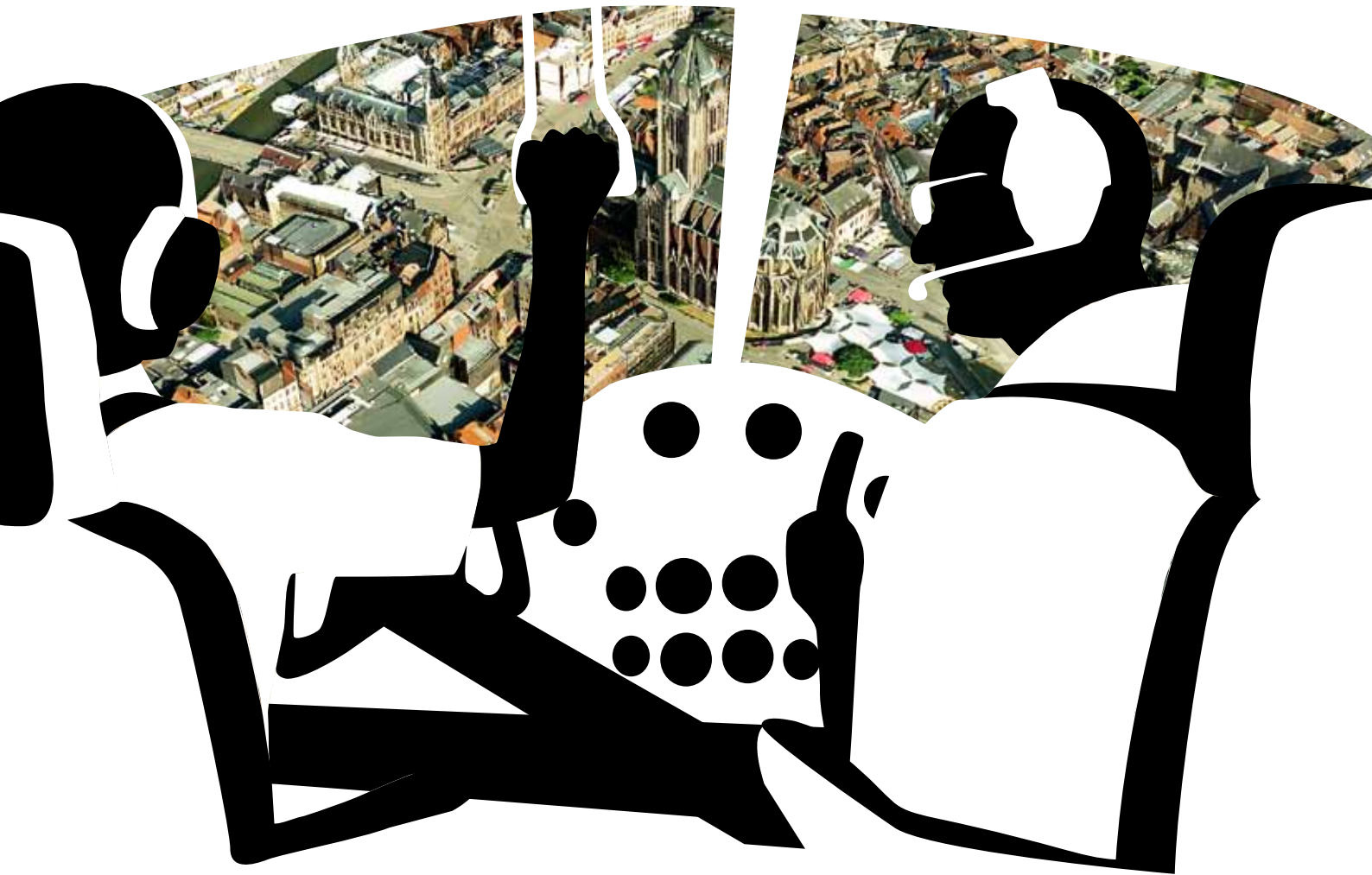


BLOM  
ANNUAL REPORT

2011



**BLOM**  
IMAGING THE WORLD

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## KEY FIGURES

(amounts in NOK 1000)

	IFRS 2011*	IFRS 2010*	IFRS 2009	IFRS 2008*	IFRS 2007
<b>Sales turnover:</b>					
Operating revenues	437 114	569 848	736 901	821 684	1 077 262
<b>Results:</b>					
EBITDA	-32 772	-35 219	92 306	109 308	521 925
EBIT	-214 575	-416 107	-53 832	27 968	458 260
EBT	-315 745	-545 614	-93 960	17 768	412 264
Net profit/loss for the year	-361 175	-564 957	-83 012	13 302	398 566
<b>Capital:</b>					
Current assets	419 692	455 756	704 592	704 878	800 268
Non-current assets	167 087	352 537	709 003	837 540	686 984
Current liabilities	379 787	636 009	326 723	418 158	358 042
Non-current liabilities	401 400	64 432	389 342	268 964	305 292
Equity	-194 408	107 853	697 530	855 296	823 918
Balance sheet total	586 779	808 294	1 413 595	1 542 418	1 487 252
<b>Margins:</b>					
Net operating margin (%)	-49.09	-73.02	-7.31	3.40	42.54
Net profit margin (%)	-80.36	-96.79	-11.26	1.62	37.00
<b>Profitability:</b>					
Return on total assets (%)	-56.98	-55.23	-9.03	1.85	31.47
Return on equity (%)	N/A	-140.30	-10.69	1.10	66.59
<b>Financial strength:</b>					
Equity ratio (%)	-33.13	13.34	49.34	55.45	55.40
<b>Liquidity:</b>					
Current ratio	0.11	0.72	2.16	1.69	2.24
Acid test ratio	0.73	0.47	1.35	1.11	1.71
<b>Key figures per share:</b>					
Results	-1.97	-13.58	-2.04	0.33	9.56
Cash flow	-0.95	-4.20	1.55	2.33	11.08
Dividend	0.00	0.00	0.00	0.00	0.00

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

Net profit/loss for the year + ordinary depreciation and write-downs

Operating profit/loss x 100 / net operating revenues

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

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

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

Equity x 100 / total assets

Current assets/current liabilities

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

\* 2010 and 2011 Adjusted for sale of business in Denmark.

\* 2008 Adjusted for documentation irregularities in connection with the sales turnover in Blom Sistemas Geoespaciales.

## CEO'S REPORT



Blom has put yet another challenging year behind it. Like the previous year, 2011 has also been marked by major changes in our framework conditions. The eurozone crisis and the debt problems of various European countries, along with the associated reduction in their invest-

ment capacities, have figured prominently in the news. Blom has in some cases experienced a substantial reduction in the demand for our services from our formerly strong customers with links to central and local government. This has resulted in a reduction in volumes, which has in turn resulted in lower margins for the deliveries we have made.

The company has implemented measures to meet these changing conditions and made cost adjustments throughout the entire organisation in order to adapt the company to a potentially lower demand in the future. In spite of such extensive reorganisation, the company has retained its flexibility to handle larger volumes in the future.

In 2011 our revenues totalled NOK 437 million, and our EBITDA margin was -7.5 per cent. In addition to striving to establish a better corporate operating structure in 2011, we have also focused on internal communication and closer cooperation across national borders, with the aim of increasing productivity and optimal exploitation of our resources. As a result of this work, a new organisational structure, «One Blom», was implemented in September 2011. The new organisation will make the Blom Group more competitive locally and internationally.

The company has also implemented measures to make the organisation more sales- and market-oriented. This means in practice that we will focus more on the needs of our customers,

and that we will work internally based on the strategy we have adopted for our five business areas now: Defence & Security, Resources & Environment, Government & Public Administration, Utilities & Infrastructure and Web & Mobile Solutions. The aim of our strategy is to enable us to benefit from each other's experience and best practice internally within the Blom Group.

Our goal is to make the company's products and services more accessible and to be able to deliver innovative solutions quickly at competitive prices in each of our business areas. Blom will continue to develop new products and services with a strong focus on the needs and expectations of our customers.

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

Despite the fact that 2011 has been a challenging year, we continue to focus on the long-term value creation for our shareholders, and stand by our commitment that the fundamental assets of Blom and our ability to create value in the long term will reward the company's shareholders. The company's leading position in Europe, combined with our strong resource base and our ability to innovate, will form the foundation for higher revenues and better margins in 2012.

I would like to take this opportunity to thank all my colleagues for their excellent efforts throughout the year that has passed, and we are looking forward to continued good relations in the years to come. In 2012 we will increase our focus on development of the expertise represented by each individual, which will in turn form a foundation for strengthening the company's long-term creation of value.

Dirk Blaauw

BLOM  
INTRODUCTION



## VISIONS AND STRATEGY

### VISION

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

### GOALS

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

- The company will produce and deliver geographic information and geographic information systems for the public and private markets.
- The company's primary markets are in Europe, but defined projects will be carried out worldwide.
- Growth and increased profitability will be accomplished through organic growth, expansion in existing and new markets, acquisitions, and structural measures.
- Profitability will be continuously improved through the development and sale of innovative and scalable solutions, as well as continuous efficiency measures.
- The group will be organised at all times so that the synergy potential can be exploited for increased productivity and cooperation between the companies.

The business will be managed in an ethically and socially responsible manner. The company will have a good reputation with a strong environmental and well-defined profile.

### ONE BLOM

Blom established a new organisational structure in 2011 that will contribute to achieving greater synergies within the group. This applies, for example, to:

- Establishment of common market segments so that solutions and products can be offered to the same type of sectors across national borders.
- Focus on offering value-added services and end products in which the solutions can be applied more quickly and efficiently.
- Focus on the realisation of synergies and gains in our operational activities within the areas of technology and resource utilisation.
- Focus on reducing our risks related to sales and in executing projects.
- Focus on the identification of new growth areas.

### STRATEGY

Important measures for achieving our goals are as follows:

#### *Market*

Blom aims to continuously develop its existing markets and customers. The Nordic region will be an important market, but our future growth will take place in countries outside the Nordic region. Nearness and a close dialogue with customers are necessary to ensure growth and customer satisfaction. Blom seeks continuously to develop its sales and marketing organisation so that it can meet the needs of the customers in an efficient manner.

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

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

#### *Acquisitions and structural changes*

The company will continue to work actively to increase growth and shareholder value through structural changes. The goal is to gain access to new markets, new technology and to supplement our range of products. A continuous development of the company's market position is key to the execution of structural changes.

#### *Competence and innovation*

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

#### *Product- og technology development*

The development of technology and innovation are key to Blom's product strategy. The company invests a significant proportion of its annual revenue 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 and processing of geographic information, establishment of new databases and adding value to the data that the company collects through aerial photos and laser scanning of terrain and cities.

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

## MARKETS

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

Blom delivers the following products and services:

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

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

Blom focuses on the following main market segments:

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

### DEFENCE & SECURITY

Defence organisations are major users of digital maps and are, as such, an important market

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

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

Oblique imagery can immediately identify the width of a road, allowing the responders to know if certain emergency vehicles can access this road before they reach the destination, how long a ladder should be to reach the top of a building and how manoeuvrable alternative access routes are to a specific location. Perhaps more importantly is the fact oblique imagery provides the opportunity to view an emergency location in daylight hours, while the actual emergency might occur at night or be covered by smoke. This information is vital to

any emergency unit to provide efficiency and safety aides. Blom is interested in supporting all the European 112 Emergency Services.

### **RESOURCES & ENVIRONMENT**

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

### **GOVERNMENT & PUBLIC ADMINISTRATION**

Blom provides high quality engineering, consultancy services and contracted mapping and modelling services for land and property administration. Examples of the services offered include the preparation of high quality maps, road maps and three-dimensional models, cadastral maps and real estate property databases. Cadastral mapping provides the basis for efficient real estate management and is a fundamental requirement for economic development and growth. The services have been provided to projects in over 30 countries in Europe, Central Asia, Latin America, the Caribbean, Africa and the Far East. In addition, Blom has extensive experience in carrying out projects financed by various development funds, of which the primary objective is poverty alleviation in developing countries. Blom has an extensive track record with projects funded through various

means, such as the World Bank, EU, Asian Development Bank, African Development Bank, etc., and a large number of national aid and donor organisations.

### **UTILITIES & INFRASTRUCTURE**

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

Mobile phone communication requires network infrastructure investments. Such investments are critical to a successful roll-out and optimisation. To make geographic analyses for planning, maintenance and optimisation of radio networks, Blom offers digital surface model (DSM) databases. The models are created using laser scanning or aerial photography and the necessary post-processing. Blom DSM databases cover several European countries. When combined with Blom's high resolution imagery dataset, they are a suitable tool for the simulation and planning of antenna positioning for wireless telecommunications.

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

curate visual information on an area and relate this to the impact of public works.

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

### **WEB & MOBILE SOLUTIONS**

Blom delivers services and solutions for various web portals that sell their solutions to the public sector, businesses and consumers. This includes maps, photos of roads and cities, and three-dimensional models. Blom offers a number of techniques for mobile, aerial and helicopter-based solutions. Blom provides unique content and online services for use in geosearch services, online maps and directory services. Blom's imagery and 3D models enable service providers to provide an improved, realistic online experience for users. Customers desire to increase traffic on their websites by offering unique content through offering imagery and models of high quality from Blom.

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

3D social platforms, where the users try to recreate a virtual reality for meeting people with avatar images, is an example of what internet

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

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

### **BLOMURBEX™**

Blom is developing and offering new products and services through the BlomURBEX™ database based on Blom's content, as well as the content and services that are offered by our partner network. Most of the products and services that are offered involve imagery from BlomOBLIQUE™ and the geoserver platform BlomURBEX™.

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

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

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

# FINANCIAL ANALYSIS



## OVERVIEW AND SUMMARY

### RESTRUCTURED BALANCE SHEET – GOOD FOUNDATION FOR GROWTH

The macroeconomic conditions worsened significantly in 2011, particularly in debt-ridden countries in Southern Europe. This resulted in a significant fall in the demand from several of the company's public sector customers. In spite of significant cost savings in 2011, the company did not manage to compensate adequately for the loss of revenue, resulting in the company's poor financial results.

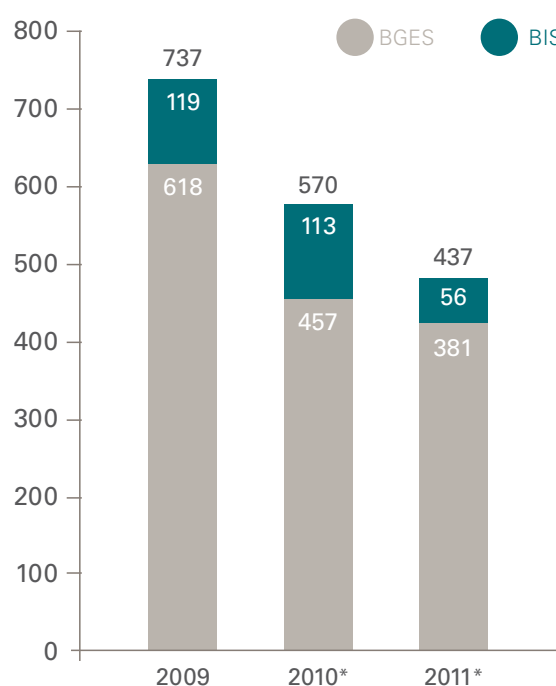
In light of the company's results for 2011 and continued uncertainty concerning the macroeconomic factors, the company has identified value shortfalls in the company's assets and taken major write-downs. The company's equity has been lost as at 31 December 2011.

The Bondholder meeting 24 April 2012, and the General Meeting of Blom 25 April 2012, approved the conversion of NOK 312 million in debt to equity. This measure will have a positive impact on the company's balance sheet by reducing the debt burden. The company's equity will be reinforced at the same time. As a result of the increase in equity, which was approved on 25 April 2012, the company has a solid balance sheet that represents a good foundation for future operations, revenue growth and improved profitability.

The group's sales revenue from continuing business was NOK 437 million in 2011, compared with NOK 570 million in 2010. EBITDA was NOK -33 million for 2011, with a margin of -7.5 per cent, compared with an EBITDA of NOK -35 million and a margin of -6.2 per cent for 2010. The group's operating loss, measured as EBIT, was NOK -215 million, compared with NOK -416 million in 2010. This includes NOK 126 million for the write-down of goodwill. Provisions for potential losses on trade receivables and inventory write-downs totalling NOK 32 million were also charged against the operating profit.

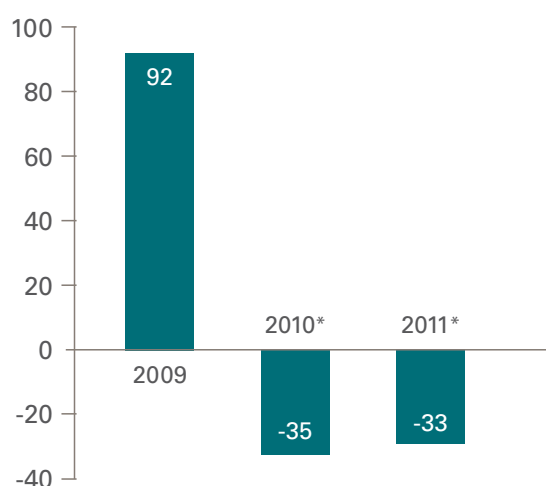
### OMSETNING FOR 2009–2011:

(amounts in NOK millions)



### EBITDA FOR 2009–2011:

(amounts in NOK millions)



\* 2010 and 2011 excludes sold business in Denmark.

## MARKET

The year 2011 has been marked by worsened economic conditions in some of the countries where Blom operates, particularly in debt-ridden countries in Southern Europe. This resulted in a significant fall in the demand from some of the public sector customers.

Blom implemented a new market-oriented organisational structure for the group in September. The new organisation will improve cooperation and the coordination of activities in the group. This reorganisation entails a division of the company into five market segments and five product segments.

To improve the company's profitability under the prevailing market conditions, Blom has focused on market niches in which the company has a competitive advantage, geographic regions that have an increasing need for the company's products and services, and the continuing implementation of margin-improving measures.

With regard to personnel, the sales and marketing organisation has been strengthened qualitatively, significantly in some cases, throughout the year. The development of the company's databases and BlomURBEX™ has improved further throughout the year, and it is expected to contribute to revenue growth and improved margins in the future.

Blom's largest markets by revenue are the Nordic region and Italy, cf. Note 1.

## 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. The preparation of financial statements in accordance with IFRS requires the use of estimates. In addition, the application of the company's accounting principles requires that the management exercise judgement.

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

## SALES REVENUE

The group's sales revenue was NOK 437 million in 2011, compared with NOK 570 million in 2010.

Revenues in Geo Engineering Services declined from NOK 457 million in 2010 to NOK 381 million in 2011, which is primarily the result of the financial turbulence in many countries where Blom operates. The Information Services segment reported revenues of NOK 56 million in 2011, compared with revenues of NOK 113 million in 2010.

In February 2012 Blom completed the sale of its Danish subsidiary BlomInfo A/S to the Danish engineering and consulting firm NIRAS A/S. The operating revenues for 2010 and 2011 have been adjusted accordingly.

## FINANCIAL EXPENCES

The net financial expenses totalled NOK 82 million in 2011, compared with NOK 68 million in 2010, which is attributed primarily to higher interest-bearing debt and write-downs of NOK 31 million for financial assets.

## TAXES

The deferred tax assets are recognised on the balance sheet based on the expected future earnings. Tax loss carry-forwards represent most of the deferred tax assets. The company has a recognised tax effect from tax loss carry-forwards of NOK 4 million. The deferred tax assets related to tax loss carry-forwards that are

not recognised on the balance sheet totalled NOK 156 as at 31 December 2011, cf. Note 9.

### **INTANGIBLE ASSETS**

Goodwill is the difference between the acquisition cost for 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.

Due to mutual cash flow dependency between the company's legal entities, the company is regarded as a cash flow generating unit, and goodwill in the company is allocated to this cash flow generating unit. The recoverable amount from the cash flow generating unit is calculated based on the value determined for the asset by calculating the utility value. These calculations require the use of estimates. The testing of goodwill is described in Notes 3 and 25.

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 will report two operating segments from this accounting year, Geo Engineering Services and Information Services, which are two separate cash-generating units. Starting with the 2012 financial year, five new market segments will be reported.

### **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 in BGES are primarily municipali-

ties 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.

During the last two years in BIS the company has acquired more customers who are private companies in handheld terminals, web services and navigation. These customers have by definition a higher probability for potential future losses than the company's original customer group. As at 31 December 2011 the company has provisions of NOK 6 million for potential future losses on specific trade receivables. These provisions have in general been designated for specific private customers exposed to competition who have acquired services from Blom's existing database of oblique images. The company has earmarked provisions for specific customers and evaluated the size of the potential loss.

### **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 nine European countries, four of which have the EUR as their functional currency. The five remaining subsidiaries use five 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 though raising loans in the relevant foreign currency.

The company focuses on reducing any foreign currency risk associated with cash flows and does not focus on reducing the foreign currency risk associated with assets and liabilities. The subsidiaries' income and expenses are in the same currency, and this reduces the group's

cash flow exposure to a single currency substantially. An assessment of the need for and any hedging of currency risks are performed by a central financial function. In 2011 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 the interest rates for the company's interest-bearing debt and cash reserves. The group's interest rate risk is associated with long-term loans, financial leasing and credit facilities. All of the company's interest-bearing debt is subject to adjustable interest rates. The company has not made use of interest rate swaps or other financial instruments.

### **LIQUIDITY AND CAPITAL STRUCTURE**

The group had NOK 75 million in liquid reserves at the end of the year, compared with NOK 96 million in liquid reserves at the start of 2011. The available liquid reserves as at 31 December 2011 consist of bank deposits of NOK 75 million, NOK 19 million of which are restricted bank deposits, and an unused overdraft facility and other unused credit facilities of NOK 8 million. The liquidity is monitored monthly by means of rolling cash flow forecasts from the subsidiaries, which are also used as a basis for the placement of excess liquidity. If the company finds that the company's operations do not generate adequate liquidity during certain periods, the company will seek to improve its liquidity reserves by selling assets and/or raising debt and/or increasing the company's share capital.

Based on the company's available liquid assets of NOK 64 million at the end of the year and proceeds from disposed businesses (see note 26), spring will be the period of the year when the company's liquidity is at the lowest level due to the relatively high amount of working capital that is tied up. During this period the company has low liquidity reserves for unfore-

seen events. Due to this the company is seeking to strengthen its liquidity reserves through raising a loan from the bondholders. The bondholder meeting on 24 April approved that the company can raise short-term financing that is not to exceed NOK 30 million. A majority of the bondholders have indicated that they will make such a loan facility available to the company, and most of this loan facility has already been pre-subscribed. The company finds accordingly that its level of liquidity is adequate.

The group has credit facilities and / or short-term loans from Blom CGR, and Blom Romania. The group also utilises lease financing. The company issued a new bond loan of NOK 300 million on the Norwegian market in September 2009 ("FRN Blom ASA Senior Secured Bond Issue 2009/2012"), and the original maturity date in 2011 was extended by two years.

The company has had an on-going 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 bondholders are prepared 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. In this connection an amendment agreement was entered into on 4 April 2012 with the bondholders that extended the term of the company's NOK 50 million bond loan ("FRN Blom ASA Senior Bond Issue 2011/2012") by two months. The aim of this extension was to allow the company additional time to make conclusions under the various alternatives in the ongoing restructuring process. Notices of Bondholder Meeting and Extraordinary General Meeting of Blom were distributed on 3 April 2012, and it was proposed that the bond loan of NOK 300 million and the accrued interest ("FRN Blom ASA Senior Secured Bond Issue 2009/2012"), totalling NOK 346 million, in which between NOK 306 and NOK 346 million of the bond loan be converted to equity.

On 25 April 2012 the Extraordinary General Meeting approved a combination of the shares, so that 100 shares with a nominal value NOK 0.10 are combined into one share with a nominal value of NOK 10.00. The General Meeting subsequently resolved to reduce the company's share capital by NOK 24,191,484 by reducing the nominal value of the company's shares from NOK 10 to NOK 0.50.

The subscription price for each share was NOK 10 per share with a nominal value of NOK 0.50. This measure had a positive impact on the company's balance sheet by greatly reducing the debt burden, at the same time as the company's equity was strengthened as required. Conversion of the bond loan took place in the form of a capital increase, in which the bonds and the accrued interest will be used to subscribe for shares. The company did thus not receive any injection of cash, but the balance sheet was improved by converting the debt to equity.

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

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

## **EQUITY**

Blom has an equity ratio of -33 per cent as at 31 December 2011, compared with 13 per cent in 2010.

# BOARD OF DIRECTORS' REPORT



## BOARD OF DIRECTORS' REPORT

### COMPANY'S OPERATIONS

In the report for 2010, the Board of Directors stated that the company could be exposed to markets marked by uncertainty in 2011 as well. The macroeconomic conditions worsened significantly in 2011, particularly in debt-ridden countries in Southern Europe. This resulted in a significant fall in the demand from several of the company's public sector customers. In spite of significant cost savings in 2011, the company did not manage to compensate adequately for the loss of revenue, resulting in the company's poor financial results.

In light of the company's results for 2011 and continued uncertainty concerning the macroeconomic factors, the company has identified value shortfalls in the company's assets. This is elaborated on further under "Results". The company's equity has been lost due to the weak financial results in 2011.

The company's operations were reported as two business areas up until 31 December 2011. The first business area is Blom Information Services (BIS), which is characterised by the company delivering the same data to multiple customers. Delivery takes place through services and applications that are provided through wireless access or over the Internet. The second business area is Blom Geo Engineering Services (BGES), which consists primarily of services linked to non-recurring deliveries, the terms of which are agreed on for each individual customer and delivery.

BGES is based on the traditional activities that the company was built on historically. This group of customers is linked primarily to public administration or customers who deliver services that focus on the development and management of infrastructure and land areas. While photogrammetry and the production of maps was the main pillar for such services four-five years ago, now the company has increased its

focus on various forms of laser scanning as part of its goal to improve its profit margin. Today Blom has a leading position in Europe with regard to the laser scanning of corridors and large or small areas of land.

BIS is based on the company's long-term strategy to establish a unique European database of aerial photos and 3D models of Europe. With its own databases, Blom will be able to sell the same data multiple times and thus be able to deliver stronger margins. In order to achieve optimal distribution of such data, the company has developed its own geoserver, BlomURBEX™, which can give customers access to the database through a number of proprietary interfaces and the associated development tools. As a result of these investments, Blom can also offer its customers access to other databases linked to its own geoserver. In addition, Blom will be able to establish new sales channels and benefit from the market access of other companies through partner agreements.

Blom has independent operations in a total of 12 countries in Europe and a production unit in Indonesia. 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. Sales revenue from continuing business declined by 23 per cent. The reduction in sales revenue for the respective segments was 50 per cent for Blom Information Services and 17 per cent for Blom Geo Engineering. The EBITDA margin for 2011 was -7.4 per cent, compared with -6.2 per cent in 2010.

The company's equity has been lost, and this is attributed to the weak financial results in 2011 and special write-downs and provisions.

The equity ratio was -33.1 per cent, compared with 13.3 per cent in 2010, cash and cash equivalents were NOK 75 million, compared with NOK 96 million in 2010, and net interest-bearing

liabilities were NOK 439 million, compared with NOK 332 million in 2010.

## RESULTS

The group's sales revenue from continuing business was NOK 437 million in 2011, compared with NOK 570 million in 2010. EBITDA was NOK -33 million for 2011, with a margin of -7.5 per cent, compared with an EBITDA of NOK -35 million and a margin of -6.2 per cent for 2010. The group's operating loss, measured as EBIT, was NOK -215 million, compared with NOK -416 million in 2010. This includes a charge of NOK 126 million for the write-down of non-current assets, which is related primarily to goodwill. Provisions for potential losses on trade receivables and inventory write-downs totalling NOK 32 million were also charged against the operating profit.

Net cash flow from operating activities was negative NOK 64 million. Trade receivables have increased by NOK 5 million in 2011 to NOK 169 million, while work in progress was NOK 96 million, compared with NOK 152 million in 2010.

Write-downs in associated companies represented a total charge in the accounts of NOK 19 million in 2011. The net financial expenses totalled NOK 82 million in 2010, compared with NOK 67 million in 2010. Non-current asset investments were written down by NOK 31 million in 2011. In addition, deferred tax was written down by NOK 50 million.

## INVESTMENTS

The combined operational investments in 2011 totalled NOK 70 million, compared with NOK 79 million in 2010.

## FINANCING

As a result of the weak financial results in 2011, the company's equity has been lost and stands at negative NOK 194 million. The Board of Directors has assessed and is assessing measures to improve the debt to equity ratio. Since the third quarter, there have been ongoing

constructive discussions with a majority of the bondholders to find a more long-term solution for the company's debt structure. The parties are seeking jointly to establish a long-term sustainable capital structure for the company.

Total assets at the end of the year were NOK 587 million, compared with NOK 808 million for the previous year. The equity ratio was -33.1 per cent as at 31 December 2011, compared with 13.3 per cent as at 31 December 2010.

On 3 April 2012 notices of a Bondholder Meeting and Extraordinary General Meeting of Blom were distributed, and was proposed that NOK between NOK 306 and NOK 346 million of the bond debt be converted to equity. On 24 April 2012 the Bondholder Meeting, and on the 25 April 2012 the General Meeting, approved the conversion of NOK 312 million in debt to equity. The level of equity is thus adequate.

Based on the company's available liquid assets of NOK 64 million at the end of the year and proceeds from disposed businesses (see note 26), spring will be the period of the year when the company's liquidity is at the lowest level due to the relatively high amount of working capital that is tied up. During this period the company has low liquidity reserves for unforeseen events. Due to this the company is seeking to strengthen its liquidity reserves through raising a loan from the bondholders. The bondholder meeting on 24 April 2012 approved that the company can raise short-term financing that is not to exceed NOK 30 million. A majority of the bondholders have indicated that they will make such a loan facility available to the company. The company finds accordingly that its level of liquidity is adequate.

## CONTINUATION AS A GOING CONCERN

Pursuant to Section 3-3 of the Accounting Act, it has been confirmed that the prerequisites for continued operations have been met. This assumption has been made for the preparation of the accounts, forecasted results for the

2012 and the group's long-term forecast for the coming years. The group has an economic and financial position to support continuing operations.

Based on the company's available liquid assets of NOK 64 million at the end of the year and proceeds from disposed businesses (see note 26), spring will be the period of the year when the company's liquidity is at the lowest level due to the relatively high amount of working capital that is tied up. During this period the company has low liquidity reserves for unforeseen events. Due to this the company is seeking to strengthen its liquidity reserves through raising a loan from the bondholders. The bondholder meeting on 24 April approved that the company can raise short-term financing that is not to exceed NOK 30 million. A majority of the bondholders have indicated that they will make such a loan facility available to the company. The company finds accordingly that its level of liquidity is adequate.

### **COMMENTS ON THE BUSINESS OUTLOOK**

Blom reduced its cost base significantly in 2011 and has also implemented additional cost-rationalisation measures in 2012. The order backlog is satisfactory. The company is expected accordingly to generate revenue growth and improved margins in 2012, compared with 2011.

As a result of the increase in equity, which was approved on 25 April 2012, the company has a solid balance sheet that represents a good foundation for future operations, revenue growth and improved profitability.

### **LEGAL DISPUTE**

#### *Pictometry agreement*

As has already been disclosed through stock exchange announcements, the annual report and the company's prospectus from March 2011, there is an ongoing dispute between Pictometry International Corp. and Blom ASA concerning the licence agreement entered into on 29 January 2009. This dispute, including all

monetary claims, will be resolved by arbitration in accordance with the IC rules in London. It is expected that the proceedings will conclude in 2014.

In spite of this, Pictometry filed a bankruptcy petition against Blom in August on grounds of a claim for outstanding licence fees and royalties. Blom contested that Pictometry had any claim at all against Blom and pleaded that there was no obvious overdue debt pursuant to section 63 of the Bankruptcy Act. Pictometry withdrew its bankruptcy petition in September.

Pictometry petitioned for a preliminary injunction against Blom in July on grounds of the claim that Blom was unlawfully competing with Pictometry and has copied their technology. The Oslo Enforcement, Bankruptcy and Probate Court dismissed the petition and awarded costs to Blom in a decision handed down on 28 July 2011. Pictometry appealed the decision to the Court of Appeal. The Court of Appeal dismissed the appeal and awarded costs to Blom on 1 March 2012. Pictometry has thus lost all the lawsuits it has filed against Blom in Norway.

### **ENVIRONMENT AND EQUALITY**

#### *Working environment*

In 2011 the company has adjusted its workforce, based on the demand for the company's products in the market. Blom has a staff of employees with a high level of competence. This represents the foundation for the company's future growth. As at 31 December 2011 there was a total of 450 employees in the operative companies, while there was a total of 489 employees at the production facilities in Indonesia and Eastern Europe. The group has a total of 939 employees. In 2011 the number of employees was reduced by 73 in the operative companies and 81 at the production facilities in Indonesia and Eastern Europe, for a total of 154.

In 2011 absence due to illness in Norway was 2.8 per cent, compared with 1.1 per cent in 2010, and no work-related injuries were repor-

ted in 2011. It is the Board of Directors' opinion that the working environment, general level of workplace satisfaction, and loyalty to the company are satisfactory. Blom continuously seeks to improve the working environment. This is followed up locally in the individual subsidiaries

### *Equal status*

The percentage of women in the operations in Norway is 14 per cent, compared with 15 per cent in 2010, and two of the group's five 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 14 aircraft and operates a total of 26 aircraft and 2 helicopters for the collection of data, which does have some impact on the environment. The nature of the other operations in the group is such that they only pollute the external environment to a very limited extent, and the company operates in compliance with the applicable laws and rules.

### *Corporate governance*

The company seeks to observe the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES) on 21 October 2010. A detailed summary of to what extent the company complies with this code of practice can be found in this 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	429 754 000,-

The company's distributable equity is	NOK	0,-.
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## **EVENTS IN 2012**

On 3 April 2012 a bondholders' meeting and Extraordinary General Meeting of Blom were summoned where it was suggested that the bond issue of NOK 300 million and accrued interest ("FRN Blom ASA Senior Secured Bond Issue 2009/2012"), a total of NOK 346 million, of which between 306 million and NOK 346 million of bond debt, was converted to equity.

On 25 April 2012 the Extraordinary General Meeting approved a share consolidation where 100 shares at nominal value of NOK 0.10 were combined into one share with nominal value of NOK 10.00. The General Meeting subsequently decided a reduction of the company's share capital by NOK 24,191,484 through a reduction of the nominal value of the shares from NOK 10.00 to NOK 0.50.

At the bondholders' meeting on 24 April 2012 and the General Meeting of Blom on 25 April 2012 a conversion of NOK 312 million of debt into equity was resolved. The subscription price per share was NOK 10.00 per share at nominal value of NOK 0.50. This measure had combined a positive impact on the company's balance sheet as the debt was significantly reduced and the company's equity was strengthened. The conversion of the bond was executed in the form of a capital increase in which the bonds plus accrued interest was used as payment for the shares.

The company received accordingly no cash deposit, but the balance sheet was improved through the debt to equity conversion.

It was resolved in the same bondholders' meeting that NOK 35 million of the 2009 bond issue was converted into a new convertible bond. The bondholders that accepted the offer

receive for each 2009 bond a 0.31 convertible bond. Nominal value of the convertible bond is NOK 10 729 762. The new convertible bond will have a maturity of 5 years and an interest rate of 2.0 per cent p.a. Bonds in the convertible bond can be converted into shares in the first two years of the maturity of the loan at a subscription price equal to 120 per cent of the volume-weighted average price two days after the completion of the Extraordinary General Meeting.

At the Bond holder meeting on 24 April 2012 it was also decided to extend the maturity of the company's 50 million bond issue ("FRN Blom ASA Senior Bond Issue 2011/2012") with three years and the interest rate was changed from NIBOR +11 per cent to NIBOR + 5.5 percent.

Oslo, 26th April 2012



Gunnar Hirsti  
Board Chairman



Per Kyllingstad  
Board Member



Hege Skryseth  
Board Member

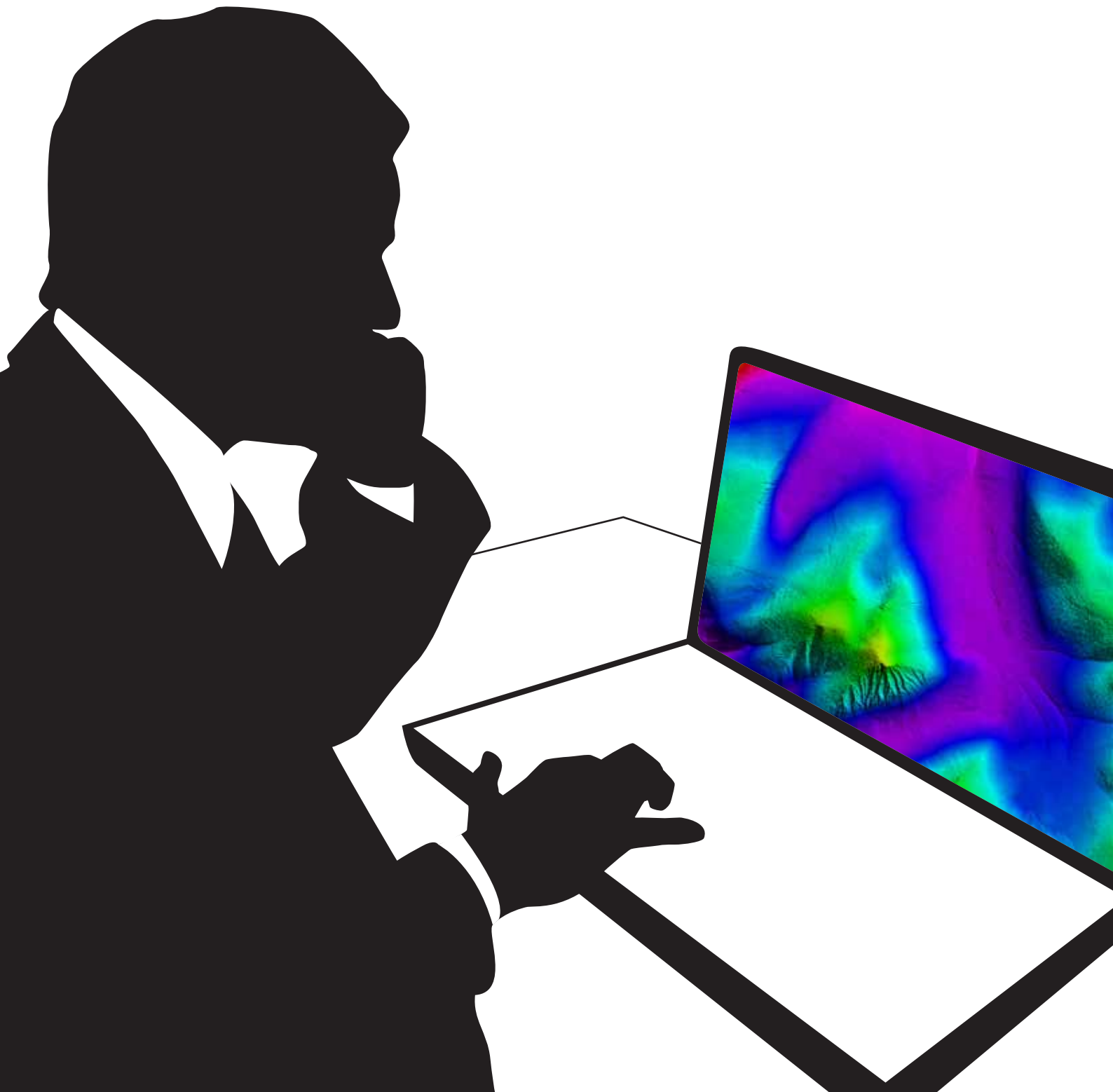


Siv Staubo  
Board Member



Dirk Blaauw  
CEO

BLOM GROUP  
ACCOUNTS



## STATEMENT OF COMPREHENSIVE INCOME – BLOM GROUP

(amounts in NOK 1,000)

	Note	2011	2010
<b>Operating revenues</b>	1/26	437 114	569 848
Cost of materials	26	168 492	213 048
Salaries and personnel costs	12	219 754	249 412
Ordinary depreciation and write-downs	2/3/26	181 803	380 888
Other operating and administrative costs	13/26	81 640	142 607
<b>Operating expenses</b>		<b>651 689</b>	<b>985 955</b>
<b>Operating profit/loss</b>		<b>-214 575</b>	<b>-416 107</b>
Profit/loss attributable to associates	23	-19 434	-61 594
<b>Net financial items</b>	14/26	<b>-81 736</b>	<b>-67 913</b>
<b>Pre-tax profit/loss</b>		<b>-315 745</b>	<b>-545 614</b>
Tax	9/26	-35 507	-5 938
<b>Net profit / loss from continuing business</b>		<b>-351 252</b>	<b>-551 552</b>
<b>Business under disposal</b>	26	<b>-9 923</b>	<b>-13 405</b>
<b>Net profit / loss for the year</b>		<b>-361 175</b>	<b>-564 957</b>
<b>Profit / loss attributable to:</b>			
Shareholders		-361 175	-564 949
Minority interests		0	-8
<b>Net profit / loss for the year</b>		<b>-361 175</b>	<b>-564 957</b>
<b>Total comprehensive income:</b>			
Currency translation differences	22	79	-23 347
<b>Total comprehensive income for the year</b>		<b>-361 096</b>	<b>-589 677</b>
<b>Comprehensive income attributable to:</b>			
Shareholders		-361 096	-588 296
Minority interests		0	-1 381
		-361 096	-589 677
<b>Earnings and diluted earnings per share:</b>	18		
From continuing business		-1.97	-13.58
From business under disposal		-0.06	-0.33
<b>From net profit/loss for the year</b>		<b>-2.03</b>	<b>-13.91</b>

Notes 1 to 28 are an integral part of the consolidated financial statements.

## BALANCE SHEET – BLOM GROUP

### ASSETS

(amounts in NOK 1,000)

	Note	2011	2010
Patents, licences and similar rights	3	1 827	3 184
Deferred tax assets	9	4 430	39 680
Goodwill	3	0	125 699
<b>Total intangible assets</b>		<b>6 257</b>	<b>168 563</b>
<b>Property, plant and equipment</b>	<b>2</b>	<b>155 686</b>	<b>144 127</b>
Non-current asset investments	21	5 144	24 253
Investments in associates	23	0	15 593
<b>Total non-current asset investments</b>		<b>5 144</b>	<b>39 847</b>
<b>Total non-current assets</b>		<b>167 087</b>	<b>352 537</b>
inventories		2 935	2 558
Work in progress	4	96 490	152 479
<b>Total inventories</b>		<b>99 425</b>	<b>155 038</b>
Trade receivables	5	169 436	164 334
Other current receivables	5	32 386	40 497
<b>Total receivables</b>		<b>201 822</b>	<b>204 831</b>
<b>Cash and cash equivalents</b>	<b>6</b>	<b>75 057</b>	<b>95 888</b>
<b>Assets classified as held-for-sale</b>	<b>26</b>	<b>43 388</b>	<b>0</b>
<b>Total current assets</b>		<b>419 692</b>	<b>455 756</b>
<b>TOTAL ASSETS</b>		<b>586 779</b>	<b>808 294</b>

## BALANCE SHEET – BLOM GROUP

### EQUITY AND LIABILITIES

(amounts in NOK 1,000)

	Note	2011	2010
<b>Called-up and fully paid share capital:</b>			
Share capital	17	25 465	4 170
Treasury shares	17	-110	-110
Share premium account		167 847	129 581
<b>Other reserves:</b>			
Currency translation differences		-42 911	-42 832
Retained earnings		-344 709	17 035
		<b>-194 418</b>	<b>107 844</b>
Minority interests		10	8
<b>Total equity</b>		<b>-194 408</b>	<b>107 853</b>
Pension obligations	7	16 811	18 031
Non-current liabilities	8 / 15	379 441	40 786
Deferred taxes	9	5 148	5 616
<b>Total non-current liabilities</b>		<b>401 400</b>	<b>64 432</b>
Overdraft facilities	8	77 574	54 184
Other interest-bearing current liabilities	8 / 15	75 997	335 239
<b>Total interest bearing short-term liabilities</b>		<b>153 571</b>	<b>389 423</b>
Trade payables		96 253	92 381
Unpaid government taxes		27 822	29 171
Tax payable	9	4 989	9 063
Other current liabilities	10	73 946	115 970
<b>Total other current liabilities</b>		<b>203 010</b>	<b>246 585</b>
<b>Liabilities classified as held-for-sale</b>	<b>26</b>	<b>23 206</b>	<b>0</b>
<b>Total current liabilities</b>		<b>379 787</b>	<b>636 009</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>586 779</b>	<b>808 294</b>

Notes 1 to 28 are an integral part of the consolidated accounts.

Oslo, 26th April 2012



Gunnar Hirsti  
Board Chairman



Per Kyllingstad  
Board Member



Hege Skryseth  
Board Member



Siv Staubo  
Board Member



Dirk Blaauw  
CEO

## CHANGES IN EQUITY – BLOM GROUP

(amounts in NOK 1,000)

	Note	Share capital	Treasury shares	Share premium account	Currency translation differences	Retained earnings	TOTAL	Minority interests	Equity
<b>Equity as at 1 January 2010</b>		<b>4 170</b>	<b>-110</b>	<b>129 581</b>	<b>-19 485</b>	<b>581 985</b>	<b>696 141</b>	<b>1 389</b>	<b>697 530</b>
Net profit / loss for the year						-564 949	-564 949	-8	-564 957
<b>Other comprehensive income:</b>									
Currency translation differences	22				-23 347		-23 347		-23 347
Comprehensive income for the year					-23 347		-23 347		-23 347
<b>Change of ownership in subsidiaries</b>									
Buyout of minority interests								-1 373	-1 373
<b>Total transactions with owners</b>								<b>-1 373</b>	<b>-1 373</b>
<b>Total comprehensive income for the year</b>					<b>-23 347</b>	<b>-564 949</b>	<b>-588 296</b>	<b>-1 381</b>	<b>-589 677</b>
<b>Equity as at 31 December 2010</b>	<b>26</b>	<b>4 170</b>	<b>-110</b>	<b>129 581</b>	<b>-42 832</b>	<b>17 036</b>	<b>107 845</b>	<b>8</b>	<b>107 853</b>
Net profit / loss for the year						-361 175	-361 175		-361 175
<b>Other comprehensive income:</b>									
Currency translation differences	22				-79		-79	2	-77
Comprehensive income for the year					-79		-79	2	-77
New share capital by issue of new shares	17	21 295					21 295		21 295
Premium on share issue	17			38 266			38 266		38 266
Tax recognised through equity						-570	-570		-570
<b>Total comprehensive income for the year</b>		<b>21 295</b>		<b>38 266</b>	<b>-79</b>	<b>-361 745</b>	<b>-302 263</b>	<b>2</b>	<b>-302 261</b>
<b>Equity as at 31 December 2011</b>		<b>25 465</b>	<b>-110</b>	<b>167 847</b>	<b>-42 911</b>	<b>-344 709</b>	<b>-194 418</b>	<b>10</b>	<b>-194 408</b>

Notes 1 to 28 are an integral part of the consolidated accounts.

## CASH FLOW STATEMENT – BLOM GROUP

### INDIRECT MODEL

(amounts in NOK 1,000)

	Note	2011	2010
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Pre-tax profit / loss		-325 668	-559 019
+ Depreciation and write-downs	2/3	184 483	382 377
- Taxes paid	9	-2 024	-10 373
- Interest paid <sup>r</sup>	14	-9 292	-38 854
+/- Profit / loss attributable to associates	23	19 434	61 595
+/- Change in trade receivables		-1 471	50 988
+/- Change in inventories and work in progress		26 657	109 025
+/- Change in supplier debt		8 172	-12 417
+/- Change in other accruals and unrealised foreign exchange		35 690	75 187
<b>A = Net cash flow from operating activities</b>		<b>-64 019</b>	<b>58 509</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
- Purchases of property, plant and equipment	2/3	-55 810	-56 425
<b>B = Net cash flow from investing activities</b>		<b>-55 810</b>	<b>-56 425</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
+/- Net change in long-term debt	8	18 178	-39 499
+/- Net change in overdraft facilities	8	22 986	-31 569
+ Net receipt of equity capital		59 561	0
<b>C = Net cash flow from financing activities</b>		<b>100 725</b>	<b>-71 068</b>
<b>A+B+C Net change in cash and cash equivalents</b>		<b>-19 104</b>	<b>-68 985</b>
+ Cash and cash equivalents		95 888	164 873
<b>= Cash and cash equivalents</b>	<b>6</b>	<b>76 784</b>	<b>95 888</b>

The cash flow statement includes business under disposal (in accordance with IFRS 5, section 33).

The difference between the cash deposits in the cash flow statement and the balance sheet of NOK 1726 is in the balance sheet classified as "Assets held for sale". Notes 1 to 28 are an integral part of the consolidated accounts.

NOTES  
TO THE BLOM GROUP ACCOUNTS



## NOTES TO ACCOUNTS

### 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 13 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 financial statements were approved by the company's Board of Directors on 27 April 2012.

### 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. 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 25.

### *(a) New and amended standards implemented by the group*

There are no new or amended IFRSs or IFRIC interpretations that entered into force for the 2011 financial statements that have been considered or expected to have a significant impact on the group.

### *(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. IAS 19 "Employee Benefits" was amended in June 2011. The amendment entails that all actuarial gains or losses will be recognised under other comprehensive income as they arise (no corridor), immediate recognition in the income statement of all costs associated with pension benefits earned in prior periods and the replacement of interest costs and the expected return on plan assets with a net interest amount that is calculated by means of a discount rate for the net pension obligations (assets). The group has not yet concluded its analysis of the consequences of the amendments in IAS 19.

IFRS 9 "Financial Instruments" regulates the classification, measurement and accounting of financial assets and 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 assets are classified upon their 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 plans to implement 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.

IFRS 10 "Consolidated Financial Statements" is based on the current principles for the use of the control concept as the decisive criterion for determining whether a company shall be included in the parent company's consolidated accounts. The standard provides expanded guidelines on the assessments of whether control exists in cases where this may be difficult. The group has not assessed all the potential consequences of IFRS 10. The group plans to implement the standard for accounting periods that start on or after 1 January 2013.

IFRS 12 "Disclosure of Interests in Other Entities" contains the disclosure requirements for financial interests in subsidiaries, joint ventures, associated companies, special purpose entities (SPE) and other companies not recognised on the balance sheet. The group has not assessed the full impact of IFRS 12. The group plans to implement the standard for accounting periods that start on or after 1 January 2013.

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

periods that start on or after 1 January 2013. 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 to 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 asset 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, readily negotiable investments with an original maturity of less than three months. Overdraft facilities used are included under current liabilities on the balance sheet.

### **SHARE CAPITAL AND PREMIUMS**

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

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

### **TAX**

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

The tax charge is calculated in accordance with the tax laws and regulations that have,

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

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

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

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

## PROVISIONS

The group recognises provisions in the accounts when there is a legal or self-imposed obligation to do so as a result of earlier events, there is a preponderance of evidence that the obligation will be settled by a transfer of economic resources, and the size of the obligation

can be estimated with an adequate degree of reliability. Provisions are not allocated for future operating losses.

## PENSION SCHEMES

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

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

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

## **LEASING**

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

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

## NOTE 1: SEGMENT INFORMATION

In 2011 the group is reporting on its operations primarily in two business areas, Blom Information Services (BIS) and Blom Geo Engineering Services (BGES). The activities in the business areas 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 2011 ARE AS FOLLOWS:

(amounts in NOK 1,000)

	BGES	BIS	Not allocated	Group
Operating revenues	380 853	56 261	0	437 114
Depreciation and write-downs	101 479	80 180	144	181 803
<b>Operating profit/loss</b>	<b>-123 078</b>	<b>-61 609</b>	<b>-29 888</b>	<b>-214 575</b>
Profit/loss attributable to associates	0	-19 434	0	-19 434
Net financial items	0	0	-81 736	-81 736
<b>Pre-tax profit/loss</b>	<b>-123 078</b>	<b>-81 043</b>	<b>- 111 624</b>	<b>-315 745</b>
Tax	0	0	- 35 507	- 35 507
<b>Net profit/loss for the year from continuing business</b>	<b>-123 078</b>	<b>-81 043</b>	<b>- 147 131</b>	<b>-351 252</b>
Net profit/loss for the year from business under disposal	0	0	- 9 923	- 9 923
<b>Net profit/loss for the year</b>	<b>-123 078</b>	<b>-81 043</b>	<b>-157 054</b>	<b>-361 175</b>
Assets	366 573	99 854	120 352	586 779
Investments	26 274	43 557	26	69 857
Goodwill	0	0	0	0

### THE RESULTS PER BUSINESS AREA FOR 2010 ARE AS FOLLOWS:

(amounts in NOK 1,000)

	BGES	BIS	Not allocated	Group
Operating revenues	456 877	112 971	0	569 848
Depreciation and write-downs	63 107	317 581	200	380 888
<b>Operating profit/loss</b>	<b>-61 582</b>	<b>-316 069</b>	<b>-38 456</b>	<b>-416 107</b>
Profit/loss attributable to associates	0	-61 594	0	-61 594
Net financial items	0	0	-67 913	-67 913
<b>Pre-tax profit/loss</b>	<b>-61 582</b>	<b>-377 663</b>	<b>-106 369</b>	<b>-545 614</b>
Tax	0	0	-5 938	- 5 938
<b>Net profit/loss for the year from continuing business</b>	<b>-61 582</b>	<b>-377 663</b>	<b>-112 307</b>	<b>-551 552</b>
Net profit/loss for the year from business under disposal	0	0	-13 405	-13 405
<b>Net profit/loss for the year</b>	<b>-61 582</b>	<b>-377 663</b>	<b>-125 712</b>	<b>-564 957</b>
Assets	435 432	172 544	200 318	808 294
Investments	34 612	43 557	340	78 508
Goodwill	61 620	64 079	0	125 699

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 as of 2011 are not allocated to segments.

Investments consist of the addition of property, plant and equipment and intangible assets.

The group's largest markets by revenue are the Nordic region, Italy, Spain and the UK. Operating revenues are allocated based on the customer's home country.

## OPERATING REVENUES

(amounts in NOK 1,000)

	2011	2010
Norway	41 302	43 813
Other Nordic countries	75 189	104 573
Italy	137 568	144 055
Spain/Portugal	29 159	62 764
UK	28 480	40 439
Romania	24 785	36 629
Other countries	100 631	137 575
<b>Total revenue</b>	<b>437 114</b>	<b>569 848</b>

## ASSETS

(amounts in NOK 1,000)

	2011	2010
Norway	72 434	79 448
Other Nordic countries	29 768	109 929
Italy	189 492	255 194
Spain	51 690	85 956
UK	25 002	12 709
Romania	44 819	51 948
Other countries	8 225	12 792
<b>Total allocated assets</b>	<b>421 431</b>	<b>607 976</b>
Assets classified as held for sale	43 388	0
Unallocated assets	121 959	200 318
<b>Total assets</b>	<b>586 779</b>	<b>808 294</b>

## INVESTMENTS

(amounts in NOK 1,000)

	2011	2010
Norway	28 677	37 629
Other Nordic countries	4 528	1 026
Italy	11 864	24 631
Spain	5 598	9 116
UK	11 043	210
Romania	8 037	4 532
Other countries	84	1 032
<b>Total allocated investments</b>	<b>69 831</b>	<b>78 168</b>
Unallocated investments	26	340
<b>Total investments</b>	<b>69 857</b>	<b>78 508</b>

## NOTE 2: PROPERTY, PLANT AND EQUIPMENT

(amounts in NOK 1,000)

	Buildings	Machinery, fixtures, etc.	Total
<b>2010 FINANCIAL YEAR</b>			
<b>Book value as at 1 January 2010</b>	<b>843</b>	<b>294 954</b>	<b>295 797</b>
Currency translation differences	-47	-6 091	- 6 138
Additions	574	74 746	75 320
Disposals/other movements 1)	56	7 021	7 077
Depreciation for the year	237	80 836	81 073
Write-downs for the year	0	132 702	132 702
<b>Book value as at 31 December 2010</b>	<b>1 077</b>	<b>143 050</b>	<b>144 127</b>
<b>As at 31 December 2010</b>			
Historical cost	1 596	591 636	593 232
Accumulated depreciation	519	448 586	449 105
<b>Book value as at 31 December 2010</b>	<b>1 077</b>	<b>143 050</b>	<b>144 127</b>
<b>2011 FINANCIAL YEAR</b>			
<b>Book value as at 1 January 2011</b>	<b>1 077</b>	<b>143 050</b>	<b>144 127</b>
Currency translation differences	-5	-199	-204
Additions	1 103	66 913	68 016
Disposals/other movements	0	- 1 039	-1 039
Assets held for sale	0	1 649	1 649
Depreciation for the year	766	54 887	55 643
Write-downs for the year	0	0	0
<b>Book value as at 31 December 2011</b>	<b>1 409</b>	<b>154 277</b>	<b>155 686</b>
<b>As at 31 December 2011</b>			
Historical cost	2 694	644 644	647 337
Accumulated depreciation	1 285	357 664	358 949
Accumulated write-downs	0	132 702	132 702
<b>Book value as at 31 December 2011</b>	<b>1 409</b>	<b>154 278</b>	<b>155 686</b>

1) Disposals/other movements includes reclassification between property, plant and equipment and intangible assets.

## NOTE 3: INTANGIBLE ASSETS

(amounts in NOK 1,000)

	Goodwill	Patents, licences and similar rights	Total
<b>2010 FINANCIAL YEAR</b>			
<b>Book value as at 1 January 2010</b>	<b>270 579</b>	<b>36 700</b>	<b>307 279</b>
Currency translation differences	-12 727	594	-12 132
Additions	0	3 188	3 188
Disposals/other movements	0	849	849
Depreciation for the year	0	7 052	7 052
Write-downs for the year	132 153	29 397	161 550
<b>Book value as at 31 December 2010</b>	<b>125 699</b>	<b>3 184</b>	<b>130 581</b>
<b>As at 31 December 2010</b>			
Historical cost	301 907	83 113	385 020
Accumulated depreciation	0	49 825	49 825
Accumulated write-downs	176 208	29 397	205 605
<b>Book value as at 31 December 2010</b>	<b>125 699</b>	<b>3 184</b>	<b>128 883</b>
<b>2011 FINANCIAL YEAR</b>			
<b>Book value as at 1 January 2011</b>	<b>125 699</b>	<b>3 184</b>	<b>128 883</b>
Currency translation differences	-791	-40	-831
Additions	0	1 841	1 841
Disposals/other movements	0	1 155	1 155
Assets held for sale	1 324	0	1 324
Depreciation for the year	0	2 576	2 576
Write-downs for the year	123 584	0	123 584
<b>Book value as at 31 December 2011</b>	<b>0</b>	<b>1 827</b>	<b>1 827</b>
<b>As at 31 December 2011</b>			
Historical cost	301 907	67 934	369 841
Accumulated depreciation	0	36 710	36 710
Accumulated write-downs	301 907	29 397	331 304
<b>Book value as at 31 December 2011</b>	<b>0</b>	<b>1 827</b>	<b>1 827</b>

1) Disposals/other movements includes reclassification between property, plant and equipment and intangible assets.

**WRITE-DOWN TEST FOR GOODWILL**

Goodwill in the company has arisen due to the acquisition of companies from 2004 to 2007.

The group performs annual tests to assess whether the value of goodwill is impaired. Goodwill is recognised on the balance sheet at historical cost less write-downs. Due to mutual cash flow dependency between the company's legal entities within its two business areas, the company is regarded as a cash flow generating unit, and goodwill in the company is allocated to this cash flow generating unit. 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.

In 2011 the company took a write-down of NOK 64 million related to the BIS segment and NOK 62 million related to the BGES segment. 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 testing of goodwill uses liquidity forecasts before tax based on the 2012 budget approved by the company's Board of Directors. Different growth assumptions are used for each of the cash-generating units, BGES and BIS, to reflect the expected market performance of the individual markets. In addition, a gradual reduction in the number of credit days to 87 and 42 days, respectively, for BGES and BIS has been assumed. The value of goodwill is tested by creating 5-year liquidity forecasts and using a cautiously estimated terminal value (1 per cent annual cash flow growth), and then discounting these cash flows by the required rate of return on the total assets. The required rate of return used in the test is 12.7 per cent before tax. The book value of property, plant and equipment and the net working capital exceeds the cash flow from the cash-generating units. See note 25 for a sensitivity analysis for the write-down test.

## NOTE 4: INVENTORY AND WORK IN PROGRESS

Work in progress includes accrued, unbilled work on long-term projects of NOK 96.5 million in 2011 and NOK 152.5 million in 2010.

## NOTE 5: TRADE AND OTHER RECEIVABLES

(amounts in NOK 1,000)

	2011	2010
Trade receivables	175 304	186 679
Provisions for expected losses	-5 868	-22 345
<b>Trade receivables – net</b>	<b>169 436</b>	<b>164 334</b>
Prepayments	9 739	11 460
Other current receivables	22 647	29 037
<b>Total other current receivables</b>	<b>32 386</b>	<b>40 497</b>
<b>Total current receivables</b>	<b>201 822</b>	<b>204 831</b>

Movement in provisions for expected losses on trade receivables: (amounts in NOK 1,000)

	2011	2010
As at 1 January 2011	22 345	18 945
Business under disposal	-3 772	0
Change in provisions for expected losses	2 349	6 116
Realised losses for the year	-14 490	-1 330
Reversal of unused amounts	-564	- 1386
<b>As at 31 December 2011</b>	<b>5 868</b>	<b>22 345</b>

As at 31 December 2011 the provisions for probable losses on trade receivables totalled NOK 5,868,000 (2010: NOK 22,345,000). The provisions are related primarily to Spain and Romania.

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

Age distribution of group's trade receivables: (amounts in NOK 1,000)

	2011	2010
<b>Trade receivables not due for payment</b>	<b>131 585</b>	<b>103 663</b>
Up to 30 days	16 370	21 356
Between 30 and 90 days	5 916	14 258
Over 90 days	15 565	25 057
Total outstanding receivables	37 851	60 671
<b>Total trade receivables</b>	<b>169 436</b>	<b>164 334</b>

Recognised value of the group's trade and other receivables by currency: (amounts in NOK 1,000)

	2011	2010
NOK	4 565	20 116
DKK	0	8 911
GBP	5 231	11 772
EUR	139 879	139 669
Other currencies	19 761	24 363
<b>Total current receivables</b>	<b>201 822</b>	<b>204 831</b>

## NOTE 6: CASH AND CASH EQUIVALENTS

(amounts in NOK 1,000)

	2011	2010
Cash and bank deposits	56 372	75 229
Restricted bank deposits	18 685	20 659
	<b>75 057</b>	<b>95 888</b>

The restricted bank deposits include the employees' tax withholdings, government subsidies in Romania and cash deposits for portions of the group's guarantees. The group has overdraft facilities totalling NOK 13.1 million, NOK 5.2 million of which was utilised as at 31 December 2011.

## NOTE 7: PENSIONS

(amounts in NOK 1,000)

	2011	2010
<b>Book value of obligation:</b>	<b>16 811</b>	<b>18 031</b>
Pension benefits	16 811	18 031
<b>Cost charged to the income statement (Note 12):</b>		
Defined benefit pension plans	3 574	503
Defined contribution pension plans	4 206	6 624
<b>Pension costs</b>	<b>7 780</b>	<b>7 127</b>

The following companies are included in this table:

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

## PENSION BENEFITS

(amounts in NOK 1,000)

	2011	2010
<b>Obligation recognised on the balance sheet is determined as follows:</b>		
Present value of accrued pension obligations for benefit plans in fund-based schemes	7 140	5 856
Fair value of plan assets	- 5 160	- 2 759
	<b>1 980</b>	<b>3 097</b>
Present value of obligation for non-fund-based schemes	16 707	15 882
Unrecognised estimate deviations	-1 858	-926
Unrecognised costs related to pension benefits earned in prior periods	-18	-21
<b>Net pension obligations on the balance sheet</b>	<b>16 811</b>	<b>18 031</b>

## CHANGES IN THE DEFINED BENEFIT PENSION OBLIGATIONS DURING THE YEAR:

(amounts in NOK 1,000)

	2011	2010
<b>Pension obligations as at 1 January</b>	<b>20 790</b>	<b>21 713</b>
Present value of current year's pension benefits earned	787	745
Interest costs	811	725
Actuarial losses/(gains)	992	571
Foreign currency fluctuations	-15	-1 717
Benefits paid	-1 396	-1 247
<b>Pension obligations as at 31 December</b>	<b>21 970</b>	<b>20 790</b>

## CHANGE IN THE FAIR VALUE OF THE PLAN ASSETS:

(amounts in NOK 1,000)

	2011	2010
<b>1 January</b>	<b>- 2 759</b>	<b>- 2 759</b>
Expected return on plan assets	-165	-147
Employer contributions	-2 235	147
<b>31 December</b>	<b>- 5 159</b>	<b>- 2 759</b>

**TOTAL COST RECOGNISED IN THE INCOME STATEMENT:**

(amounts in NOK 1,000)

	2011	2010
Cost of pension benefits earned in current period	2 445	86
Interest costs	476	360
Expected return on plan assets	-165	-147
Actuarial gains and losses	512	153
Employers' share of National Insurance contributions	306	201
<b>Total, including payroll costs (Note 12)</b>	<b>3 574</b>	<b>503</b>

**ECONOMIC ASSUMPTIONS:**

	2011	2010
Discount rate	3,0-6,3 %	3,05-8,0 %
Expected return on plan assets	4,8 %	0,0-4,6 %
Annual salary inflation	2,0-10,0 %	2,0-10,0 %
Annual pension adjustment	0,5-3,0 %	0,5-3,0 %

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

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

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

	2011	2010
Men	16	16
Women	19	19

The average expected life in Italy is 85 years for women and 79 years for men. The average expected life in Germany is 82 years for women and 78 years for men.

The assets in fund-based schemes in Norway are managed by a life insurance company that has invested the funds in compliance with the regulations that apply to life companies. The actual return on the plan assets was NOK 165,000 in 2011 (2010: NOK 147,000).

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

A bond loan of NOK 300 million was raised on 25 September 2009, and it is referred to as the "FRN Blom ASA Senior Secured Bond Issue 2009/2012". The loan matured originally on 25 September 2012. In the third quarter of 2011 the terms were renegotiated and the term of the loan was extended, for example, by two years. Security and financial covenants that are common for financing of this nature have been stipulated for the loan.

The loan requires now that the "EBITDA / Net interest expenses" is at least 1. The loan has a PIK agreement in which interest up to and including the fourth quarter of 2011 is accumulated and added to the principal. Blom may have lower interest cover for two quarters during the term of the loan without being in breach of the financial covenants for the loan.

At the Bondholder Meeting of 23 March 2011, the bondholders decided that the company could issue a new one-year bond loan, "FRN Blom ASA Senior Bond Issue 2011/2012" for the amount of NOK 50 million. The interest rate is NIBOR + 11 per cent, with interest to be paid quarterly. The principal of NOK 50 million shall be repaid on 4 April 2012.

As at 31 December 2011 Blom was in breach of the financial covenants related to the equity ratio for the company's bond loan. The Board of Directors does not consider the loan covenants to be a temporary problem and finds that it is necessary to restructure the company's capital situation in order to establish a healthy financial foundation for our continuing operations.

The company has accordingly engaged in negotiations with representatives for the bondholders and is cooperating with a financial advisor with a view to such restructuring.

At the bondholders' meeting of 24 April 2012 and Extraordinary General Meeting of Blom 25 April 2012, it was decided a conversion of NOK 312 million of debt into equity. It has been resolved that NOK 35 million of the 2009 bond issue is converted into a new convertible bond. For further details see Note 28, "Events after the date of the balance sheet". At the Bond holder meeting on 24 April 2012 it was also decided to extend the maturity of the company's 50 million bond issue ("FRN Blom ASA Senior Bond Issue 2011/2012") with three years and the interest rate was changed from NIBOR +11 per cent to NIBOR + 5.5 per cent.

The group has overdraft facilities in Blom Italia and Blom Romania, as well as guarantees for cash deposits related to major projects. The value of the unused credit facilities is NOK 7.9 million, while the guarantees amount to NOK 18.7 million. The group had total cash reserves of NOK 75 million and the total available funds amount to NOK 64 million.

The group also utilises lease financing (Note 15).

## THE COMPOSITION OF NON-CURRENT LIABILITIES AND CURRENT INTEREST-BEARING LIABILITIES IS AS FOLLOWS:

(amounts in NOK 1,000)

	2011	2010
<b>Non-current liabilities:</b>		
Bond loans	334 176	0
Bank loans	18 728	23 719
Financial leasing	7 494	15 176
Other non-current liabilities	19 043	1 891
	<b>379 441</b>	<b>40 786</b>
<b>Current interest-bearing liabilities:</b>		
Bond loans	51 313	298 939
Overdraft facilities	77 574	54 184
Bank loans	14 911	18 509
Financial leasing	9 773	13 965
	<b>153 571</b>	<b>389 423</b>

Other non-current liabilities consist of loans of NOK 14.4 million provided by the Spanish authorities with an interest-free period for the first three years of the loans and grants from the Spanish authorities totalling NOK 2.2 million, which will be reduced in step with the amortisation of the relevant assets in Blom Spania.

The interest-bearing debt has adjustable interest rates or interest adjustment clauses that are shorter than three months at any given time. Since the debt can be repaid at the points in time when the interest rate is adjusted, the difference between the fair value and book value will be small and insignificant with the exception of the Spanish interest-free loans and grant.

## THE EFFECTIVE INTEREST RATE ON THE DATE OF THE BALANCE SHEET WAS AS FOLLOWS:

	2011		2010	
	NOK	EUR/ GBP	NOK	EUR/ GBP
Bond loans	11-13 %		10,7 %	
Bank loans		4,5-8,8 %		3-6,8 %
Financial leasing		4,1-15 %		2,5-4,1 %
Overdraft facilities		4,5-10,8 %		2,6-7 %
Other non-current liabilities		0 %		0 %

## BOOK VALUE OF THE GROUP'S LONG-TERM DEBT AND CURRENT INTEREST-BEARING DEBT:

(amounts in NOK 1,000)

	2011	2010
NOK	390 044	309 068
GBP	3 843	3 119
EUR	130 695	115 528
Other currencies	8 430	2 494
	<b>533 012</b>	<b>430 209</b>

**THE MATURITY STRUCTURE OF THE GROUP'S SHORT-TERM AND LONG-TERM INTEREST-BEARING DEBT IS AS FOLLOWS:**

(amounts in NOK 1,000)

	2012	2013	2014	2015	2016 >
Bond loans	51 313	334 176			
Bank loans	14 911	9 604	6 490	2 014	620
Financial leasing	9 773	5 492	1 318	476	209
Overdraft facility	77 574	0	0	0	0
Other liabilities	0	19 043	0	0	0
<b>Total</b>	<b>153 571</b>	<b>368 315</b>	<b>7 808</b>	<b>2 490</b>	<b>828</b>

## NOTE 9: TAX

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

(amounts in NOK 1,000)

	2011	2010
<b>Deferred tax assets:</b>		
Deferred tax assets that reverse after more than 12 months	-4 208	-38 048
Deferred tax assets that reverse within 12 months	-222	-1 632
<b>Deferred tax assets as at 31 December</b>	<b>-4 430</b>	<b>-39 680</b>
<b>Deferred tax:</b>		
Deferred tax liabilities that reverse after more than 12 months	4 711	5 139
Deferred tax that falls due for payment within 12 months	437	477
Deferred tax as at 31 December	<b>5 148</b>	<b>5 616</b>
<b>Net deferred tax</b>	<b>718</b>	<b>-34 064</b>
<b>CHANGE IN RECOGNISED DEFERRED TAX:</b>		
<b>Book value as at 1 January</b>	<b>-34 064</b>	<b>-38 077</b>
Foreign currency translation	2 034	-1 736
Recognised in the income statement during the period	32 178	5 749
Tax recognised directly through equity	570	0
<b>Book value as at 31 December</b>	<b>718</b>	<b>-34 064</b>

**CHANGE IN DEFERRED TAX ASSETS AND DEFERRED TAXES  
(WITHOUT NETTING WITHIN THE SAME TAX REGIME):**

(amounts in NOK 1,000)

	Machinery and plant	Projects	Other	Total
<b>Deferred tax:</b>				
<b>1 January 2010</b>	<b>6 817</b>	<b>1 651</b>	<b>3 883</b>	<b>12 351</b>
Recognised in the income statement during the period	-3 158	-187	-3 390	-6 735
<b>31 December 2010</b>	<b>3 659</b>	<b>1 464</b>	<b>493</b>	<b>5 616</b>
Recognised in the income statement during the period	-326	-113	-29	-468
<b>31 December 2011</b>	<b>3 333</b>	<b>1 351</b>	<b>464</b>	<b>5 148</b>

	Tax loss carryforward	Machinery and plant	Other	Total
<b>Deferred tax assets</b>				
<b>1 January 2010</b>	<b>-48 064</b>	<b>-4 340</b>	<b>1 976</b>	<b>-50 428</b>
Recognised in the income statement during the period	37 530	-9 734	-15 312	12 484
Foreign currency differences	-1 260	-75	-401	-1 736
<b>31 December 2010</b>	<b>-11 794</b>	<b>-14 149</b>	<b>-13 737</b>	<b>-39 680</b>
Recognised in the income statement during the period	8 128	12 197	12 321	32 646
Recognised directly through equity	0	0	570	570
Foreign currency differences	486	1 272	276	2 034
<b>31 December 2011</b>	<b>-3 180</b>	<b>-680</b>	<b>-570</b>	<b>-4 430</b>

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 2016 (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 154.6 million as at 31 December 2011 and NOK 98.5 million as at 31 December 2010. Deferred tax assets that are not recognised on the balance sheet refer primarily to tax loss carryforwards in Blom Sistemas (NOK 55,900,000), Blom ASA (NOK 43,400,000), Blom Data (NOK 25,500,000) and the Swedish subsidiaries (NOK 14,000,000). Reference is also made to Note 24.

(amounts in NOK 1,000)

	Amount
<b>Expiration dates for tax loss carryforwards</b>	
2012	342
2013	0
2014	0
2015	0
2016	1 639
Later than 2016	202 521
No restrictions	339 237
<b>Total tax loss carryforward</b>	<b>543 739</b>

(amounts in NOK 1,000)

	2011	2010
<b>Tax charge:</b>	<b>3,329</b>	<b>189</b>
Tax payable	32,178	5,749
Change in deferred tax	35,507	5,938

The tax payable on the balance sheet (NOK 4,989,000) differs from the tax payable in the income statement due to payments in advance.

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

(amounts in NOK 1,000)

	2011	2010
<b>Pre-tax profit/loss</b>	<b>-315 745</b>	<b>-559 019</b>
Tax calculated at the tax rate of the various countries	-145 953	-122 083
Non-tax-deductible expenses	634	2 594
Tax losses recognised as an expense, but not on the balance sheet	180 826	114 492
Utilisation of previously unrecognised tax loss carry forward	0	-941
<b>Tax charge</b>	<b>35 507</b>	<b>5 938</b>

The weighted average tax rate was 11.2 per cent (2010: 1.1 per cent).

The following tax rates apply in the various countries in 2011:

Norway 28 per cent, Sweden 26.3 per cent, Finland 26 per cent, Germany 39 per cent, UK 26 per cent, Italy 27.5 per cent, Spain 30 per cent and Romania 16 per cent.

## NOTE 10: OTHER CURRENT LIABILITIES

(amounts in NOK 1,000)

	2011	2010
Prepayments	11 137	7 694
Holiday pay etc. for employees	23 775	26 827
Interest/fees on bond loans	0	2 869
Project costs	15 454	16 117
Government grants (Note 8)	9 296	19 670
Other current liabilities	14 284	42 793
	<b>73 946</b>	<b>115 970</b>

## NOTE 11: CHARGES ON ASSETS AND SECURITY

Machinery and plant totalling NOK 150.0 million, trade receivables totalling NOK 150.0 million and inventories totalling NOK 150.0 million have been pledged as collateral for the parent company's debt to Skandinaviska Enskilda Banken as at 31 December 2011.

As security for the bond loan of NOK 300 million, the parent company has pledged as collateral its shares in Blom Data AS, Blom Geomatics AS, Blom Kartta OY, Blom Deutschland GmbH, Blom Aerofilms Ltd, Blom Sweden AB, Blom Environmental Coastal Surveys AB, Blom CGR and Blom Sistemas Geoespeciales S.p.A, in addition to furnishing a cash deposit of NOK 5 million. The financial covenants are described in Note 8.

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

Bank guarantees totalling NOK 72.3 million have been furnished by the company, primarily in connection with the execution of projects. A cash deposit totalling NOK 7.1 million has been furnished as collateral for bank guarantees.

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

## NOTE 12: PAYROLL COSTS

(amounts in NOK 1,000)

	2011	2010
Wages and salaries	171 288	188 725
Employers' share of National Insurance contributions	37 644	44 677
Pension costs	7 780	7 127
Other benefits	3 042	8 883
	<b>219 754</b>	<b>249 412</b>

The pension costs include both defined benefit and defined contribution schemes. The group had 939 employees as at 31 December 2011.

## NOTE 13: OTHER OPERATING AND ADMINISTRATIVE EXPENSES

(amounts in NOK 1,000)

	2011	2010
Travel expenses	5 917	5 966
Rent and other office expenses	25 635	22 755
Sales and marketing costs	7 773	13 151
Provisions for losses on inventories and receivables	2 190	25 765
External assistance	21 332	24 944
Other operating and administrative expenses	18 793	50 026
	<b>81 640</b>	<b>142 607</b>

## NOTE 14: FINANCIAL INCOME AND EXPENSES

(amounts in NOK 1,000)

	2011	2010
Interest and other financial income	5 248	3 074
Interest and other financial expenses	-61 210	-48 124
Net losses on financial assets	-22 344	-17 600
Net currency gains/(losses)	-3 430	-5 263
<b>Net financial items</b>	<b>-81 736</b>	<b>-67 913</b>

## NOTE 15: FINANCIAL LEASING AGREEMENTS

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

(amounts in NOK 1,000)

	2011	2010
Historical cost recognised on balance sheet	87 812	113 363
Accumulated depreciation	- 69 459	-81 240
<b>Book value as at 31 December</b>	<b>18 353</b>	<b>32 123</b>

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

(amounts in NOK 1,000)

	2011	2010
Maturity within 1 year	9 773	16 877
Maturity between 1 and 5 years	7 494	15 404
Maturity later than 5 years	0	0
	<b>17 267</b>	<b>32 281</b>

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

## NOTE 16: OPERATING LEASING AGREEMENTS

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

(amounts in NOK 1,000)

	2011	2010
Maturity within 1 year	11 746	19 056
Maturity between 1 and 5 years	5 849	21 014
Maturity later than 5 years	0	0
	<b>17 595</b>	<b>40 071</b>

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

## NOTE 17: SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of Blom ASA was NOK 25,464,719.90 as at 31 December 2011, divided into 254,647,199 shares, each with a nominal value of NOK 0.10. There is one class of shares, and all of the shares are freely transferable.

At the Extraordinary General Meeting of 18 March 2011, it was resolved that the company should seek to carry out a rights issue of new shares with maximum gross proceeds of NOK 73.1 million. The rights issue in Blom ASA was carried out during the period from 5 to 19 April 2011. A total of 212,946,563 new shares were subscribed, which corresponds to gross proceeds of NOK 64 million and a NOK 21,294,656.30 increase in the share capital. After the share issue, the company's new share capital totalled NOK 25,464,719.90, divided into 254,647,199 shares, each with a nominal value of NOK 0.10. There have been significant changes in the shareholder composition during the period after 31 December 2011.

### **TREASURY SHARES**

At the company's Ordinary General Meeting on 1 June 2011 the Board of Directors' authorisation to acquire treasury shares from 2010 was not renewed.

No treasury shares were bought or sold in 2011. Treasury share holdings as at 31 December 2011 totalled 1,100,000, which corresponds to 0.43 per cent of the total number of outstanding shares. The average price for the shares is NOK 44.25.

### **OWNERSHIP STRUCTURE**

The number of shareholders as at 31 December 2011 was 3,093, compared with 2,542 shareholders as at 31 December 2010. Foreign shareholders have a 4.3 per cent ownership interest in the company, compared with 32.1 per cent as at 31 December 2010.

**BLOM'S 20 LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2011:**

		Number	%	
<b>Shareholder</b>				
1	Hirsti Invest AS	8 000 000	3.14 %	
2	Bjørstad & Jendal AS	7 165 536	2.81 %	
3	EBAS Consulting AS	5 500 000	2.16 %	
4	MP Pensjon PK	5 000 000	1.96 %	
5	Havtrål AS	3 065 677	1.20 %	
6	Steinar Dahl	2 800 000	1.10 %	
7	Rogh Invest AS	2 704 000	1.06 %	
8	Ristan Invest AS	2 610 000	1.02 %	
9	Trond Ivar Heltveit	2 560 000	1.01 %	
10	VPF Nordea Vekst JPMorgan LTD	2 168 400	0.85 %	
11	Ove Nicolai Vilnes	2 153 598	0.85 %	
12	Telinet Energi AS	2 100 000	0.82 %	
13	Jan Ole Stav	1 949 000	0.77 %	
14	Pål Christian Næss	1 740 000	0.68 %	
15	Nordnet Pensjonsforsikring	1 688 364	0.66 %	
16	Kjeld Solum	1 601 000	0.63 %	
17	Arne Olav Borgen	1 600 000	0.63 %	
18	Euroclear Bank S.A./ 25% Clients	NOM	1 597 846	0.63 %
19	Helge Lange-Nielsen	1 550 000	0.61 %	
20	Trond Guldbrandsen	1 550 000	0.61 %	
<b>Total 20 largest shareholders</b>		<b>59 103 421</b>	<b>23.21 %</b>	
Others		195 543 778	76.79 %	
<b>Total</b>		<b>254 647 199</b>	<b>100.00 %</b>	

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

		No. of shares as at 31/12/11
Gunnar Hirsti	Board Chairman	0
Per Kyllingstad	Board Member	0
Hege Skryseth	Board Member	0
Siv Staubo	Board Member	0
Dirk Blaauw	CEO	0
Hirsti Invest AS	Party related to Gunnar Hirsti	8 000 000

After the date of the balance sheet Hirsti Invest AS, a party related to Board Chairman Gunnar Hirsti, sold all its shares in the company.

## NOTE 18: 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.

(amounts in NOK 1,000)

	2011	2010
From continuing business	-1,97	-13,58
From business under disposal	-0,06	-0,33
<b>From net profit/loss for the year</b>	<b>-2,03</b>	<b>-13,91</b>
Net profit/loss for the year from continuing business	-351 252	-551 552
Net profit/loss for the year from business under disposal	-9 923	-13 405
<b>Net profit/loss for the year</b>	<b>-361 175</b>	<b>-564 957</b>
Weighted average of number of outstanding shares (1000s)	178 287	40 600

## NOTE 19: KEY 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 2012:

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

#### *Guidelines for 2012*

The company's key 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, key 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 key executives.

Key executives receive free car, free telephone, mobile phone, Internet, newspapers and canteen as benefits in kind. Key executives in Norway are members of the company's defined contribution scheme in the same manner as other employees. The retirement age for key executives follows the local legislation. If employment is terminated the individual employees are entitled to a salary for a maximum of 12 months after the termination of employment.

Blom believes that the company's performance-based bonus agreements with key 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 2011*

The remuneration of key executives in 2011 has been in accordance with the declaration that was presented to the General Meeting in 2011

**KEY EXECUTIVES**

Salary and other remunerations to key executives in 2011:

Name	Position	Base salary	Bonus earned	Other taxable benefits	Contrib. paid to collective pension	Agreed severance pay
		NOK	NOK	NOK	NOK	NOK
Dirk Blaauw	CEO	3 000 000	0	259 337	56 872	112 months pay
Lars Bakklund	CFO	2 375 000	500 000	169 674	55 674	12 months pay
Gunnar Hirsti	Board Chairman	600 000	0	142 832	31 312	0

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

Salary and other remunerations to key executives in 2010:

Name	Position	Base salary	Bonus earned	Other Taxable benefits
		NOK	NOK	NOK
Dirk Blaauw	CEO	3 000 000	0	199 868
Lars Bakklund	CFO	1 962 500	0	141 000
Gunnar Hirsti	Styreleder	600 000	0	120 000

NOK 670,000 was charged against income in 2010 for the early retirement scheme for CEO Dirk Blaauw, and the total pension obligation was NOK 4,035,000. The pension rights apply from age 62, and the assumptions made for the pension obligation are a return of 0.0 per cent, discount rate of 3.60 per cent, expected National Insurance basic amount (G) adjustment of 4.0 per cent and wage inflation of 4.0 per cent.

Remuneration paid to the Board of Directors for the period from 30 April 2010 to 1 June 2011:

Name	Blom ASA
Gunnar Hirsti	450 000
Dirk Blaauw	225 000
Per Kyllingstad	225 000
Bente Loe	225 000
Brita Eilertsen	225 000
<b>Total</b>	<b>1 350 000</b>

The following provisions have been made for remuneration of the Board of Directors for the period from 2 June 2011 to the Ordinary General Meeting in 2012: (amounts in NOK 1,000)

Name	Blom ASA
Gunnar Hirsti	450 000
Per Kyllingstad	225 000
Hege Skryseth	225 000
Siv Staubo	225 000
<b>Sum</b>	<b>1 125 000</b>

The Kyllingstad Kleveland Law Office, where Per Kyllingstad is the general manager and a co-owner has received NOK 3,809,000 for legal services for Blom.

## NOTE 20: AUDITOR

Auditor's fees totalling NOK 2,104,000 were charged against income in the group for 2011 (2010: NOK 2,526,000). In addition, there were fees for other assurance services (including declarations associated with share capital increases and agreed audit procedures) totalling NOK 478,000 (2010: NOK 564,000), as well as fees totalling NOK 111,000 (2010: NOK 70,000) for tax consulting (including technical assistance with tax papers and advice on tax matters). A total of NOK 0 (2010: NOK 520,000) was charged against income for other non-auditing services. The amounts quoted are exclusive of value-added tax.

## NOTE 21: 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 for 2010, there is no difference between the fair value and book value of assets and liabilities.

The fair value of loans with an interest-free period provided by the Spanish authorities totalling NOK 16.5 million is NOK 14.4 million as at 31 December 2011, while it was NOK 16.9 million as at 31 December 2010. In 2011 one loan was repaid and a new loan was issued.

Financial instruments by category:

(amounts in NOK 1,000)

	2011	2011	2011
Assets	Loans and receivables	Non-financial assets	Total
Non-current asset investments	1 885	3 259	5 144
Trade receivables	169 436	0	169 436
Other current receivables	28 825	2 561	32 386
Cash and cash equivalents	75 057	0	75 057
<b>Total</b>	<b>276 203</b>	<b>5 820</b>	<b>282 023</b>

(amounts in NOK 1,000)

Liabilities	Financial liabilities at amortised cost	Non-financial liabilities	
Non-current liabilities	379 442	0	379 442
Overdraft facilities	77 574	0	77 574
Other interest-bearing current liabilities	75 997	0	75 997
Trade payables	96 253	0	96 253
Other current liabilities	62 808	11 137	73 945
<b>Total</b>	<b>692 074</b>	<b>11 137</b>	<b>703 211</b>

(amounts in NOK 1,000)

	2010	2010	2010
Assets	Loans and receivables	Non-financial assets	Total
Non-current asset investments	3 119	21 134	24 253
Trade receivables	164 334	0	164 334
Other current receivables	29 037	11 460	40 497
Cash and cash equivalents	95 888	0	95 888
<b>Total</b>	<b>292 378</b>	<b>32 594</b>	<b>324 972</b>

(amounts in NOK 1,000)

Liabilities	Financial liabilities at amortised cost	Non-financial liabilities	Total
Non-current liabilities	40 786	0	40 786
Overdraft facilities	54 184	0	54 184
Other interest-bearing current liabilities	335 239	0	335 239
Trade payables	92 381	0	92 381
Other current liabilities	108 276	7 694	115 970
<b>Total</b>	<b>630 866</b>	<b>7 694</b>	<b>638 560</b>

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

## NOTE 22: 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.

### *Markets risk*

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

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

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

The company focuses on reducing any foreign currency risk associated with cash flows and does not focus on reducing the foreign currency risk associated with assets and liabilities. The subsidiaries' income and expenses are in the same currency, and this reduces the group's cash flow exposure to a single currency substantially. An assessment of the need for and any hedging of currency risks are performed by a central financial function. In 2011 the company did not find it necessary to hedge cash flows against currency risks through forward contracts. In 2011 the net foreign currency loss totalled NOK 7.6 million. The company has investments in foreign subsidiaries, whose net assets and goodwill are exposed to a foreign currency translation risk. The translation difference for the equity as at 31 December 2011 totalled NOK -42.9 million. The Euro rate as at 31 December 2011 was 7.75 against NOK, while the average of the monthly average rates that is used to translate the income statement was 7.79 against NOK.

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

The group's interest-bearing assets 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. Since the debt can be repaid at the points in time when the interest rate is adjusted, the difference between the fair value and book value will be small and insignificant.

The group's interest rate risk is associated with long-term loans, financial leasing and credit facilities. All of the company's interest-bearing debt is subject to adjustable interest rates. The company has not made use of interest rate swaps or other financial instruments. A change in the interest rate level by 1 per cent will entail a change in the interest costs of around NOK 5.1 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 counterparty risk in financial transactions is, therefore, non-existent.

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

The company's customers in BGES 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.

In BIS during the last few years the company has acquired more customers who are private companies engaged in handheld terminals, web services and navigation. These customers have by definition a higher probability for potential future losses than the company's original customer group. As at 31 December 2011 the company has provisions of NOK 5.9 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 BGES segment is expected to have a higher percentage of trade receivables and work in progress compared with the BIS segment. This is due to the duration of the projects and the customers' delivery terms in BGES.

Receivables from customers (invoiced to customers) and work in progress (not yet invoiced to customers) totalled NOK 266 million as at 31 December 2011, compared with NOK 317 million as at 31 December 2010, i.e. a reduction of 16.1 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 finds that the company's operations do not generate adequate liquidity during certain periods, the company will seek to improve its liquidity reserves by selling assets and/or raising debt and/or increasing the company's share capital.

The company had NOK 75 million in liquid reserves at the end of the year as at 31 December 2011, compared with NOK 96 million at the end of the previous year. The group has overdraft facilities in Blom Italia and Blom Romania, as well as guarantees for cash deposits related to major projects. The value of the unused credit facilities is NOK 7.9 million, while the guarantees amount to NOK 18.7 million. The group had total cash reserves of NOK 75 million and the total amount of available liquid assets is NOK 64 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 by snow. With regard to our working capital, this means that the company ties up the most working capital in the spring at the start of the airborne data acquisition, and the subsequent processing of data is not normally paid for by the end customer until the summer months.

Based on the company's available liquid assets of NOK 64 million at the end of the year and proceeds from disposed businesses (see note 26), spring will be the period of the year when the company's liquidity is at the lowest level due to the relatively high amount of working capital that is tied up. During this period the company has low liquidity reserves for unforeseen events. Due to this the company is seeking to strengthen its liquidity reserves through raising a loan from the bondholders. The bondholder meeting on 24 April approved that the company can raise short-term financing that is not to exceed NOK 30 million. A majority of the bondholders have indicated that they will make such a loan facility available to the company. The company finds accordingly that its level of liquidity is adequate.

The maturity structure of the group's long-term debt (excluding deferred tax liabilities) and short-term interest-bearing debt is specified in Note 8. Reference is also made to Note 28, "Events after the date of the balance sheet", which comments on the company's non-current and current interest-bearing liabilities.

In addition, the company has current liabilities of NOK 74 million as at 31 December 2011, as specified in Note 10.

The group has current assets excluding cash and cash equivalents of NOK 344.7 million as at 31 December 2011, and this amount includes assets classified as held for sale of NOK 43.4 million.

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

#### *Risk associated with asset management*

The group's aim with regard to asset management is to ensure continuing operations for the group to secure a return for the owners and other stakeholders and to maintain an optimal capital structure in order to reduce capital costs. Reference is also made to Note 28, "Events after the date of the balance sheet", which comments on the company's non-current and current interest-bearing liabilities.

## NOTE 23: INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associated companies consist of the following companies:

(amounts in NOK 1,000)

Company name	Country	Ownership interest	Value as at 31/12/2010	Share of profit/loss	Write-down	Value as at 31/12/2011
Ndrive Navigation Systems S.A	Portugal	20 %	9 343	4 038	13 381	0
I-JOY Europe S.L.	Spain	25 %	6 250	0	6 250	0
Total			15 593	4 038	19 631	0

The ownership interest and voting share are the same in both companies.

As a result of the weak economic conditions in the markets where the associated companies operate, the company has also written down receivables from associated companies by NOK 7.8 million in 2011. In 2010 the value of the shares was written down by NOK 47.6 million, and the value of the receivables was written down by NOK 15.7 million.

## NOTE 24: SUBSIDIARIES

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

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

## NOTE 25: IMPORTANT ACCOUNTING ESTIMATES AND DISCRETIONARY ASSESSMENTS

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

### *Goodwill / Fixed Assets*

The group performs annual tests to assess the value of goodwill / fixed assets (Note 3). The recoverable amount from cash flow generating units is determined by calculation of the utility value. These calculations require the use of estimates.

If the required rate of return is increased by 2 percentage points to 14.7 per cent, the testing of goodwill / fixed assets will result in the need for a write-down of NOK 54 million.

If a reduction in the number of credit days by 29 in the BGES segment from 2012 to 2016 does not take place, the testing of goodwill / fixed assets will result in the need for a write-down of NOK 67 million.

If the growth in the terminal value from 2016 and beyond is reduced from 1 to 0 per cent, the testing of goodwill / fixed assets will result in the need for a write-down of NOK 13 million.

### *Deferred tax assets*

The group is taxed for income in many different jurisdictions. The use of discretion is required to determine the income tax in all the countries combined in the consolidated accounts. For many transactions and calculations there will be uncertainty related to the ultimate tax liability. The group recognises deferred tax assets on its balance sheet insofar as it is probable that there will be taxable income in the future.

Tax loss carryforwards represent most of the deferred tax assets. The company has recognised the tax effect of the tax loss carryforward of NOK 12.4 million on the balance sheet and NOK 8 million of this amount is not time limited. If the company does not manage to utilise the time limited tax loss carryforward, the company's deferred tax assets would be reduced by the tax effect of a tax loss carryforward of NOK 4.4 million, i.e. around NOK 1 million.

### *Recognition of project income*

Recognition of project income shall be 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 96 million as at 31 December 2011. Work in progress is recognised as revenue, but not invoiced to the customer as at 31 December 2011. 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 10 million.

### *Provisions for receivables*

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

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

As at 31 December 2011 the company has provisions of NOK 6 million for potential future losses on specific trade receivables. These provisions have in general been earmarked for specific private customers who have acquired services from Blom's existing database of oblique images. The company has earmarked provisions for specific customers and evaluated the size of the potential loss. If any losses upon realisation were to deviate 10 per cent from the management's estimate, the realised losses in relation to the provisions would change by around NOK 1 million.

## NOTE 26: ASSETS CLASSIFIED AS HELD FOR SALE AND BUSINESS UNDER DISPOSAL

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

### **CASH FLOW STATEMENT:**

(amounts in NOK 1,000)

	2011	2010
Cash flow from operating activities	-6 130	7 126
Cash flow from investment activities	0	-99
Cash flow from financing activities	0	0
	<b>-6 130</b>	<b>7 027</b>

The company has prepared the cash flow statement for the group as if no business has been disposed of and had prepared the notes required by IFRS 5, section 33. The difference between the cash deposits in the cash flow statement and the balance sheet of NOK 1726 is in the balance sheet classified as "Assets held for sale".

**ASSETS CLASSIFIED AS HELD FOR SALE**

(amounts in NOK 1,000)

	2011	2010
Deferred tax assets	443	0
Property, plant and equipment	1 649	0
Work in progress	28 956	0
Trade receivables	9 599	0
Other current assets	2 741	0
	<b>43 388</b>	<b>0</b>

**LIABILITIES CLASSIFIED AS HELD FOR SALE**

(amounts in NOK 1,000)

	2011	2010
Trade payables	4 300	0
Unpaid government taxes	1 656	0
Other current liabilities	17 250	0
	<b>23 206</b>	<b>0</b>

**NET PROFIT/LOSS FROM BUSINESS UNDER DISPOSAL:**

(amounts in NOK 1,000)

	2011	2010
Operating revenues	54 189	49 329
Expenses	-64 112	-62 734
<b>Net profit/loss after tax from business under disposal</b>	<b>-9 923</b>	<b>-13 405</b>

**NOTE 27: LEGAL DISPUTE***Pictometry agreement*

As has already been disclosed through stock exchange announcements, the annual report for 2011 and the company's prospectus from March 2011, there is an ongoing dispute between Pictometry International Corp. and Blom ASA concerning the licence agreement entered into on 29 January 2009. This dispute, including all monetary claims, will be resolved by arbitration in accordance with the IC rules in London. It is expected that the proceedings will conclude in 2014.

In spite of this, Pictometry filed a bankruptcy petition against Blom in August 2011 on grounds of a claim for outstanding licence fees and royalties. Blom contested that Pictometry had any claim at all against Blom and pleaded that there was no obvious overdue debt pursuant to section 63 of the Bankruptcy Act. Pictometry withdrew its bankruptcy petition in September 2011.

Pictometry petitioned for a preliminary injunction against Blom in July 2011 on grounds of the claim that Blom was unlawfully competing with Pictometry and has copied their technology. The Oslo Enforcement, Bankruptcy and Probate Court dismissed the petition and awarded costs to Blom in a decision handed down on 28 July 2011. Pictometry appealed the decision to the Court of Appeal. The Court of

Appeal dismissed the appeal and awarded costs to Blom on 1 March 2012. Pictometry has thus lost all the lawsuits it has filed against Blom in Norway.

## NOTE 28: EVENTS AFTER THE DATE OF THE BALANCE SHEET

Blom completed the sale of its Danish subsidiary BlomInfo A/S to the Danish engineering and consulting company NIRAS A/S in February 2012. Blom received a payment of DKK 19.4 million for shares in and financing provided to BlomInfo A/S. Upon completion of the transaction, Blom may receive up to DKK 4.5 million as compensation for the working capital in BlomInfo A/S.

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 bondholders are prepared 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. In this connection, an amendment agreement was entered into on 4 April 2012 with the bondholders that extended the term of the company's NOK 50 million bond loan ("FRN Blom ASA Senior Bond Issue 2011/2012") by two months. The aim of this extension was to allow the company additional time to make conclusions under the various alternatives in the ongoing restructuring process.

On 3 April 2012 a bondholders' meeting and Extraordinary General Meeting of Blom were summoned where it was suggested that the bond issue of NOK 300 million and accrued interest ("FRN Blom ASA Senior Secured Bond Issue 2009/2012"), a total of NOK 346 million, of which between 306 million and NOK 346 million of bond debt, was converted to equity.

On 25 April 2012 the Extraordinary General Meeting approved a share consolidation where 100 shares at nominal value of NOK 0.10 were combined into one share with nominal value of NOK 10.00. The General Meeting subsequently decided a reduction of the company's share capital by NOK 24,191,484 through a reduction of the nominal value of the shares from NOK 10.00 to NOK 0.50.

At the bondholders' meeting on 24 April 2012 and the General Meeting of Blom on 25 April 2012 a conversion of NOK 312 million of debt into equity was resolved. The subscription price per share was NOK 10.00 per share at nominal value of NOK 0.50. This measure had combined a positive impact on the company's balance sheet as the debt was significantly reduced and the company's equity was strengthened. The conversion of the bond was executed in the form of a capital increase in which the bonds plus accrued interest was used as payment for the shares. The company received accordingly no cash deposit, but the balance sheet was improved through the debt to equity conversion.

It was resolved in the same bondholders' meeting that NOK 35 million of the 2009 bond issue was converted into a new convertible bond. The bondholders that accepted the offer receive for each 2009 bond a 0.31 convertible bond. Nominal value of the convertible bond is NOK 10 729 762. The new convertible bond will have a maturity of 5 years and an interest rate of 2.0 per cent p.a. Bonds in the convertible bond can be converted into shares in the first two years of the maturity of the loan at a subscription price equal to 120 per cent of the volume-weighted average price two days after the completion of the Extraordinary General Meeting.

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

BLOM ASA  
ACCOUNTS



## PROFIT AND LOSS ACCOUNT – BLOM ASA

(amounts in NOK 1,000)

	Note	2011	2010
<b>Operating revenues</b>	1	<b>15 100</b>	<b>22 300</b>
Salaries and personnel costs	2	18 225	22 863
Ordinary depreciation	3	144	200
Other operating and administrative costs	4	12 895	15 393
<b>Operating expenses</b>		<b>31 263</b>	<b>38 456</b>
<b>Operating profit / loss</b>		<b>-16 163</b>	<b>-16 156</b>
Financial income/expenses		-41 251	-24 676
Group contributions received		0	0
Write-down of subsidiaries / associates	14/15	-365 161	-460 154
<b>Net financial items</b>		<b>-406 412</b>	<b>-484 830</b>
<b>Pre-tax profit / loss</b>		<b>-422 576</b>	<b>-500 986</b>
Tax	10	-7 178	2 907
<b>Net profit/loss for the year</b>		<b>-429 754</b>	<b>-498 079</b>
<b>Allocation of profit / loss</b>			
Transferred to / from other reserves		-429 754	-498 079
<b>Total allocations</b>		<b>-429 754</b>	<b>-498 079</b>

## BALANCE SHEET – BLOM ASA

### ASSETS

(amounts in NOK 1,000)

	Note	2011	2010
Intangible assets	10	0	7 178
Property, plant and equipment	3	184	302
Shares in subsidiaries	14	135 317	289 807
Investments in associates	15	0	15 417
Non-current receivables	15	2 908	42 778
<b>Total non-current asset investments</b>		<b>138 225</b>	<b>348 002</b>
<b>Total non-current assets</b>		<b>138 409</b>	<b>355 482</b>
Current receivables	5/15	36 098	126 271
Cash and cash equivalents	6	40 538	26 265
<b>Total current assets</b>		<b>76 637</b>	<b>152 536</b>
<b>TOTAL ASSETS</b>		<b>215 046</b>	<b>508 018</b>

## BALANCE SHEET – BLOM ASA

### EQUITY AND LIABILITIES

(amounts in NOK 1,000)

	Note	2011	2010
<b>Called-up and fully paid share capital</b>			
Share capital		25 465	4 170
Treasury shares		-110	-110
Share premium account		168 997	129 581
<b>Retained earnings</b>			
Other reserves		-379 937	50 950
<b>Total equity</b>	<b>8</b>	<b>-185 585</b>	<b>184 591</b>
Pension obligations	7	3 246	4 957
Other non-current liabilities	9	334 176	0
<b>Total non-current liabilities</b>		<b>337 422</b>	<b>4 957</b>
Trade payables		4 682	2 599
Unpaid government taxes		440	934
Other current liabilities	9/11/15	58 087	314 936
<b>Total current liabilities</b>		<b>63 209</b>	<b>318 470</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>215 046</b>	<b>508 018</b>

Oslo, 26th April 2012


Gunnar Hirsti  
Board Chairman

Per Kyllingstad  
Board Member

Hege Skryseth  
Board Member

Siv Staubo  
Board Member

Dirk Blaauw  
CEO

## CASH FLOW STATEMENT – BLOM ASA

### INDIRECT MODEL

(amounts in NOK 1,000)

	2011	2010
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Pre-tax profit / loss	-422 576	-500 986
+ Depreciation and write-downs	365 305	460 354
+/- Change in current receivables	-12 973	-13 529
+/- Change in current liabilities	-3 550	-7 144
+/- Change in other accruals	-15 797	-2 690
<b>A = Net cash flow from operating activities</b>	<b>-89 591</b>	<b>-63 995</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Purchases of property, plant and equipment	-26	-340
<b>B = Net cash flow from investing activities</b>	<b>-26</b>	<b>-340</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
+ New long-term debt	44 330	0
+ Net receipt of equity capital	59 561	0
<b>C = Net cash flow from financing activities</b>	<b>103 891</b>	<b>0</b>
<b>A+B+C Net change in cash and cash equivalents</b>	<b>14 274</b>	<b>-64 335</b>
+ Cash and cash equivalents	26 264	90 599
<b>= Cash and cash equivalents</b>	<b>40 538</b>	<b>26 264</b>

NOTES  
TO THE BLOM ASA ACCOUNTS



## NOTES TO THE ACCOUNTS

### GENERAL INFORMATION

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

### FOREIGN CURRENCY

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

### SUBSIDIARIES

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

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised in the accounts at historical cost less accumulated depreciation and write-downs. Depreciation is calculated based on the straight line method so that the cost price of the non-current assets is depreciated to the residual value over the expected life of the asset.

### LOANS

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

### CASH AND CASH EQUIVALENTS

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

### ASSOCIATED COMPANIES

Associated companies are units where the group has a significant, but not controlling, influence. A significant influence exists normally for investments where the group has between 20 and 50 per cent of the voting capital. Investments in associated companies are recognised in accordance with the cost method of accounting. They are written down to fair value if an impairment in value is attributed to causes that cannot be expected to be of a temporary nature and must be regarded as necessary in accordance with the generally accepted accounting principles. Write-downs are reversed when the basis for the write-downs no longer exists.

### TAX

The tax charge in the income statement encompasses the tax payable for the period and the change in deferred tax. Deferred tax is calculated at the rate of 28 per cent on the basis of temporary differences between the financial accounting and tax-related values, in addition to any tax loss 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 liability recognised on

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

## NOTE 1: REVENUES

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

### OPERATING REVENUES ARE ALLOCATED TO BUSINESS AREAS AND GEOGRAPHIC AREAS:

(amounts in NOK 1,000)

	2011	2010
<b>Business areas:</b>		
Information Services	6 000	6 300
Geo Engineering Services	9 100	16 000
	<b>15 100</b>	<b>22 300</b>
<b>Geographic areas:</b>		
Norway	5 800	5 900
Other Nordic countries	2 750	3 100
Other Europe	6 550	13 300
	<b>15 100</b>	<b>22 300</b>

## NOTE 2: PAYROLL AND PENSION

(amounts in NOK 1,000)

	2011	2010
Wages and salaries	12 960	17 053
Employers' share of National Insurance contributions	1 721	2 870
Pension costs	2 535	1 171
Other benefits	1 009	1 769
	<b>18 225</b>	<b>22 863</b>

Pension costs include both defined benefit and defined contribution schemes. In 2011 the average number of man-years was 10.

## NOTE 3: PROPERTY, PLANT AND EQUIPMENT

(amounts in NOK 1,000)

	2011	2010
Historical cost as at 1 January	730	390
Additions during the year	26	340
Accumulated depreciation as at 31 December	572	428
<b>Book value as at 31 December</b>	<b>184</b>	<b>302</b>
Depreciation for the year	144	200

## NOTE 4: OTHER OPERATING AND ADMINISTRATIVE EXPENSES

(amounts in NOK 1,000)

	2011	2010
Travel expenses	810	1 450
Rent and other office expenses	1 701	1 511
External services	5 827	9 548
Other operating and administrative costs	4 557	2 884
	<b>12 895</b>	<b>15 393</b>

## NOTE 5: CURRENT RECEIVABLES

(amounts in NOK 1,000)

	2011	2010
Intragroup receivables (Note 15)	31 131	111 346
Accrual items	354	750
Other current receivables	4 613	14 175
	<b>36 098</b>	<b>126 271</b>

The intragroup receivables as at 31 December 2011 include the subsidiaries' overdrafts on accounts that are part of the company's cash pooling system and group contributions. Receivables from associated companies are included in other current receivables for 2010.

The parent company had NOK 0 in bad debts in 2011 and 2010.

## NOTE 6: CASH AND CASH EQUIVALENTS

(amounts in NOK 1,000)

	2011	2010
Cash and bank deposits	27 543	12 470
Restricted bank deposits	12 995	13 795
	<b>40 538</b>	<b>26 265</b>

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

## NOTE 7: PENSIONS

Blom ASA has a defined contribution pension scheme that covers 11 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. From 2011 both of the schemes are insured through an insurance company, while only one of the schemes was insured earlier. A tax deduction cannot be claimed until the pension has been paid.

(amounts in NOK 1,000)

	2011	2010
Net pension costs financed through revenue	1 792	306
Defined contribution costs	744	865
<b>Total pension costs</b>	<b>2 535</b>	<b>1 171</b>
<b>Net pension costs:</b>		
Present value of current year's pension benefits earned	1 184	177
Interest cost of pension obligations	310	220
Return on plan assets	-59	-147
Recognised estimate changes	0	0
Recognised plan discrepancies	0	0
Employers' share of National Insurance contributions	356	56
<b>Net pension costs</b>	<b>1 792</b>	<b>306</b>
<b>Net pension obligations:</b>		
Accrued pension obligations as at 31 December	8 140	7 107
<b>Estimated pension obligations as at 31 December</b>	<b>8 140</b>	<b>7 107</b>
Plan assets (at market value) as at 31 December	5 160	2 760
Unrecognised effect of estimate deviations/plan changes	-552	-420
Employers' share of National Insurance contributions	818	1 030
<b>Net pension obligations</b>	<b>3 246</b>	<b>4 957</b>
<b>Economic assumptions:</b>		
Discount rate	3,3 %	3,4 %
Expected return on plan assets	4,5-4,8 %	4,6 %
Expected wage inflation	4,0 %	4,0 %
Expected pension adjustment	0,7-3,0 %	0,5-3,0 %
Expected National Insurance basic amount (G) adjustment	3,8 %	3,8 %

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

## NOTE 8: EQUITY

(amounts in NOK 1,000)

	Share capital	Treasury shares	Share premium account	Retained earnings	Equity
<b>Equity as at 1 January 2011</b>	<b>4 170</b>	<b>-110</b>	<b>129 581</b>	<b>50 950</b>	<b>184 591</b>
Net profit/loss for the year				-429 754	-429 754
New share capital by issue of new shares	21 295				21 295
Premium on share issue			42 589		42 589
Issue expenses			-3 173	-1 150	-4 323
Currency translation differences				17	17
<b>Equity as at 31 December 2011</b>	<b>25 465</b>	<b>-110</b>	<b>168 997</b>	<b>-379 937</b>	<b>-185 585</b>

## NOTE 9: NON-CURRENT LIABILITIES

A bond loan of NOK 300 million was raised on 25 September 2009, and it is referred to as the "FRN Blom ASA Senior Secured Bond Issue 2009/2012". The loan matured originally on 25 September 2012. In the third quarter of 2011 the terms were renegotiated and the term of the loan was extended by two years. Security and financial covenants that are common for financing of this nature have been stipulated for the loan.

The loan requires now that the "Interest expenses / 12 month-rolling EBITDA" does not exceed 1. The loan has a PIK agreement in which interest up to and including the fourth quarter of 2011 is accumulated and added to the principal. Blom may have lower interest cover for two quarters during the term of the loan without being in breach of the financial covenants for the loan.

At the Bondholder Meeting of 23 March 2011, the bondholders decided that the company could issue a new one-year bond loan, "FRN Blom ASA Senior Bond Issue 2011/2012" for the amount of NOK 50 million. The interest rate is NIBOR + 11 per cent, with interest to be paid quarterly. The principal of NOK 50 million shall be repaid on 4 April 2012.

As at 31 December 2011 Blom was in breach of the financial covenants related to the equity ratio for the company's bond loan. The Board of Directors does not consider the loan covenants to be a temporary problem and finds that it is necessary to restructure the company's capital situation in order to establish a healthy financial foundation for our continuing operations.

The company has accordingly engaged in negotiations with representatives for the bondholders and is cooperating with a financial advisor with a view to such restructuring. For further information see note 28 Notes to the accounts Blom Group, "Events after the date of the balance sheet".

## NOTE 10: TAX

(amounts in NOK 1,000)

	2011	2010
<b>Calculation of deferred tax assets/liabilities:</b>		
<b>Temporary differences:</b>		
Property, plant and equipment	-597	-726
Receivables	-168 594	-272 490
Capital gain and loss account	10 600	13 250
Provisions in accordance with the generally accepted accounting principles	-1 671	-213
Plan assets/pension obligations	-8 406	-4 957
<b>Net temporary differences</b>	<b>-168 668</b>	<b>-265 137</b>
Tax loss carryforward	-155 063	-63 333
<b>Basis for deferred tax assets</b>	<b>-323 731</b>	<b>-328 469</b>
28% deferred tax assets	-90 645	-91 971
<b>Deferred tax assets on balance sheet</b>	<b>0</b>	<b>-7 178</b>
<b>Tax basis, change in deferred taxes and tax payable:</b>		
Pre-tax profit/loss	-422 576	-500 986
Permanent differences	170 737	30 501
Write-down of shares	260 901	157 269
<b>Tax basis for current year</b>	<b>9 062</b>	<b>-313 216</b>
Change in temporary profit/loss differences	-96 469	275 622
Change in loss	91 730	37 594
Issue expenses recognised directly through equity	-4 323	0
<b>Basis for tax payable in the income statement</b>	<b>0</b>	<b>0</b>
<b>Tax breakdown:</b>		
Tax payable	0	0
Change in deferred taxes	7 178	-2 907
<b>Tax charge (28% of basis for the tax charge for the year)</b>	<b>2 537</b>	<b>-87 700</b>
Use of deferred tax assets not recognised on the balance sheet	-2 537	0
Share of deferred tax assets not recognised on the balance sheet	0	84 793
<b>Tax charge</b>	<b>7 178</b>	<b>-2 907</b>

Tax loss carryforward is NOK 155 million as at 31 December 2011.

## NOTE 11: OTHER CURRENT LIABILITIES

(amounts in NOK 1,000)

	2011	2010
Intragroup liabilities (Note 15)	642	7 358
Bond loan (Note 9)	51 313	298 939
Interest and fees on loans	0	2 869
Other current liabilities	6 132	5 770
	<b>58 087</b>	<b>314 936</b>

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

## NOTE 12: CHARGES ON ASSETS AND SECURITY

Machinery and plant totalling NOK 150.0 million, trade receivables totalling NOK 150.0 million and inventories totalling NOK 150.0 million have been pledged as collateral for the parent company's debt to Skandinaviska Enskilda Banken as at 31 December 2011.

As security for the bond loan of NOK 300 million the parent company has pledged as collateral its shares in Blom Data AS, Blom Geomatics AS, Blom Kartta OY, Blom Deutschland GmbH, Blom Aerofilms Ltd, Blom Sweden AB, Blom Environmental Coastal Surveys AB, Blom CGR and Blom Sistemas Geoespeciales S.p.A, in addition to furnishing a cash deposit of NOK 5.0 million. The financial covenants are described in Note 9.

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

Bank guarantees totalling NOK 12.6 million have been furnished by the company, primarily in connection with the execution of projects. A cash deposit of NOK 7.1 million has been pledged as collateral for bank guarantees.

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

## NOTE 13: AUDITOR FEES

NOK 885,000 (2010: NOK 990,000) in auditor fees has been charged against the income of Blom ASA for 2011. In addition, there were tax consulting fees (including technical assistance with tax papers and guidance concerning tax questions) totalling NOK 30,000 (2010: NOK 25,000). A total of NOK 375,000 (2010: NOK 295,000) was charged against income for other non-auditing services.

## NOTE 14: SUBSIDIARIES

(amounts in NOK 1,000)

Company	Company's share capital	No. of shares	Total nominal value	Cost price of shares	Balance sheet value
Blom Data AS	2 000 000	20 000	2 000 000	18 529	0
Blom Data AS – converted loan				168 000	0
BlomInfo A/S	DKK 5 500 000	5 500	5 500 000	7 866	0
BlomInfo A/S – converted loan				24 054	8 558
Blom Kartta OY	EUR 58 865,77	30	EUR 58 865,77	29 791	9 304
Blom Geomatics AS	3 000 000	30 000	3 000 000	11 622	0
Blom Geomatics AS – converted loan				20 000	2 121
Blom Deutschland GmbH	EUR 30 677,51	12	EUR 30 677,51	12 865	0
Blom Aerofilms Ltd	GBP 300	300	GBP 300	88 809	0
Blom Sweden AB	SEK 1000 000	10 000	SEK 1000 000	21 015	10 821
Compagnia Generale R. S.p.A.	EUR 1500 000	10 000	EUR 1500 000	157 014	104 513
Blom SWE AB	SEK 310 000	3 100	SEK 310 000	285	0
Blom Sistemas Geo. S.L.U.	EUR 522 870	8 700	EUR 522 870	57 521	0
Blom Sistemas Geo. S.L.U. – converted loan				126 932	0
Blom Env. and Coastal Survey AB	SEK 800 000	8 000	SEK 800 000	1 212	0
PT. Blom Nusantara (95%)	IDR 20 309 000 009	213 750	IDR 20 309 000 009	1	0
BlomInfo Romania SRL	10 005 600 RON	100 056	10 005 600 RON	1	0
Blom Ukraine Ltd. (51%)	30 000 UAH	1 000	30 000 UAH	1 502	0
Blom Kosova Shpk (51%)				194	0
Blom Bulgaria EODD	50 000 BGN	1 000	50 000 BGN	1	0
BlomInfo Polska Sp.zo.o	50 000 PLN	1 000	50 000 PLN	1	0
<b>Total</b>				<b>747 215</b>	<b>135 317</b>

The value of the shares was written down by NOK 229.1 million in 2011 and NOK 157.3 million in 2010. All the companies are wholly owned unless otherwise stated.

## NOTE 15: RELATED PARTIES

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

Transactions between the parent company and subsidiaries are as follows: (amounts in NOK 1,000)

Company	P&L Purchases	Current liabilities 31/12/2011	P&L Sales	Current receivables 31/12/2011	Non-current receivables 31/12/2011	Non-current liabilities 31/12/2011
Blom Data AS	0	0	5 000	0	0	0
Blom Info A/S	1 375	0	1 400	6 274	0	0
PT. Blom Nusantara	0	0	0	0	0	0
Blom Geomatics AS	0	268	800	15 976	2 212	0
Blom Kartta OY	0	0	750	4 011	0	0
Blom Deutschland GmbH	0	0	550	0	0	0
Blom Aerofilms Ltd	0	0	1 700	0	0	0
Blom Sweden AB	0	0	600	600	0	0
Blom SWE AB	0	0	0	2 181	0	0
Compagnia Generale R.S.p.A.	0	373	1 600	2 089	0	0
Blom Sistemas Geoespaciales	0	0	1 900	0	0	0
Blom Env. and Coastal Survey AB	0	0	0	0	0	0
BlomInfo Romania SRL	0	0	800	0	0	0
<b>Total</b>	<b>1 375</b>	<b>642</b>	<b>15 100</b>	<b>31 131</b>	<b>2 212</b>	<b>0</b>

Current liabilities and receivables include the subsidiaries' deposits and credit facilities used in the company's corporate cash pooling system. The value of the receivables has been written down by NOK 95.2 million in 2011 and NOK 256.8 million in 2010. In addition, the value of shares and receivables in associated companies has been written down by NOK 39.5 million in 2011 and NOK 46.1 million in 2010 (Note 23 in the consolidated financial statements).



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

We have audited the accompanying financial statements of Blom ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2011, and the income statement 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 2011, 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 2011, 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 2011, 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 statement of corporate governance principles and practices*

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

#### *Opinion on Registration and Documentation*

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

Oslo, 26 April 2012

**PricewaterhouseCoopers AS**

**Geir Haglund**  
**State Authorised Public Accountant (Norway)**

## BOARD OF DIRECTORS' RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2011 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, 26th of April 2012



Gunnar Hirsti  
Board Chairman



Per Kyllingstad  
Board Member



Hege Skryseth  
Board Member



Siv Staubo  
Board Member



Dirk Blaauw  
CEO

## CORPORATE GOVERNANCE

### 1. STATEMENT

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

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

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

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

### 2. OPERATIONS

Blom is a leading European supplier for the collection, processing and modelling of geographic information. Blom possesses unique European databases with maps, images and models. The company delivers data and solutions to customers in the public and private sectors, as well as the consumer market, and it allows partners to develop applications based on the company's databases, location-based services and navigation solutions. The object of the company is established in its Articles of the Association.

The Board of Directors views it as its duty to continuously adapt the company's strategy so

as to optimise the shareholders' return, based on the resources represented by the company at any given time. The Board of Directors works to develop the company based on the competence represented by the employees and the company's recognition 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 2011 were NOK 586,779 million, with an equity ratio of -33.1 per cent. The company's equity as at 31 December 2011 has been lost, but the Board of Directors is working actively on proposals to restructure the company's balance sheet to create a sound financial basis and adequate equity for future operations.

#### *Capital increase*

At the Extraordinary General Meeting of 18 March 2011, it was resolved that the company should seek to carry out a rights issue of new shares with maximum gross proceeds of NOK 73.1 million. The rights issue in Blom ASA was carried out during the period from 5 to 19 April 2011. A total of 212,946,563 new shares were subscribed, which corresponded to gross proceeds of NOK 64 million and a NOK 21,294,656.30 increase in the share capital.

After the share issue, the company's new share capital totals NOK 25,464,719.90, divided into 254,647,199 shares, each with a nominal value of NOK 0.10.

#### *Authorisation to increase capital*

The Board of Directors' authorisation to increase the share capital by a maximum of 12,667,000 shares (50 per cent), which was granted at the General Meeting of 1 June 2011, is time-limited and valid until the Ordinary General Meeting in 2012. The authorisation is a continuation of the authorisation granted to the Board of Directors by the Annual General Meeting in 2010. The object of this authorisation is

to give the Board of Directors financial freedom in connection with any acquisitions or similar transactions, and to strengthen the company's equity and financial platform in general. This authorisation was not utilised in 2011.

#### *Authorisation to acquire treasury shares*

The earlier authorisation to acquire treasury shares for a maximum of 10 per cent of the share capital granted to the Board of Directors on 29 April 2010 was not continued at the Ordinary General Meeting in 2011.

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

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

The Board of Directors of Blom ASA is concerned about equal treatment of the company's shareholders. This is accomplished by informing Oslo Børs, the company's shareholders, securities firms and the rest of the market on a continuous basis about the company's performance, activities and special events that may affect the price of the company's shares. Blom ASA only has one class of shares. The liquidity of the share is good, and the share is listed under OB Match on Oslo Børs.

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

If any not immaterial transactions are conducted between the company and shareholders, 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. FREE NEGOTIABILITY**

Shares in Blom ASA are freely negotiable.

The Articles of Association do not restrict the negotiability of shares.

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

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

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

- A complete notice will be sent to all the shareholders in writing at least 21 days in advance and will be available on Blom's website 21 days prior to the General Meeting. Enclosures to the notice and documents concerning the items on the General Meeting's agenda will be published on the company's website and not sent to the shareholders. A shareholder may nevertheless request that the documents concerning the items to be discussed are sent free of charge.
- The registration deadline is normally the day prior to the meeting.
- The right to participate or vote at the General Meeting may only be exercised when the acquisition of shares has been entered in the register of shareholders on the fifth working day prior to the date of the General Meeting (registration date).
- Shareholders who cannot be present at the General Meeting will be given an opportunity to vote. The Board of Directors will:
  - Provide information on the procedure for attending by proxy
  - Appoint a person who can vote by proxy on behalf of shareholders
  - Prepare a proxy form so that individual items to be considered and candidates to be elected can be voted on.
- The Board of Directors and auditor will be present at the General Meeting.

- The Board of Directors and chairperson will make arrangements so that the General Meeting has an opportunity to vote on each of the individual candidates for positions in the company's bodies.
- The Board of Directors will put forth a proposal for an independent chairperson if such a chairperson is required to ensure a proper execution of the General Meeting.
- The Ordinary General Meeting elects the Board of Directors, determines the directors' fees, approves the annual accounts and dividend proposed by the Board of Directors, elects the auditor and approves the auditor's remuneration, and deals with any other items stated in the notice of the meeting.
- The Board Chairman is elected by the General Meeting.
- Minutes of the General Meeting will be available on the company's website [www.blomasa.com](http://www.blomasa.com).

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

## 7. NOMINATION COMMITTEE

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

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

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

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

for competence, capacity and diversity. Board members are elected for a term of two years.

All the board members were up for election at the Ordinary General Meeting of 1 June 2011. Gunnar Hirsti and Per Kyllingstad were re-elected for a term of two years. Hege Skryseth, Siv Staubo and Magnus Eriksson were elected as new board members. Gunnar Hirsti was re-elected as the Board Chairman by the General Meeting. Magnus Eriksson resigned on his own accord from the Board of Directors on 27 October 2011.

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

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

## 9. WORK OF THE BOARD OF DIRECTORS

In accordance with Norwegian law the Board of Directors is responsible for the supervisory management of the company, while the CEO is responsible for the day-to-day management. The Board Chairman shall 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 15 meetings in 2011.

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 2011.

**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 2011, and the reporting system was changed accordingly in order to enable closer follow-up and cooperation within the group. All of the Country Managing Directors (CMDs) in the group report directly to the Chief Executive Officer (CEO). The CEO holds monthly meetings with each individual CMD.

**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 30 April 2010 to 1 July 2011.

Provisions totalling NOK 1,125,000 have been allocated in the accounts for 2011 for the remuneration of the Board of Directors for the period from 1 June 2011 to the Ordinary General Meeting in 2012. This remuneration breaks down into NOK 450,000 for the Board Chairman and NOK 225,000 for the 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 THE EXECUTIVE MANAGEMENT

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

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

The company's key 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. Blom believes that the company's performance-based bonus agreements with key 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](http://www.blomasa.com)), which contains IR information and other information that is useful for understanding the group's overall operations and development. Open presentations with webcasts are held in connection with the reporting of interim results.

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

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

### 14. TAKEOVERS

The Board of Directors will not attempt to influence, hinder or complicate the submission of bids for the acquisition of the company's operations or shares, or prevent the execution thereof. The Board of Directors will help ensure that shareholders are treated equally. If a bid is made for the company's shares, the Board of Directors will obtain a valuation from an independent expert and issue a recommendation to shareholders as to whether they should accept or reject the bid.

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

### 15. AUDITOR

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

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

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

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

## THE BOARD OF DIRECTORS:



**GUNNAR HIRSTI** Drøbak, Board Chairman. Hirsti holds a drilling engineering degree. During the last 25 years he has held various managerial and board positions in various private and listed companies, both nationally and internationally. His managerial duties have been related to companies where, for example, structural and strategic changes have been required.

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



**SIV JØNLAND STAUBO**, Board Member. Staubo is presently attending a PhD program 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.

**HEGE SKRYSETH** Asker, Board Member. Skryseth is General Manager for Microsoft Norway. She has more than 20 year of experiences from the IT Industry, and previously she was the CEO of Geogroup AS and Geodata AS. Hege has been engaged by the Government on ITC advisory boards for national IT plans and with the Ministry of Labour for an inclusive workforce policy. She has an executive MBA from The Norwegian School of economics and business administration (NHH) and a bachelor of Management degree from The Norwegian Business School (BI).



## INFORMATION ON SHARES IN BLOM

Blom ASA has one class of shares, and there were 254,647,199 outstanding shares in the company at the end of 2011.

At the Extraordinary General Meeting of 18 March 2011, it was resolved that the company should seek to carry out a rights issue of new shares with maximum gross proceeds of NOK 73.1 million. The rights issue in Blom ASA was carried out during the period from 5 to 19 April 2011. A total of 212,946,563 new shares were subscribed, which corresponded to gross proceeds of NOK 64 million and a NOK 21,294,656.30 increase in the share capital. After the share issue, the company's new share capital totals NOK 25,464,719.90, divided into 254,647,199 shares, each with a nominal value of NOK 0.10.

At the end of the year the company owned 1,100,000 shares, which corresponds to 0.43 per cent of the share capital.

Blom's Annual General Meeting of 1 June 2011 granted the Board of Directors authorisation to increase the share capital by up to 50 per cent, which corresponds to 12,667,000 shares. This authorisation can also be used in full or in part to raise a convertible loan for a maximum of NOK 125 million. The Board of Directors' authorisation is valid up until the Annual General Meeting in 2012. This authorisation was not utilised in 2011. The Board of Directors' authorisation to acquire treasury shares was not continued.

### 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 2011 financial year.

### SHAREHOLDERS AND VOTING RIGHTS

Blom ASA had 3,093 shareholders at the end of 2011. Foreign shareholders owned 4.3 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 2011:

<i>Shareholder</i>	<i>Number</i>	<i>%</i>
1 Hirsti Invest AS	8 000 000	3,14 %
2 Bjørstad & Jendal AS	7 165 536	2,81 %
3 EBAS Consulting AS	5 500 000	2,16 %
4 MP Pensjon PK	5 000 000	1,96 %
5 Havtrål AS	3 065 677	1,20 %
6 Steinar Dahl	2 800 000	1,10 %
7 Rogh Invest AS	2 704 000	1,06 %
8 Ristan Invest AS	2 610 000	1,02 %
9 Trond Ivar Heltveit	2 560 000	1,01 %
10 VPF Nordea Vekst JPMorgan LTD	2 168 400	0,85 %
11 Ove Nicolai Vilnes	2 153 598	0,85 %
12 Telinet Energi AS	2 100 000	0,82 %
13 Jan Ole Stav	1 949 000	0,77 %
14 Pål Christian Næss	1 740 000	0,68 %
15 Nordnet Pensjonsforsikring	1 688 364	0,66 %
16 Kjeld Solum	1 601 000	0,63 %
17 Arne Olav Borgen	1 600 000	0,63 %
18 Euroclear Bank S.A./ 25% Clients	NOM 1 597 846	0,63 %
19 Helge Lange-Nielsen	1 550 000	0,61 %
20 Trond Guldbrandsen	1 550 000	0,61 %
<b>Total 20 largest shareholders</b>	<b>59 103 421</b>	<b>23,21 %</b>
Other	195 543 778	76,79 %
<b>Total</b>	<b>254 647 199</b>	<b>100,00 %</b>

## INFORMATION TO THE STOCK MARKET

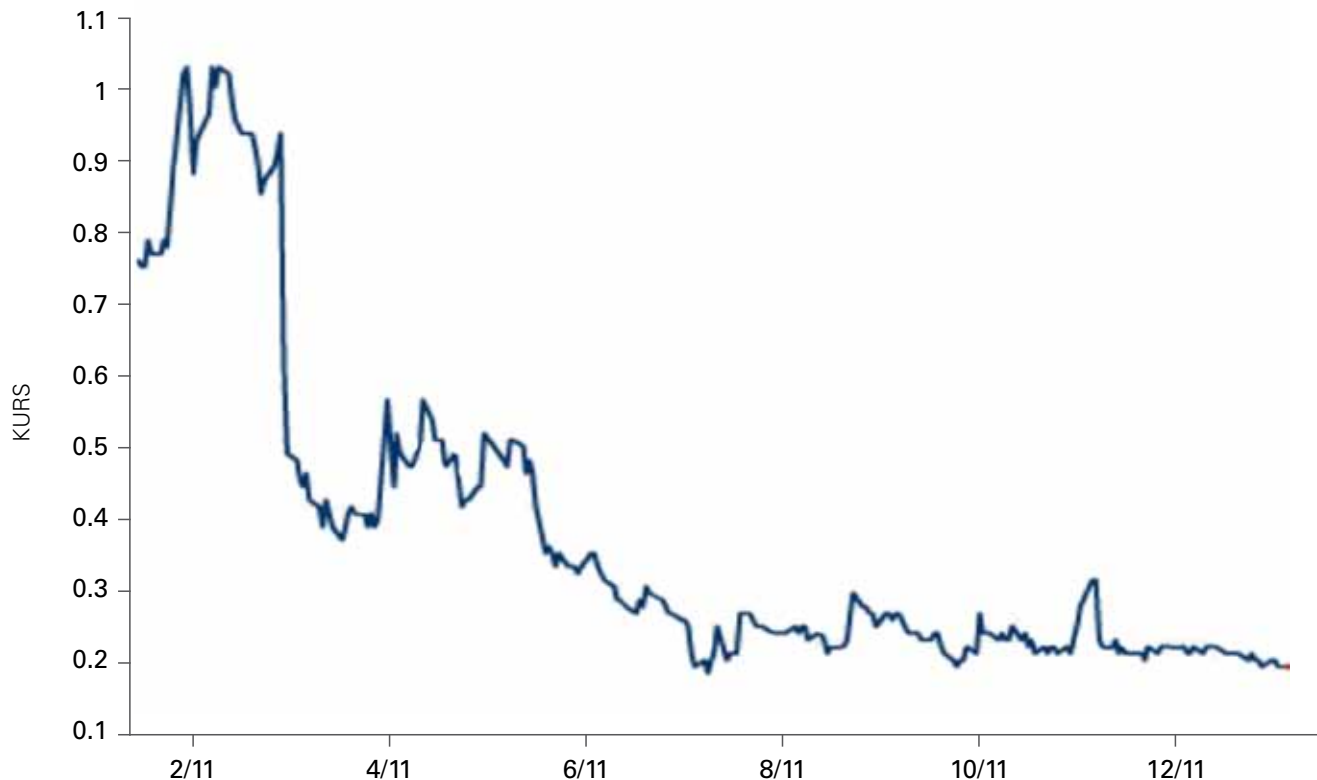
Blom assigns high priority to contact with the stock market and desires an open dialogue with the market players. Our goal is to ensure that the market always has adequate and identical information to ensure correct pricing of our shares. This is done by informing Oslo Børs, the company's shareholders, 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 2012:

Date	Event
31/05/2012	1st quarter 2012 results
31/05/2012	General Meeting 2012
16/08/2012	2nd quarter 2012 results
25/10/2012	3rd quarter 2012 results
28/02/2013	4th quarter 2012 results

### SHARE PRICE PERFORMANCE



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