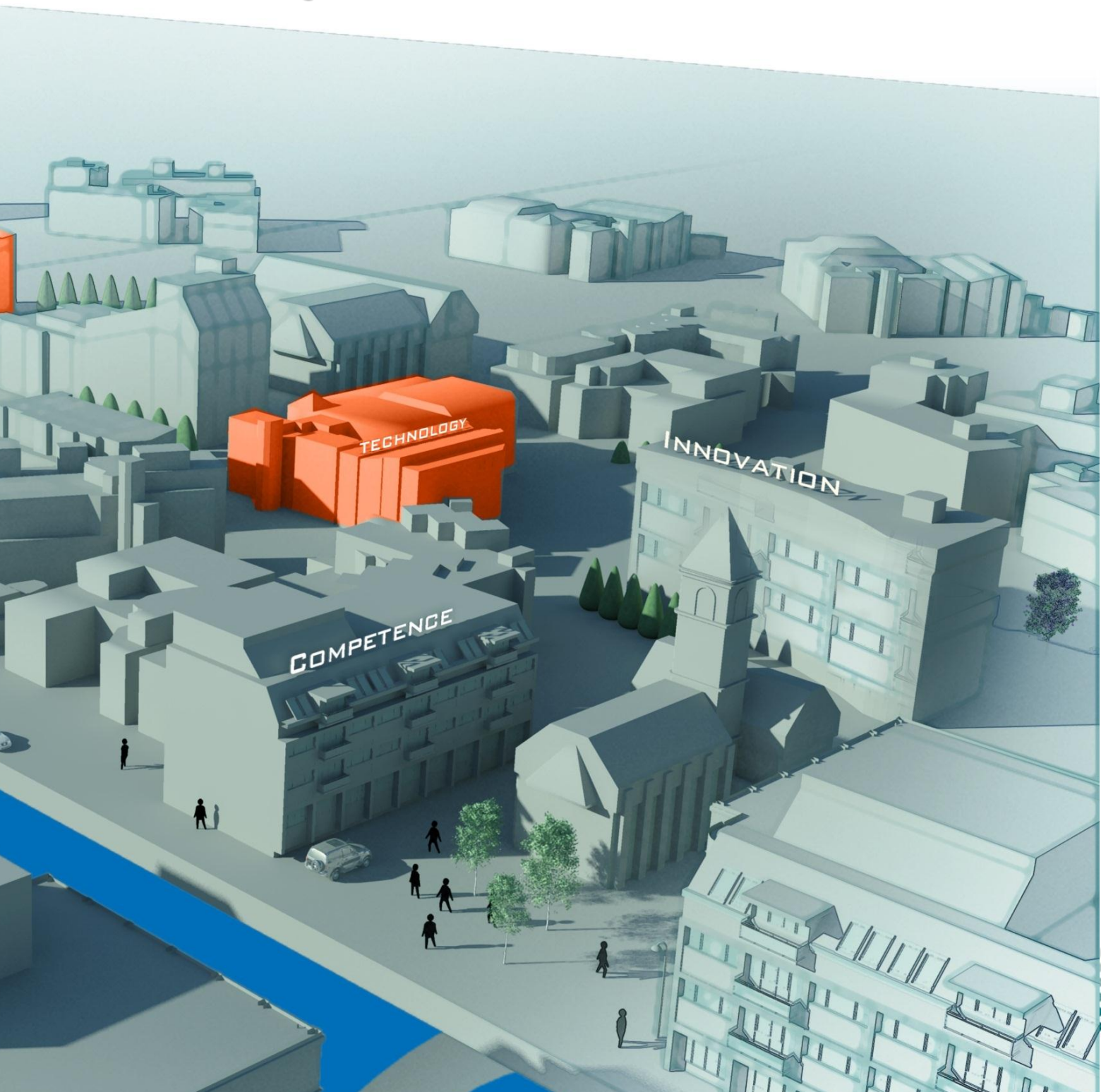




BLOM
IMAGING THE WORLD

REPORT FOR
2nd QUARTER AND 1st HALF OF 2013



Ongoing restructuring in a continued challenging market

As a result of lower volumes and prices in certain Nordic countries and a lower number of public tenders in Romania revenues declined in the 2nd quarter. Revenue performance was marked by the same factors during the first half of the year, and the market in Iberia was particularly challenging compared with the first half of 2012.

The comparative figures from 2012 were marked by several non-recurring events, the most significant of which was the conversion of debt, which entailed an accounting gain of NOK 24 million, as well as larger call-offs from existing framework agreements.

The company reported revenues of NOK 86 million for the 2nd quarter, compared with NOK 107 million for the same quarter in 2012. EBITDA for the quarter was NOK 2 million, compared with NOK 43 million for the corresponding quarter in 2012. This corresponds to an EBITDA margin of 2.4 per cent, compared with 40.7 per cent for the 2nd quarter of 2012. The operating loss for the quarter was NOK 8 million, compared with an operating profit of NOK 33 million for the same period in 2012. The pre-tax loss was NOK 10 million, compared with a pre-tax profit of NOK 27 million for the corresponding quarter in 2012. The restructuring costs associated with the personnel reductions impacted the cost base for the second quarter of 2013.

Revenues for the 1st half 2013 totalled NOK 138 million, compared with NOK 169 million for the same period in 2012. EBITDA for the 1st half year was NOK –7 million, compared with NOK 31 million for the corresponding period in 2012. This corresponds to an EBITDA margin of –5.4 per cent, compared with 18.1 per cent for the 1st half of 2012. The operating loss for the 1st half year was NOK 25 million, compared with an operating profit of NOK 10 million for the same period in 2012.

Blom has reduced its operations over several years through sale and downscaling of several subsidiaries. The company intends to further reduce its geographic exposure and risk. The company's scope, complexity and risk are thus significantly less now. The company is making an active effort to adapt its structure, cost base and product portfolio in order to improve the company's earning capacity.

The company has had an ongoing dialogue with a majority of the bondholders for the company's bond loan. The bondholders approved an extension of the maturity of the loan ISIN NO 001064747.2 until 26 September 2013 at the bondholder meeting of 26 June 2013. The term of a short-term liquidity loan of EUR 2.5 million from Hexagon AB agreed on in December 2012 was extended until 24 September 2013. The creditors for this debt are also among the company's principal shareholders. The company has an ongoing dialogue with its principal creditors and is actively seeking to find a final and permanent solution for the company's debt that matures at the end of September 2013.

Results

IFRS	2 nd quarter		1 st half year	
	2013	2012	2013	2012
(Amounts in NOK 1000)				
Operating revenues	86,061	107,333	138,325	169,149
EBITDA excluding other gains/losses	2,100	19,820	-7,431	6,764
EBITDA	2,100	43,704	-7,431	30,648
EBIT	-7,642	33,194	-25,245	9,963
EBT	-9,650	26,908	-30,247	-9,752

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 2012. The interim accounts have been prepared in accordance with the same principles that are used in the annual accounts for 2012. The report has not been audited.

Operations

Operational development:

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. The number of employees has also been reduced in the first and second quarter.

Nordic reported lower revenues, compared with the second quarter of 2012. The development in the various countries and customer segments are dissimilar. In Sweden, the company's increased focus on specific customer segments and a changed product mix has resulted in revenue growth and an improvement in earnings. Certain important customer segments in Norway have shown a considerable decline in volume, which has resulted in lower prices, even in other Nordic countries. Blom has nonetheless maintained its market share. Overall, the market situation in the Nordic countries creates a need for additional cost-saving measures.

Mid-Europe has a slight revenue increase compared with the second quarter of 2012. New orders at the end of the quarter were relatively good, but it is too early to draw any positive conclusions from this. The efficiency improvement measures in the first half of 2013 are expected to improve the margins for subsequent quarters.

Eastern Europe reported lower revenues and earnings for the period. This can be attributed to the discontinuation of various business areas in 2012, the delivery structure of the underlying orders and delayed public tendering processes. The current EU-funded investment programme for infrastructure projects that ends in 2013 has entailed somewhat lower volumes than the previous year. The EU investment programme for 2014–2018 will have larger volumes.

The challenging macroeconomic conditions in Iberia continue. The implementation of a more market-oriented organisational structure, cost-rationalisation measures and reduced geographic exposure have not adequately compensated for the impact on earnings this quarter. New orders in June and July have shown some improvement, and the implementation of margin-improving measures continues.

Despite a slightly less weak profitability in the underlying operations for the first two quarters of the year, the company's results are not satisfactory. Blom is focusing on the development of products and services to increase the creation of value for our customers, which will provide the foundation for further development of existing and new customer relationships based on adaptation of our range of products.

The macroeconomic conditions in several of the regions in which Blom operates remain challenging. This may negatively impact the company's earnings and liquidity situation and warrant further compensatory measures.

In summary, the company is working actively to improve the efficiency of its operations, cut costs further, scale down its operations through existing markets, dispose of certain assets and extend the maturity structure of the company's debt.

Finance and accounts

2nd QUARTER 2013

Operating revenues from the segments in the 2nd quarter:

Operating revenues	2 nd qtr. 2013	2 nd qtr. 2012
Nordic	52,541	64,811
Mid-Europe	14,297	12,052
Eastern Europe	11,217	21,125
Iberia & Latin America	8,007	9,345
Total	86,061	107,333

Revenues declined during the quarter primarily as a result of lower volumes and prices in certain Nordic countries and a lower number of public tenders in Romania during the quarter. Revenue performance was marked by the same factors during the first half of the year, and the market in Iberia was particularly challenging compared with the first half of 2012.

1st HALF 2013

Operating revenues from the segments in the 1st half were:

Operating revenues	1 st half 2013	1 st half 2012
Nordic	72,303	83,735
Mid-Europe	27,679	23,566
Eastern Europe	24,451	42,250
Iberia & Latin America	13,893	19,598
Total	138,325	169,149

Due to seasonal working capital demands, the company had a negative cash flow from operating activities of NOK 4 million in the 2nd quarter.

In the 2nd quarter, the company made operational investments of NOK 3 million.

Net financial expenses totalled NOK 2 million for the quarter which are lower than the same period last year as a result of lower interest-bearing debt. The company's net cash flow from financing activities reflects the fact that the company's debt was reduced by NOK 7 million during the quarter.

The equity ratio is 5.2 per cent, compared with 10.3 per cent as at 31 December 2012, and cash and cash equivalents for continuing operations declined by NOK 15 million to NOK 39 million during the quarter.

The bondholders approved an extension of the maturity of the loan ISIN NO 001064747.2 until 26 September 2013 at the bondholder meeting of 26 June 2013. The term of a short-term liquidity loan of EUR 2.5 million from Hexagon AB agreed on in December 2012 was extended until 24 September 2013. The main creditors for this debt are also among the company's principal shareholders. The company has an ongoing dialogue with its principal creditors and is actively seeking to find a final and permanent solution for the company's debt that matures at the end of September 2013.

Risk

The financial risks are discussed in more detail in the annual report for 2012. The financial crisis has increased our credit risk in general. Our credit risk consists primarily of government and municipal customers and, to a lesser extent, private companies. The macroeconomic turbulence has endured in several of the countries in which Blom operates, particularly the debt-ridden countries in Southern Europe. The company has, however, not experienced any significant losses on trade receivables as a result of the continued weak economic conditions. Certain government and municipal customers are, however, relatively late with the payment of their trade payables.

The amount of capital tied up in work in progress and trade receivables has declined significantly in 2013 as a result of the company's reduced exposure to Southern European markets, compared with the same period in 2012. Work in progress and trade re-

ceivables are contractually governed hence capital tied up is determined by the credit terms Blom offers to customers. Blom continues to focus on reducing this exposure. Due to seasonal working capital demands the group's liquidity reserves will be at their lowest in the spring and summer. During this period the company has a low level of liquidity reserves for unforeseen events. In this connection the company sought to strengthen its liquidity reserves through postponement of the maturity of portions of the company's debt. The main liquidity risk is thus linked to whether the company finds a final and permanent solution for the company's maturing loans in connection with the debt that matures at the end of September 2013. Blom is also exposed in general to fluctuations in exchange and interest rates.

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 are the recognition of income from projects and provisions for potential losses on trade receivables. The estimates and discretionary assessments are discussed in more detail in the annual report for 2012.

Organisation and personnel

During this period the company has reduced its workforce based on the demand for the company's products in the market. The company has a staff of employees with a high level of competence. This represents the foundation for the company's growth. As at 30 June 2013, 233 were employed in the operative companies and 324 employed in the production facilities in Indonesia and Eastern Europe. The group has a total of 557 employees, which is a reduction of 28 since 31 December 2012.

Shareholder matters

The company's share capital totals NOK 16,848,862.50, divided into 33,697,725 shares, each with a par value of NOK 0.50. The total number of shareholders as at 30 June 2013 was 2,775, and foreign shareholders accounted for 27.6 per cent of the share capital. Blom owns a total of 10,707 of the company's own shares, which represents 0.03 per cent of the total number of outstanding shares.

Outlook

The company's results are not satisfactory. The enduring macroeconomic unrest in several of the regions where the company operates is impacting the company's profitability and liquidity. Blom is working actively to improve the efficiency of its operations, change its product and market mix, cut costs further, scale down its operations through existing markets, dispose of certain assets and extend the maturity structure of the company's debt.

Statement of the Board and CEO

We confirm that the half-year financial statements for the period from 1 January to 30 June 2013 have been prepared in accordance with IAS 34 Interim Reporting, and that the information presented in the financial statements provides a fair representation of the group's assets, debt, financial situation and overall results, in addition to providing a fair overview of important events during the accounting period and their influence on the half-year financial statements, and the most important risk factors and factors of uncertainty that the business faces.

Oslo, 6 August 2013

Tom H. Knoff

Board Chairman

Siv Sandvik

Board Member

Ingvild Myhre

Board Member

Olav Fjell

Board Member

Dirk Blaauw

CEO



Consolidated Statement of Income – Blom Group

<u>2nd qtr. 13</u>	<u>2nd qtr. 12</u>		<u>30/06/2013</u>	<u>30/06/2012</u>	<u>31/12/2012</u>
86,061	107,333	Operating revenues	138,325	169,149	335,216
30,190	40,987	Cost of materials	49,426	62,500	121,849
42,217	42,770	Salaries and personnel costs	77,207	83,318	156,317
9,742	10,510	Depreciation and write-downs	17,814	20,685	42,894
11,554	3,756	Other operating and administrative costs	19,123	16,567	36,342
0	-23,884	Other gains and losses	0	-23,884	-23,884
93,703	74,139	Operating expenses	163,570	159,186	333,518
-7,642	33,194	Operating profit/loss	-25,245	9,963	1,698
-2,008	-6,286	Net financial items	-5,002	-19,715	-33,633
-9,650	26,908	Pre-tax profit/loss	-30,247	-9,752	-31,935
-81	-354	Taxes	-487	-490	-1,285
-9,731	26,554	Profit/loss from continuing business	-30,734	-10,242	-33,220
-49	-2,641	Profit/loss from discontinued business	-2,447	-5,001	-33,407
-9,780	23,913	Profit/loss after tax	-33,181	-15,243	-66,627
		Profit/loss attributable to:			
-9,780	23,919	Shareholders	-33,181	-15,243	-66,627
0	-6	Minority interests	0	0	0
-9,780	23,913	Profit/loss after tax	-33,181	-15,243	-66,627
		Comprehensive profit/loss:			
2,911	546	Currency translation differences	2,614	0	-808
-6,869	24,459	Comprehensive profit/loss	-30,567	-15,243	-67,435
		Comprehensive income attributable to:			
-6,869	39,708	Shareholders	-30,567	-15,243	-67,435
0	-6	Minority interests	0	0	0
-6,869	39,702	Comprehensive profit/loss	-30,567	-15,243	-67,435
Earnings per share:					
From continuing business			-0.91	-1.15	-1.59
From discontinued business			-0.07	-0.01	-1.60
From profit/loss			-0.98	-1.16	-3.19
Diluted earnings per share:					
From continuing business			-0.77	-0.12	-1.59
From discontinued business			-0.06	-0.01	-1.60
From profit/loss			-0.83	-1.13	-3.19

Balance Sheet – Blom Group

ASSETS

(Amounts in NOK 1000)

	30/06/2013	30/06/2012	31/12/2012
Patents, licences and similar rights	1,201	2,319	1,328
Deferred tax assets	0	5,625	0
Total intangible assets	1,201	7,944	1,327
Property, plant and equipment	88,115	147,655	98,912
Fixed asset investments	703	4,851	180
Total non-current assets	90,019	160,450	100,419
Work in progress	56,260	125,968	45,094
Trade receivables	46,665	126,272	39,162
Other current receivables	26,424	25,123	32,409
Total receivables	73,089	151,395	71,571
Cash and cash equivalents	39,372	71,618	64,609
Assets classified as held for sale	0	0	144,382
Total current assets	168,721	348,981	325,655
TOTAL ASSETS	258,740	509,431	426,075

Balance Sheet – Blom Group

EQUITY AND LIABILITIES

(Amounts in NOK 1000)

	30/06/2013	30/06/2012	31/12/2012
Called-up and fully paid share capital:			
Share capital	16,849	16,849	16,849
Treasury shares	-110	-110	-110
Share premium reserve	20,458	482,472	20,458
Other reserves:			
Currency translation differences	-38,775	-44,254	-41,389
Retained earnings	14,921	-359,938	48,101
	13,343	95,019	43,909
Minority interests	0	-6	0
Total equity	13,343	95,013	43,909
Pension obligations	2,722	15,374	2,811
Non-current liabilities	72,090	101,239	78,428
Total non-current liabilities	74,812	116,613	81,239
Credit facilities	3,504	63,841	5,657
Other interest-bearing current liabilities	50,207	45,451	51,513
Total interest-bearing current liabilities	53,711	109,292	57,170
Trade payables	49,884	102,533	51,480
Unpaid government taxes	20,798	31,598	18,439
Other current liabilities	46,192	54,382	44,780
Total other current liabilities	116,874	188,513	114,699
Liabilities classified as held-for-sale	0	0	129,058
Total current liabilities	170,585	297,805	382,166
TOTAL EQUITY AND LIABILITIES	258,740	509,431	426,075

Change in equity from 1 January to 30 June

	2013	2012
Equity as at 31 December	43,909	-194,408
Profit/loss for the period	-33,180	-15,243
New share capital by conversion / issue of new shares	0	15,576
Change in share premium reserve due to conversion / issue of new shares	0	290,431
Foreign exchange losses/gains from translation of foreign subsidiaries	2,614	-1,343
Equity	13,343	95,013

Cash Flow Statement – Blom Group

2 nd quarter			As at 30 June	
2013	2012		2013	2012
CASH FLOW FROM OPERATING ACTIVITIES				
-9,650	26,908		-30,247	-9,752
		Pre-tax profit/loss		
9,742	10,510	+	17,814	20,685
		Depreciation and amortisation of property, plant and equipment		
-4,772	-10,832	+/-	-7,503	3,052
		Change in trade receivables		
-17,107	-13,846	+/-	-11,142	-11,274
		Change in inventories and work in progress		
11,136	-187	+/-	-1,596	1,590
		Change in supplier debt		
6,237	-10,377	+/-	17,447	-24,403
		Change in other accruals and unrealised foreign exchange		
-4,414	2,176	A =	-15,227	-20,102
		Net cash flow from operating activities – continuing business		
0	6,784		0	20,714
		Net cash flow from operating activities – discontinued business		
-4,414	8,960	A =	-15,227	612
		Net cash flow from operational activities – total		
CASH FLOW FROM INVESTMENT ACTIVITIES				
-2,789	-6,505	-	-6,080	-13,890
		Purchases of property, plant and equipment		
0	0	-	7,487	19,927
		Receipts from sale of shares and other investments		
-2,789	-6,505		1,407	6,037
		Net cash flow from investment activities – continuing business		
0	-3,348		0	-5,336
		Net cash flow from investment activities – discontinued business		
-2,789	-9,853	B =	1,407	701
		Net cash flow from investment activities – total		
CASH FLOW FROM FINANCING ACTIVITIES				
-7,533	15,729	+/-	-9,171	13,746
		Net change in current and non-current liabilities		
137	-639	+/-	-2,246	-450
		Net change in overdraft facilities		
-7,396	15,090		-11,417	13,296
		Net cash flow from financing activities – continuing business		
0	-9,331		0	-18,048
		Net cash flow from financing activities – discontinued business		
-7,396	5,759	C =	-11,417	-4,752
		Net cash flow from financing activities – total		
-14,599	4,866		-25,237	-3,439
		A+B+C Net change in cash and cash equivalents		
53,970	66,752	+	64,609	75,057
		Cash and cash equivalents		
39,372	71,618	=	39,372	71,618
		Cash and cash equivalents – total		
39,372	62,601		39,372	62,601
		Cash and cash equivalents – continuing business		
0	9,017		0	9,017
		Cash and cash equivalents – discontinued business		

Segments – Blom Group

(Amounts in NOK 1000)

Operating revenues	30/06/2013	30/06/2012	As at 30/06/2013	As at 30/06/2012
Nordic	52,541	64,811	72,303	83,735
Mid-Europe	14,297	12,052	27,679	23,566
Eastern Europe	11,217	21,125	24,451	42,250
Iberia & Latin America	8,007	9,345	13,893	19,598
Total	86,061	107,333	138,325	169,149

EBITDA before other gains/losses	30/06/2013	30/06/2012	As at 30/06/2013	As at 30/06/2012
Nordic	13,040	18,027	13,485	11,382
Mid-Europe	1,188	2,233	252	1,150
Eastern Europe	2,415	2,948	3,690	5,363
Iberia & Latin America	-3,132	-1,345	-6,231	-1,546
Other segments / unallocated	-11,411	-2,044	-18,627	-9,586
Total	2,100	19,819	-7,431	6,763

EBITDA before other gains/losses	30/06/2013	30/06/2012	As at 30/06/2013	As at 30/06/2012
Nordic	5,943	12,815	821	1,102
Mid-Europe	-317	441	-2,567	-2,314
Eastern Europe	1,671	1,518	1,899	2,569
Iberia & Latin America	-3,272	-3,389	-6,510	-5,631
Other segments / unallocated	-11,668	-2,074	-18,888	-9,646
Total	-7,643	9,311	-25,245	-13,920

Assets 1)	30/06/2013	30/06/2012	As at 30/06/2013	As at 30/06/2012
Nordic	121,811	116,091	121,811	116,091
Mid-Europe	22,568	28,628	22,568	28,628
Eastern Europe	27,020	49,681	27,020	49,681
Iberia & Latin America	18,622	43,719	18,622	43,719
Other segments / unallocated	68,720	271,312	68,720	271,312
Total	258,740	509,431	258,740	509,431

Investments	30/06/2013	30/06/2012	As at 30/06/2013	As at 30/06/2012
Nordic	2,211	4,492	5,863	9,560
Mid-Europe	724	1,627	746	2,805
Eastern Europe	99	1,143	144	2,391
Iberia & Latin America	320	744	371	779
Other segments / unallocated	0	4,500	0	7,807
Total	3,355	12,506	7,125	23,342

1) Allocated assets include external trade receivables, work in progress, non-current assets and intangible assets with the exception of deferred tax assets. Other / unallocated assets include assets classified as held for sale as at 31 December 2012 (Southern Europe).

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