-4,942</b>	<b>-19,299</b>	<b>-42,814</b>
<b>-622</b>	<b>-1,576</b>	<b>Net financial items</b>	<b>-1,938</b>	<b>-4,252</b>	<b>-13,636</b>
<b>1,768</b>	<b>-7,363</b>	<b>Pre-tax profit/loss</b>	<b>-6,880</b>	<b>-23,551</b>	<b>-56,450</b>
-85	-41	Taxes	-205	-213	3,018
<b>1,683</b>	<b>-7,404</b>	<b>Profit/loss from continuing business</b>	<b>-7,085</b>	<b>-23,764</b>	<b>-53,432</b>
<b>-881</b>	<b>-2,375</b>	<b>Profit/loss from discontinued business</b>	<b>2,837</b>	<b>-9,417</b>	<b>-6,007</b>
<b>802</b>	<b>-9,780</b>	<b>Profit/loss for the year</b>	<b>-4,248</b>	<b>-33,181</b>	<b>-59,439</b>
		<b>Profit/loss attributable to:</b>			
802	-9,774	Shareholders	-4,248	-33,181	-59,439
<b>802</b>	<b>-9,780</b>	<b>Profit/loss after tax</b>	<b>-4,248</b>	<b>-33,181</b>	<b>-59,439</b>
		<b>Comprehensive profit/loss:</b>			
-420	42	Recalculation of pension obligations	-840	84	168
68	2,911	Currency translation differences	-59	2,614	6,041
<b>-450</b>	<b>-6,827</b>	<b>Comprehensive profit/loss</b>	<b>-5,147</b>	<b>-30,483</b>	<b>-53,230</b>
		<b>Comprehensive income attributable to:</b>			
-450	-6,827	Shareholders	-5,147	-30,483	-53,230
<b>-450</b>	<b>-6,827</b>	<b>Comprehensive profit/loss</b>	<b>-5,147</b>	<b>-30,483</b>	<b>-53,230</b>
<b>Earnings per share:</b>					
		From continuing business	-0.73	-70.55	-39.28
		From discontinued business	0.29	-27.95	-4.42
		From profit/loss for the year	-0.44	-98.50	-43.70

## Balance Sheet – Blom Group

### ASSETS

(Amounts in NOK 1000)

	<u>30/06/2014</u>	<u>30/06/2013</u>	<u>31/12/2013</u>
<b>Intangible assets</b>	<b>414</b>	<b>1,201</b>	<b>684</b>
<b>Property, plant and equipment</b>	<b>19,393</b>	<b>88,115</b>	<b>20,636</b>
<b>Fixed asset investments</b>	<b>117</b>	<b>703</b>	<b>1,151</b>
<b>Total non-current assets</b>	<b><u>19,924</u></b>	<b><u>90,019</u></b>	<b><u>22,471</u></b>
<b>Work in progress</b>	<b>41,510</b>	<b>56,260</b>	<b>30,965</b>
Trade receivables	27,784	46,665	36,117
Other current receivables	20,749	26,424	15,054
<b>Total receivables</b>	<b>48,533</b>	<b>73,089</b>	<b>51,171</b>
<b>Cash and cash equivalents</b>	<b>33,026</b>	<b>39,372</b>	<b>42,725</b>
<b>Assets classified as held for sale</b>	<b>0</b>	<b>0</b>	<b>48,072</b>
<b>Total current assets</b>	<b><u>123,069</u></b>	<b><u>168,721</u></b>	<b><u>172,933</u></b>
<b>TOTAL ASSETS</b>	<b><u>142,993</u></b>	<b><u>258,740</u></b>	<b><u>195,404</u></b>

## Balance Sheet – Blom Group

### EQUITY AND LIABILITIES

(Amounts in NOK 1000)

	<u>30/06/2014</u>	<u>30/06/2013</u>	<u>31/12/2013</u>
<b><i>Called-up and fully paid share capital:</i></b>			
Share capital	10,071	16,849	10,071
Treasury shares	-1,977	-110	-1,977
Share premium account	97,720	20,458	97,720
<b><i>Other reserves:</i></b>			
Currency translation differences	-27,743	-38,775	-35,348
Retained earnings	-19,172	11,965	-14,210
<b>Total equity</b>	<b><u>58,900</u></b>	<b><u>10,387</u></b>	<b><u>56,256</u></b>
Pension obligations	4,779	5,678	3,233
Non-current liabilities	454	72,090	10,506
<b>Total non-current liabilities</b>	<b><u>5,233</u></b>	<b><u>77,768</u></b>	<b><u>13,739</u></b>
Credit facilities	0	3,504	0
Other interest-bearing current liabilities	2,780	50,207	3,864
<b>Total interest-bearing current liabilities</b>	<b><u>2,780</u></b>	<b><u>53,711</u></b>	<b><u>3,864</u></b>
Trade payables	25,454	49,884	25,955
Unpaid government taxes	6,151	20,798	18,931
Other current liabilities	44,475	46,192	43,449
<b>Total other current liabilities</b>	<b><u>76,080</u></b>	<b><u>116,874</u></b>	<b><u>88,335</u></b>
<b>Liabilities classified as held-for-sale</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>33,209</u></b>
<b>Total current liabilities</b>	<b><u>78,860</u></b>	<b><u>170,585</u></b>	<b><u>125,408</u></b>
<b>Total liabilities</b>	<b><u>84,093</u></b>	<b><u>245,397</u></b>	<b><u>139,147</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>142,993</u></b>	<b><u>258,740</u></b>	<b><u>195,403</u></b>

## Change in equity from 1 January to 30 June

	<b>2014</b>	<b>2013</b>
Equity as at 31 December	56,256	40,870
Profit/loss for the period	-4,248	-33,181
Pension obligations	-840	84
Currency translation differences/reclassification	7,732	2,617
Equity as at 30 June	<u>58,900</u>	<u>10,387</u>

# Cash Flow Statement – Blom Group

Indirect model (Amounts in NOK 1000)

2 <sup>nd</sup> quarter				As at 30 June	
2014	2013			2014	2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
1,768	-7,363		Pre-tax profit/loss	-6,880	23,551
2,400	8,892	+	Depreciation and amortisation of property, plant and equipment	4,028	15,790
-5,315	-6,165	+/-	Change in trade receivables	-3,390	17,716
-22,547	-14,252	+/-	Change in inventories and work in progress	-17,695	-9,901
12,118	10,921	+/-	Change in trade receivables	9,999	3,448
-836	4,614	+/-	Change in other accruals and unrealised foreign exchange	-12,020	17,356
<u>-12,413</u>	<u>-3,354</u>	A =	<b>Net cash flow from operating activities – continuing business</b>	<u>-25,959</u>	<u>14,574</u>
<u>-815</u>	<u>-1,060</u>		Net cash flow from operating activities – discontinued business	<u>-3,901</u>	<u>-653</u>
<u>-13,228</u>	<u>-4,413</u>	A =	<b>Net cash flow from operational activities – total</b>	<u>-29,866</u>	<u>15,227</u>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>					
-2,085	-2,751	-	Purchases of property, plant and equipment	-2,237	-6,004
<u>-340</u>	<u>0</u>	+	Receipts from sale of shares and other investments	<u>23,968</u>	<u>7,487</u>
<u>-2,425</u>	<u>-2,751</u>		<b>Net cash flow from investment activities – continuing business</b>	<u>21,731</u>	<u>1,483</u>
<u>0</u>	<u>-38</u>		Net cash flow from investment activities – discontinued business	<u>0</u>	<u>-76</u>
<u>-2,425</u>	<u>-2,789</u>	B =	<b>Net cash flow from investment activities – total</b>	<u>21,731</u>	<u>1,407</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
<u>-460</u>	<u>-1,698</u>	+/-	Net change in current and non-current liabilities	<u>-862</u>	<u>-3,206</u>
<u>-460</u>	<u>-1,698</u>		<b>Net cash flow from financing activities – continuing business</b>	<u>-862</u>	<u>-3,206</u>
<u>0</u>	<u>-5,707</u>		Net cash flow from financing activities – discontinued business	<u>0</u>	<u>-8,211</u>
<u>-460</u>	<u>-7,396</u>	C =	<b>Net cash flow from financing activities – total</b>	<u>-862</u>	<u>11,417</u>
-16,113	-14,598		<b>A+B+C Net change in cash and cash equivalents</b>	-8,991	25,237
<u>49,847</u>	<u>53,970</u>	+	Cash and cash equivalents at the start of the period	<u>42,725</u>	<u>64,609</u>
<u>33,734</u>	<u>39,372</u>	=	<b>Cash and cash equivalents as at 30 June</b>	<u>33,734</u>	<u>39,372</u>
33,026	30,201		<b>Cash and cash equivalents – continuing business</b>	33,026	30,201
708	9,171		<b>Cash and cash equivalents – discontinued business</b>	708	9,171

## Segments – Blom Group

(Amounts in NOK 1000)

	<b>Q2 2014</b>	<b>Q2 2013</b>	<b>As at 30/06/2014</b>	<b>As at 30/06/2013</b>
<b>Operating revenues</b>				
Nordic	44,944	52,541	69,411	72,303
Mid-Europe	23,873	14,297	39,208	27,679
Eastern Europe	2,445	2,083	4,508	5,394
<b>Total</b>	<b>71,262</b>	<b>68,921</b>	<b>113,127</b>	<b>105,376</b>
<b>EBITDA</b>				
Nordic	5,344	13,040	2,367	13,485
Mid-Europe	2,599	1,188	3,723	252
Eastern Europe	607	287	1,425	1,381
Other segments / unallocated	-3,761	-11,410	-8,430	-18,627
<b>Total</b>	<b>4,789</b>	<b>3,105</b>	<b>-915</b>	<b>-3,509</b>
<b>EBIT</b>				
Nordic	3,373	5,943	-800	821
Mid-Europe	2,252	-317	3,023	-2,567
Eastern Europe	526	254	1,265	1,335
Other segments / unallocated	-3,762	-11,667	-8,431	-18,888
<b>Total</b>	<b>2,390</b>	<b>-5,787</b>	<b>-4,942</b>	<b>-19,299</b>
<b>Assets 1)</b>				
Nordic	63,851	121,811	63,851	121,811
Mid-Europe	22,036	22,568	22,036	22,568
Eastern Europe	3,218	3,835	3,218	3,835
Other segments / unallocated	53,888	110,527	53,888	110,527
<b>Total</b>	<b>142,993</b>	<b>258,740</b>	<b>142,993</b>	<b>258,740</b>
<b>Investments</b>				
Nordic	2,150	2,211	2,304	5,863
Mid-Europe	83	724	83	746
Eastern Europe	88	99	88	144
Other segments / unallocated	0	321	0	372
<b>Total</b>	<b>2,321</b>	<b>3,355</b>	<b>2,475</b>	<b>7,125</b>

1) 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.

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