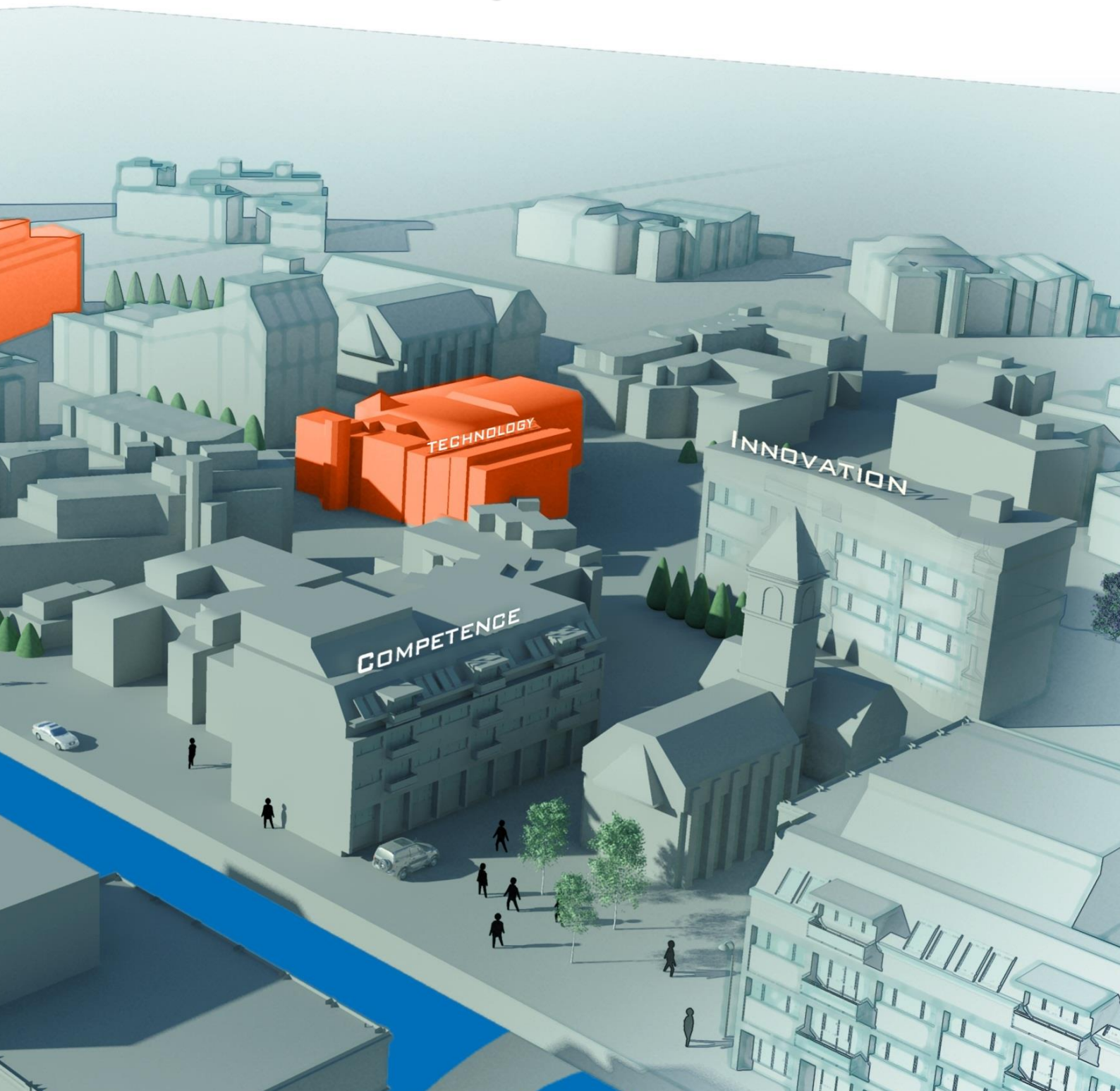




BLOM
IMAGING THE WORLD

REPORT FOR
3rd QUARTER 2014



Improved earnings

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

Blom delivered a result from its operational activities for the quarter demonstrating that the company's strategy has started to show results. Total revenues of NOK 79 million gave an EBITDA result of NOK 12.8 million and a margin corresponding to 16 per cent.

The company's increased focus on a broader application of sensor technology has opened up new market opportunities in Arctic regions, areas with substantial mineral deposits and environmental challenges.

Work has started on the contract to build up a European orthophoto database. The contract will have a major impact on the company's operations over the next two years. The contract gives the company sales rights to the database, which may provide future earning opportunities.

The company reported revenues of NOK 79 million in the 3rd quarter, compared with NOK 61 million for the same quarter in 2013, adjusted for the sale of intangible assets totalling NOK 20 million in 2013. The pre-tax profit was NOK 9 million, compared with a loss of NOK 23 million for the corresponding quarter in 2013. The pre-tax profit for the 3rd quarter 2013 included the sale of intangible assets of NOK 20 million and a NOK 40 million write-down of databases, which gave a net negative non-recurring effect of NOK 20 million.

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

The company will also assess new development- and business opportunities in which the company, through various forms of partnership, can exploit its expertise in combination with access to partners' resources. This can create a foundation for growth with lower investment needs.

The company's balance sheet is acceptable. The equity ratio is 44 per cent, the company's current ratio is good, and the company has no ordinary interest-bearing liabilities. The net interest-bearing cash position is NOK 29 million.



Results

IFRS	3 rd qtr.		As at 30/09	
	2014	2013	2014	2013
(Amounts in NOK 1000)				
Operating revenues	79,349	81,290	192,476	186,666
EBITDA	12,774	26,884	11,859	23,375
EBIT	9,790	-21,753	4,847	-41,052
EBT	8,998	-23,284	2,117	-46,835

The results for the 3rd quarter 2013 included the sale of intangible assets of NOK 20 million and a NOK 40 million write-down of databases, so that the comparable operating profit excluding non-recurring effects is NOK -1.8 million.

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

Operations

Operational development

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

The company's 2 +2 year contract with Viking Supply Ships AS (VSS) for the delivery of airborne remote sensor services is part of a larger ice monitoring programme for the Kara Sea. The contract will generate estimated annual revenues of NOK 35 to 50 million, with satisfactory margins.

For Blom, the contract is an important confirmation that the company is able to adapt and make use of its competence in new markets. An increase in the drilling and petroleum activities in Arctic waters is planned, as well as an increase in various forms of environmental monitoring. Based on the experience and expertise that the company possesses, we will seek to develop the market for various mapping services in Arctic waters.

The company has entered into an agreement with a leading global supplier of geospatial information.

The agreement is part of a global programme, in which the company will participate in building a new orthophoto database covering a large part of the European continent. The entire programme is to be completed by the end of 2017.

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

In the Nordic segment, the Swedish operations have demonstrated a good ability to develop new business areas with an increased focus on specific customer segments and a modified product composition.

Certain important customer segments in Norway have seen a decline in volume and lower prices in recent years. The company has implemented a number of cost-saving measures to maintain its position. The company has increased its market share, compared with 2013, but this has been at the expense of lower margins.

In the Mid-Europe segment, the operations saw a good increase in revenues compared with 2013, which has, together with the implemented efficiency measures, improved the margin. The order intake has been good, and improved earnings are expected in the region for the year as a whole compared with 2013.

In spite of the fact that the underlying operations for the company as a whole show an improvement in profitability this year, there is still significant room for improvement in the future results. The company is therefore focusing on the development of products and services to increase the creation of value for the company's customers.

Finance and accounts

3rd quarter 2014

Operating revenues and EBITDA from the operative segments for the 3rd quarter were:

(Amounts in NOK 1000)	Operating revenues		EBITDA	
	2014	2013	2014	2013
Nordic	56,812	45,286	10,878	9,747
Mid-Europe	22,563	16,003	5,380	2,136
Total	79,349	61,290	16,258	11,883

As at 3rd quarter 2014

Operating revenues and EBITDA from the operative segments as at the 3rd quarter were:

(Amounts in NOK 1000)	Operating revenues		EBITDA	
	2014	2013	2014	2013
Nordic	126,223	117,589	13,245	23,232
Mid-Europe	66,253	49,077	10,528	3,769
Total operative segments	192,476	166,666	23,773	27,001

The comparative figures for 2013 have been adjusted for the sale of intangible assets of NOK 20 million in the 3rd quarter 2013.

The company had a positive cash flow from operating activities of NOK 1 million in the 3rd quarter. The company's operations are exposed to seasonal fluctuations. The company's trade receivables increased by NOK 6 million during the period to NOK 33 million, while work in progress increased by NOK 10 million to NOK 51 million.

In the 3rd quarter, the company made operational investments of NOK 2 million. Net financial expenses totalled NOK 0.8 million in the 3rd quarter, a reduction compared to the same period in 2013.

The equity ratio was 44 per cent, compared with 29 per cent as at 31 December 2013, and cash and cash equivalents were NOK 30 million at the end of the quarter.

Organisation and personnel

The company has a staff of employees with a high level of competence. This represents the foundation for the company's growth. As at 30 September 2014, there were a total of 162 employees in the operative companies, down from 207 at the end of 2013. There are 270 employees at the company's production facilities in Indonesia and Romania. The group has a total of 432 employees, which is a reduction of 33 since 31 December 2013.

Shareholder matters

As at 30 September 2014, the company's share capital totalled NOK 10,070,649.00, divided into 10,070,649 shares, each with a par value of NOK 1.00. The total number of shareholders as at 30 September 2014 was 2,068, and foreign shareholders accounted for 0.33 per cent of the share capital.

Blom owns a total of 395,336 of the company's own shares, which represents 3.93 per cent of the total number of outstanding shares.

Outlook

In the opinion of the Board of Directors, the company should have profitable operations in 2014 based on the current strategy. The Board of Directors is satisfied with the company's ability to carry out demanding restructuring, at the same time that the company is establishing itself in new business areas with better visibility and margins. The company will also assess whether it can exploit the company's expertise and resources to improve its current return through various forms of cooperation.

Oslo, 29 October 2014

Trygve Bruland

Board Chairman

Siv Staubo

Board Member

Birgitte Ellingsen

Board Member

Kristian Lundkvist

Board Member

Dirk Blaauw

CEO



Consolidated Statement of Income – Blom Group

3 rd qtr. 14	3 rd qtr. 13		30/09/2014	30/09/2013	31/12/2013
79,349	81,290	Operating revenues	192,476	186,666	230,321
33,835	20,854	Cost of materials	79,588	58,143	70,082
26,188	28,201	Salaries and personnel costs	80,446	86,554	114,219
2,984	48,637	Depreciation and write-downs	7,012	64,427	86,794
6,551	5,351	Other operating and administrative costs	20,602	18,594	26,247
0	0	Other gains and losses	0	0	-24,207
69,559	103,043	Operating expenses	187,629	227,718	273,135
9,790	-21,753	Operating profit	4,847	-41,052	-42,814
-792	-1,531	Net financial items	-2,730	-5,783	-13,636
8,998	-23,284	Pre-tax profit/loss	2,117	-46,835	-56,450
-199	-325	Taxes	-404	-538	3,018
8,798	-23,609	Profit/loss from continuing business	1,713	-47,373	-53,432
-104	-2,067	Profit/loss from discontinued business	2,733	-11,484	-6,007
8,695	-25,676	Profit/loss after tax	4,446	-58,857	-59,439
		Profit/loss attributable to:			
8,695	-25,670	Shareholders	4,446	-58,857	-59,439
8,695	-25,676	Profit/loss after tax	4,446	-58,857	-59,439
		Comprehensive profit/loss:			
262	84	Recalculation of pension obligations	-578	126	168
-149	2,911	Currency translation differences	-208	2,614	6,041
8,808	-22,681	Comprehensive profit/loss	3,660	-56,117	-53,230
		Comprehensive income attributable to:			
8,808	-22,681	Shareholders	3,660	-56,117	-53,230
8,808	-22,681	Comprehensive profit/loss	3,660	-56,117	-53,230
Earnings per share:					
From continuing business			0.18	-173.31	-39.28
From discontinued business			0.28	-1.41	-4.42
From profit/loss for the year			0.46	-174.72	-43.70

Balance Sheet – Blom Group

ASSETS

(Amounts in NOK 1000)

	<u>30/09/2014</u>	<u>30/09/2013</u>	<u>31/12/2013</u>
Intangible assets	479	1,044	684
Property, plant and equipment	18,967	43,172	20,636
Fixed asset investments	113	811	1,151
Total non-current assets	<u>19,559</u>	<u>45,027</u>	<u>22,471</u>
Work in progress	51,322	74,895	30,965
Trade receivables	33,581	37,551	36,117
Other current receivables	18,479	23,188	15,054
Total receivables	52,060	60,739	51,171
Cash and cash equivalents	29,564	31,308	42,725
Assets classified as held for sale	0	0	48,072
Total current assets	<u>132,945</u>	<u>166,942</u>	<u>172,933</u>
TOTAL ASSETS	<u>152,504</u>	<u>211,969</u>	<u>195,404</u>

Balance Sheet – Blom Group

EQUITY AND LIABILITIES

(Amounts in NOK 1000)

	<u>30/09/2014</u>	<u>30/09/2013</u>	<u>31/12/2013</u>
<i>Called-up and fully paid share capital:</i>			
Share capital	10,071	16,849	10,071
Treasury shares	-1,977	-110	-1,977
Share premium account	97,720	20,458	97,720
<i>Other reserves:</i>			
Currency translation differences	-27,557	-38,137	-35,348
Retained earnings	-10,550	-13,669	-14,210
Total equity	<u>67,707</u>	<u>-14,609</u>	<u>56,256</u>
Pension obligations	4,846	5,456	3,233
Non-current liabilities	503	76,154	10,506
Total non-current liabilities	<u>5,349</u>	<u>81,610</u>	<u>13,739</u>
Credit facilities	0	3,605	0
Other interest-bearing current liabilities	381	33,036	3,864
Total interest-bearing current liabilities	<u>381</u>	<u>36,641</u>	<u>3,864</u>
Trade payables	32,980	48,910	25,955
Unpaid government taxes	9,227	19,580	18,931
Other current liabilities	36,800	39,837	43,449
Total other current liabilities	<u>79,067</u>	<u>108,327</u>	<u>88,335</u>
Liabilities classified as held-for-sale	<u>0</u>	<u>0</u>	<u>33,210</u>
Total current liabilities	<u>79,448</u>	<u>144,968</u>	<u>125,409</u>
Total liabilities	<u>84,797</u>	<u>226,578</u>	<u>139,148</u>
TOTAL EQUITY AND LIABILITIES	<u>152,504</u>	<u>211,969</u>	<u>195,404</u>

Change in equity from 1 January to 30 September

	2014	2013
Equity as at 31 December	56,256	40,870
Profit/loss for the period	4,446	-58,857
Pension obligations	-578	126
Currency translation differences/reclassification	7,583	3,252
Equity as at 30 June	<u>67,707</u>	<u>-14,609</u>

Cash Flow Statement – Blom Group

Indirect model (Amounts in NOK 1000)

3 rd quarter		CASH FLOW STATEMENT	As at	
2014	2013		2014	2013
CASH FLOW FROM OPERATING ACTIVITIES				
8,998	-23,286	Pre-tax profit/loss	2,117	-46,836
2,985	48,637	+ Depreciation and amortisation of property, plant and equipment	7,012	64,427
-5,797	9,753	+/- Change in trade receivables	-9,187	-7,963
-9,812	-9,862	+/- Change in inventories and work in progress	-27,507	-19,763
7,526	-6,447	+/- Change in trade receivables	17,525	-2,999
-2,509	-22,558	+/- Change in other accruals and unrealised foreign exchange	-14,529	-5,203
1,391	-3,763	= Net cash flow from operating activities – continuing business	-24,568	-18,337
-708	-767	Net cash flow from operating activities – discontinued business	-4,609	-1,420
683	-4,530	= Net cash flow from operating activities – total	-29,177	-19,757
CASH FLOW FROM INVESTMENT ACTIVITIES				
-2,074	-3,115	– Purchases of property, plant and equipment	-4,311	-9,119
0	0	+ Receipts from sale of shares and other investments	23,968	7,487
-2,074	-3,115	= Net cash flow from investment activities – continuing business	19,657	-1,632
0	-355	Net cash flow from investment activities – discontinued business	0	-431
-2,074	-3,470	= Net cash flow from investment activities – total	19,657	-2,063
CASH FLOW FROM FINANCING ACTIVITIES				
-2,778	-280	+/- Net change in current and non-current liabilities	-3,641	-3,486
-2,778	-280	= Net cash flow from financing activities – continuing business	-3,641	-3,486
0	216	Net cash flow from financing activities – discontinued business	0	-7,995
-2,778	-64	= Net cash flow from financing activities – total	-3,641	-11,481
-4,170	-8,064	Net change in cash and cash equivalents	-13,161	-33,301
33,734	39,372	+ Cash and cash equivalents at the start of the period	42,725	64,609
29,564	31,308	= Cash and cash equivalents as at 30 September	29,564	31,308
29,564	23,043	Cash and cash equivalents – continuing business	29,564	23,043
0	8,265	Cash and cash equivalents – discontinued business	0	8,265

Segments – Blom Group

(Amounts in NOK 1,000)

Operating revenues	Q3 2014	Q3 2013	As at 30/09/2014	As at 30/09/2014
Nordic	56,812	65,286	126,223	137,589
Mid-Europe	19,955	13,348	59,163	41,027
Eastern Europe	2,581	2,656	7,089	8,050
Total 1)	79,349	81,290	192,476	186,666
EBITDA	Q3 2014	Q3 2013	As at 30/09/2014	As at 30/09/2013
Nordic	10,878	29,747	13,245	43,232
Mid-Europe	4,104	929	7,827	1,181
Eastern Europe	1,275	1,207	2,700	2,588
Total operative segments	16,258	31,883	23,773	47,001
Other segments / unallocated	-3,484	-5,001	-11,914	-23,628
Total 1)	12,775	26,882	11,860	23,373
EBIT	Q3 2014	Q3 2013	As at 30/09/2014	As at 30/09/2013
Nordic	8,319	-17,667	7,519	-16,846
Mid-Europe	3,776	-560	6,799	-3,127
Eastern Europe	1,178	1,149	2,443	2,484
Total operative segments	13,273	-17,078	16,761	-17,489
Other segments / unallocated	-3,483	-4,675	-11,914	-23,563
Total 1)	9,790	-21,753	4,847	-41,052
Assets 2)	Q3 2014	Q3 2013	As at 30/09/2014	As at 30/09/2013
Nordic	75,623	81,219	75,623	81,219
Mid-Europe	23,709	20,265	23,709	20,265
Eastern Europe	4,239	3,483	4,239	3,483
Other segments / unallocated	48,933	107,002	48,933	107,002
Total	152,504	211,969	152,504	211,969
Investments	Q3 2014	Q3 2013	As at 30/09/2014	As at 30/09/2013
Nordic	1,537	4,235	3,841	10,098
Mid-Europe	0	122	83	868
Eastern Europe	288	5	376	149
Other segments / unallocated	0	0	0	372
Total	1,825	4,362	4,300	11,487

1) The results for the 3rd quarter included the sale of intangible assets of NOK 20 million and a NOK 40 million write-down of databases.

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

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

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