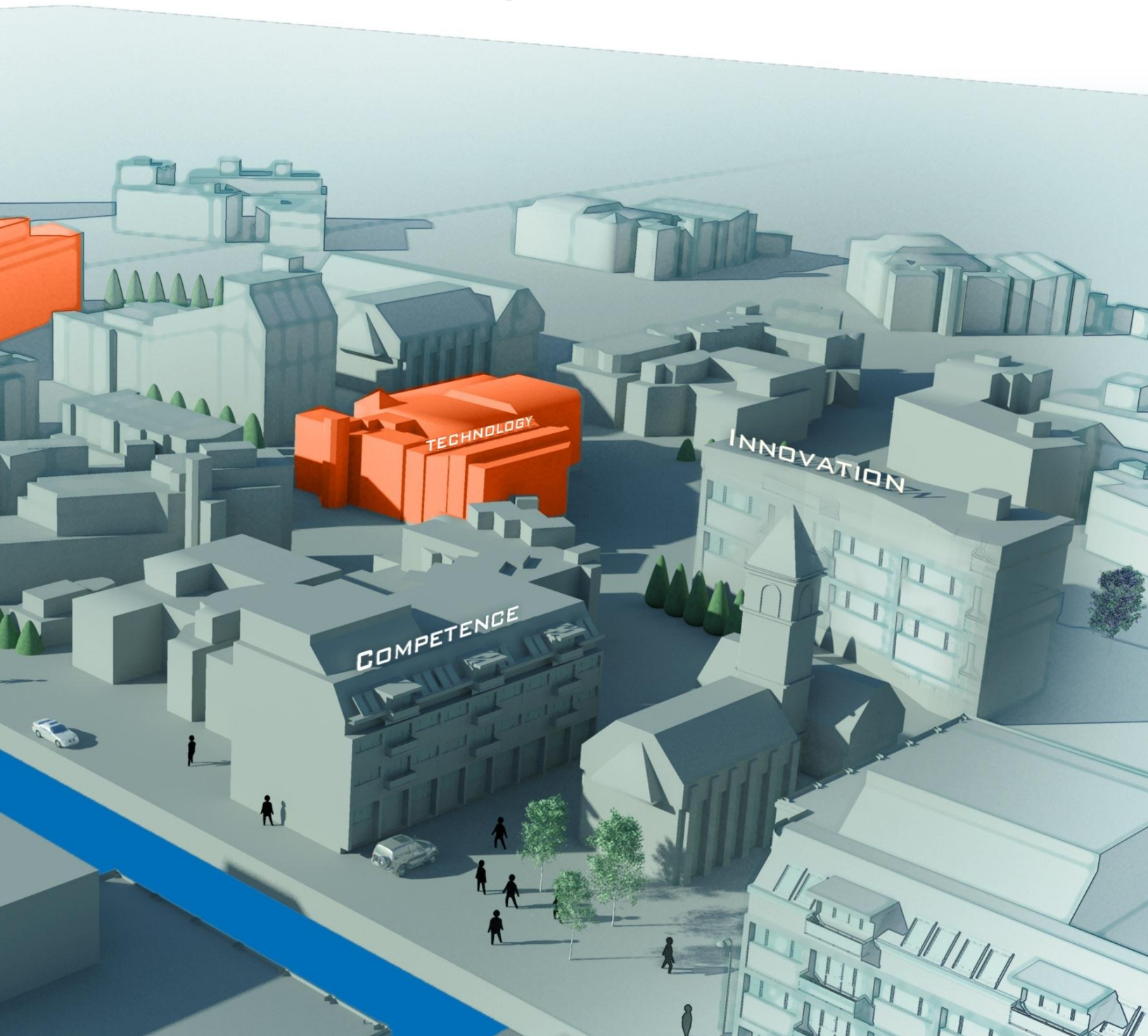




BLOM
IMAGING THE WORLD

REPORT FOR
1st QUARTER 2013



Still challenging

The company reported revenues of NOK 52 million for the 1st quarter, compared with NOK 62 million for the same quarter in 2012. EBITDA for the quarter was NOK -10 million, compared with NOK -13 million for the corresponding quarter in 2012. This corresponds to an EBITDA margin of -18.2 per cent, compared with -21.1 per cent for the 1st quarter of 2012. The operating profit for the quarter was NOK -18 million, compared with NOK -23 million for the same period in 2012. The pre-tax profit was NOK -21 million, compared with NOK -37 million for the corresponding quarter in 2012.

Blom has for several years reduced its operations through divestment and downsizing of several subsidiaries and will reduce its geographical exposure and risk further. The company's scope, complexity and risk have accordingly become considerably smaller. The company is actively working on creating shareholder value and improve the company's debt servicing capacity through adapting structure, cost base and product portfolio, thereby.

The company has had an ongoing dialogue with a majority of the bondholders for the company's bond loan. At the bondholder meeting of 26 April, the term of the bond loan ISIN NO 001064747.2 ("2012 Bond") was extended until 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 June 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 June 2013.

Results

IFRS	1 st Qtr. 2013	1 st Qtr. 2012	31/12/2012
(Amounts in NOK 1000)			
Operating revenues	52,264	61,816	335,216
EBITDA	-9,531	-13,056	44,592
EBIT	-17,603	-23,231	1,698
EBT	-20,597	-36,661	31,935

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 a complete annual account, 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 1st quarter 2013 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 quarter.

Nordic has maintained and increased its revenues somewhat, compared with the first quarter of 2012. The development though is dissimilar in certain countries and customer segments. Certain important customer segments in Norway have in some instances showed a significant decline in orders, which creates the need for additional cost-saving measures.

Mid-Europe has maintained and increased its revenues somewhat, compared with the first quarter of 2012. New orders at the end of the quarter were relatively good, but it is too early to draw any final conclusions from this. Moreover, the efficiency improvement measures implemented in the first quarter are expected to improve the margin in subsequent quarters.

Eastern-Europe showed lower revenues and profitability during the quarter, but this is attributed to the delivery structure of the underlying orders and an unusually long winter, which has delayed the progress of projects. The efficiency improvement measures that have already been implemented are expected to improve the margin in subsequent quarters.

The challenging macroeconomic conditions in Iberia continue. The implementation of a more market-oriented organisational structure and cost-rationalisation measures have not compensated adequately for the impact on earnings this quarter.

In spite of a lesser weak profitability in the first quarter, the company's results are not satisfactory. Blom is focusing on further developing products and services to add value for our customers, which will provide the foundation for further de-

velopment of existing and new customer relationships based on adaptation of our range of products.

The macroeconomic conditions in a number of the regions where Blom operates are still challenging, and they may have a negative impact on the company's results and liquidity situation and make further compensatory measures necessary.

Finance and accounts

1st QUARTER 2013

Operating revenues from the segments in the 1st quarter:

Operating revenues	1 st Qtr. 2013	1 st Qtr. 2012
Nordic	19,762	18,924
Mid-Europe	13,382	11,514
Eastern Europe	13,234	21,125
Iberia & Latin America	5,886	10,253
Total	52,264	61,816

The company had a negative cash flow from operating activities of NOK 11 million in the 1st quarter. Trade receivables increased by NOK 3 million during the period to NOK 42 million, while work in progress declined by NOK 6 million, to NOK 39 million.

In the 1st quarter, the company made operational investments of NOK 4 million.

Net financial expenses totalled NOK 3 million for the quarter, and they were lower than the same period last year as a result of lower interest-bearing debt.

The equity ratio is 7.8 per cent, compared with 10.3 per cent as at 31 December 2012, and cash and cash equivalents declined by NOK 11 million to NOK 54 million during the period.

On 7 February 2013, the company called a bondholder meeting with the purpose of requesting the bondholders of the loans ISIN NO 001064747.2 ("2012 Bond") and ISIN NO 001064285.3 ("2011 Bond") to waive certain provisions related to a security interest in shares in Blom CGR S.p.A. In addition, Blom has requested that the bondholders postpone the maturity of the bond loans in question, so that no amount falls due prior to 26 April 2013. The bondholders approved the proposed solution.

The company called a bondholder meeting on 12 April 2013 to request that the bondholders for the loan ISIN NO 001064747.2 ("2012 Bond") to postpone the

maturity of the loan. The bondholders approved an extension of the loan's maturity to 26 June 2013 at the bondholder meeting of 26 April 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 June 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 June 2013.

Events after the date of the balance sheet

The bondholders approved an extension of the maturity of the loan ISIN NO 001064747.2 until 26 June 2013 at the bondholder meeting of 26 April 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 June 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 June 2013.

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 31 March 2013, there was a total of 229 employees in the operative companies, while there was a total of 331 employees at the production facilities in Indonesia and Eastern Europe. The group has a total of 560 employees, which is a reduction of 25 since 31 December 2012.

The company's scope, complexity and risk have been considerably reduced in recent years. The company is continuously and actively adapting the structure and cost base. As part of the ongoing efforts to adapt to the company's corporate structure to the reduced risk and scope, the company's current CFO will resign no later than 30 October 2013.



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 31 March 2013 was 2,803, and foreign shareholders accounted for 27.4 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.

Board Member Johnny Andersson announced on 30 April 2013 that he was resigning from the Board of Directors with immediate effect.

Outlook

In spite of a lesser weak profitability compared with the same period in 2012, the company's results are not satisfactory. It looks like the macroeconomic unrest will continue in several of the regions where the company operates, which will have an impact on the company's profitability and liquidity. In summary, the company is working actively to improve the efficiency of its operations, cut costs further, scale down its operations through exiting markets, dispose of certain assets and extend the maturity structure of the company's debt, while working actively with potential strategic investors.

Oslo, 7 May 2013

Tom H. Knoff

Board Chairman

Per Kyllingstad

Board Member

Siv Staubo

Board Member

Siv Staubo

Board Member

Dirk Blaauw

CEO



Consolidated Statement of Income – Blom Group

	<u>31/03/2013</u>	<u>31/03/2012</u>	<u>31/12/2012</u>
Operating revenues	52,264	61,816	335,216
Cost of materials	19,236	21,513	121,849
Salaries and personnel costs	34,990	40,549	156,317
Depreciation and write-downs	8,072	10,175	42,894
Other operating and administrative costs	7,569	12,810	36,342
Other gains and losses	0	0	-23,884
Operating expenses	69,867	85,047	333,518
Operating profit/loss	-17,603	-23,231	1,698
Net financial items	-2,994	-13,430	-33,633
Pre-tax profit/loss	-20,597	-36,661	-31,935
Taxes	-406	-137	-1,285
Profit/loss from continuing business	-21,003	-36,798	-33,220
Profit/loss from discontinued business	-2,398	-2,359	-33,407
Profit/loss for the year	-23,401	-39,157	-66,627
Profit/loss attributable to:			
Shareholders	-23,401	-39,157	-66,627
Profit/loss after tax	-23,401	-39,157	-66,627
Comprehensive profit/loss:			
Currency translation differences	-297	0	-808
Comprehensive profit/loss	-23,698	-39,157	-67,435
Comprehensive income attributable to:			
Shareholders	-23,698	-39,157	-67,435
Comprehensive profit/loss	-23,698	-39,157	-67,435
Earnings per share:			
From continuing business	-0.62	-14.51	-1.59
From discontinued business	-0.07	-0.93	-1.60
From profit/loss for the year	-0.69	-15.44	-3.19
Diluted earnings per share			
From continuing business	-0.62	-1.59	-1.59
From discontinued business	-0.07	-1.60	-1.60
From profit/loss for the year	-0.69	-3.19	-3.19

Balance Sheet – Blom Group

ASSETS

(Amounts in NOK 1000)

	31/03/2013	31/03/2012	31/12/2012
Patents, licences and similar rights	1,124	2,075	1,328
Deferred tax assets	0	4,811	0
Total intangible assets	1,124	6,887	1,327
Property, plant and equipment	92,939	151,574	98,912
Fixed asset investments	361	5,452	180
Total non-current assets	94,424	163,913	100,419
Work in progress	39,130	111,517	45,094
Trade receivables	41,893	129,448	39,162
Other current receivables	28,560	30,950	32,409
Total receivables	70,453	160,398	71,571
Cash and cash equivalents	53,970	66,752	64,609
Assets classified as held for sale	0	0	144,382
Total current assets	163,553	338,667	325,655
TOTAL ASSETS	257,977	502,580	426,075

Balance Sheet – Blom Group

EQUITY AND LIABILITIES

(Amounts in NOK 1000)

	31/03/2013	31/03/2012	31/12/2012
<i>Called-up and fully paid share capital:</i>			
Share capital	16,849	25,465	16,849
Treasury shares	-110	-110	-110
Share premium reserve	20,458	167,847	20,458
<i>Other reserves:</i>			
Currency translation differences	-41,686	-43,463	-41,389
Retained earnings	24,700	-383,865	48,101
	20,211	-234,126	43,909
Minority interests	0	16	0
Total equity	20,211	-234,110	43,909
Pension obligations	3,194	14,934	2,811
Non-current liabilities	74,169	386,060	78,428
Total non-current liabilities	77,363	400,994	81,239
Credit facilities	3,367	71,938	5,657
Other interest-bearing current liabilities	51,268	74,804	51,513
Total interest-bearing current liabilities	54,635	146,743	57,170
Trade payables	38,748	95,687	51,480
Unpaid government taxes	15,857	25,541	18,439
Other current liabilities	51,163	67,726	44,780
Total other current liabilities	105,768	188,954	114,699
Liabilities classified as held-for-sale	0	0	129,058
Total current liabilities	160,403	335,697	382,166
TOTAL EQUITY AND LIABILITIES	257,977	502,580	426,075

Change in equity from 1 January to 31 March

	2013	2012
Equity as at 31 December	43,909	-194,408
Profit/loss for the period	-23,401	-39,156
Foreign exchange losses/gains from translation of foreign subsidiaries	-297	-546
Equity	<u>20,211</u>	<u>-234,110</u>

Cash Flow Statement – Blom Group

Indirect model (Amounts in NOK 1000)

	As at 31 March	
	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES		
Pre-tax profit/loss	-20,597	-36,661
Depreciation and amortisation of property, plant and equipment	8,072	10,175
+ Change in trade receivables	-2,731	13,884
+/- Change in inventories and work in progress	5,965	2,572
+/- Change in supplier debt	-12,732	1,777
+/- Change in other accruals and unrealised foreign exchange	11,210	-14,025
Net cash flow from operating activities – continuing business	-10,813	-22,278
A = Net cash flow from operating activities – discontinued business	0	13,930
A = Net cash flow from operating activities – total	-10,813	-8,348
CASH FLOW FROM INVESTMENT ACTIVITIES		
- Purchases of property, plant and equipment	-3,291	-7,385
- Receipts from sale of shares and other investments	7,487	19,927
Net cash flow from investment activities – continuing business	4,196	12,542
Net cash flow from investment activities – discontinued business	0	-1,988
B = Net cash flow from investment activities – total	4,196	10,554
CASH FLOW FROM FINANCING ACTIVITIES		
+/- Net change in current and non-current liabilities	-1,638	-1,983
+/- Net change in overdraft facilities	-2,383	189
Net cash flow from financing activities – continuing business	-4,021	-1,794
Net cash flow from financing activities – discontinued business	0	-8,717
C = Net cash flow from financing activities – total	-4,021	-10,511
A+B+C Net change in cash and cash equivalents	-10,639	-8,305
+ Cash and cash equivalents	64,609	75,057
= Cash and cash equivalents – total	53,970	66,752
Cash and cash equivalents – continuing business	53,970	51,841
Cash and cash equivalents – discontinued business	0	14,911

Segments – Blom Group

(Amounts in NOK 1,000)

Operating revenues	As at 31/03/2013	As at 31/03/2012
Nordic	19,762	18,924
Mid-Europe	13,382	11,514
Eastern Europe	13,234	21,125
Iberia & Latin America	5,886	10,253
Total	52,264	61,816
EBITDA before other gains/losses	As at 31/03/2013	As at 31/03/2012
Nordic	445	-6,645
Mid-Europe	-936	-1,083
Eastern Europe	1,275	2,415
Iberia & Latin America	-3,099	-201
Other segments / unallocated	-7,216	-7,542
Total	-9,531	-13,056
EBIT	As at 31/03/2013	As at 31/03/2012
Nordic	-5,122	-11,713
Mid-Europe	-2,250	-2,755
Eastern Europe	228	1,051
Iberia & Latin America	-3,238	-2,242
Other segments / unallocated	-7,220	-7,572
Total	-17,603	-23,231
Assets 1)	As at 31/03/2013	As at 31/03/2012
Nordic	106,593	94,353
Mid-Europe	20,894	33,145
Eastern Europe	29,066	44,976
Iberia & Latin America	17,083	44,125
Other segments / unallocated	84,340	285,981
Total	257,977	502,580
Investments	As at 31/03/2013	As at 31/03/2012
Nordic	3,652	5,068
Mid-Europe	22	1,178
Eastern Europe	45	1,248
Iberia & Latin America	51	35
Other segments / unallocated	0	3,307
Total	3,770	10,836

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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