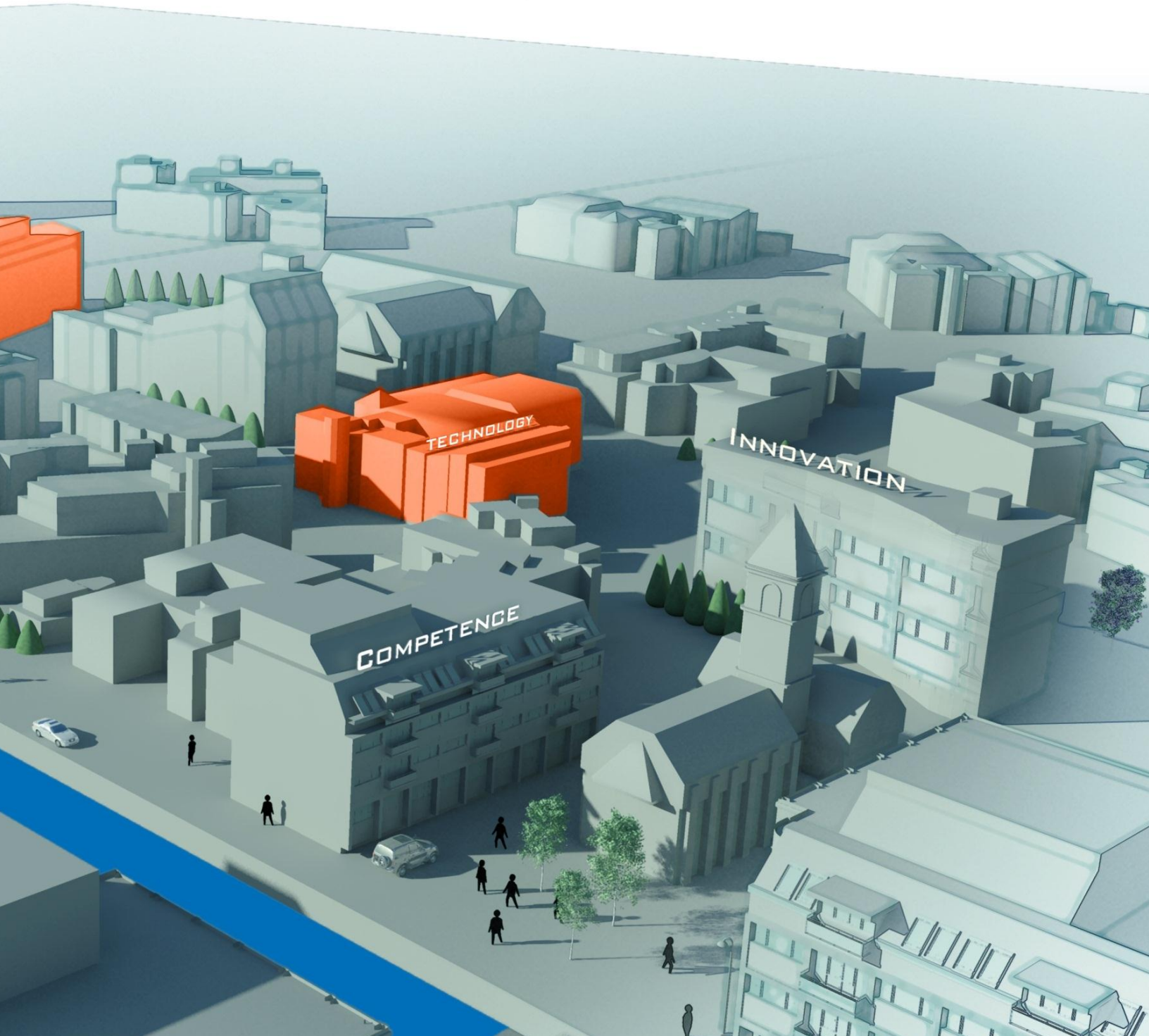




BLOM
IMAGING THE WORLD

REPORT FOR
4th quarter 2012



Sale of subsidiary in a challenging market

The company reported revenues from continuing business of NOK 72 million for the 4th quarter, compared with NOK 67 million for the same quarter in 2011. EBITDA for the quarter was NOK 11 million, compared with NOK -45 million for the corresponding quarter in 2011. This corresponds to an EBITDA margin of 14.6 per cent, compared with -68.3 per cent for the 4th quarter of 2011.

The challenging macroeconomic conditions, referred to in the company's report for the third quarter and the stock exchange announcements of 7 December 2012 and 7 February 2013, continues, resulting in weak operating results for the quarter. As a consequence of this, the company's Board of Directors entered into an agreement to sell the company's Italian subsidiary Blom CGR S.p.A. in February 2013.

In addition, the accounts for the 4th quarter include charges for the extraordinary depreciation and write-down of intangible assets, inventories and trade receivables. A final settlement between Pictometry International Corp. and Blom ASA for the dispute concerning the termination of the licence agreement entered into on 29 January 2009 had a positive impact on the 4th quarter results. The result from the business sold in Italy has been recognised on a net basis under "Discontinued business" on a separate line in the accounts.

The company's revenues for 2012 totalled NOK 335 million, compared with NOK 289 million in 2011. EBITDA for 2012 was NOK 26 million, compared with NOK -58 million in 2011. This corresponds to an EBITDA margin of 7.7 per cent for 2012, compared with -20.0 per cent in 2011.

Results

IFRS (Amounts in NOK 1000)	4 th quarter		As at 31 December	
	2012	2011	2012	2011
Operating revenues	71,827	66,624	335,216	288,629
EBITDA	10,503	-45,476	25,708	-57,793
EBIT	-446	-95,386	-16,186	-138,158
EBT	-5,329	-161,650	-46,819	-235,519

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 2011. The interim accounts have been prepared in accordance with the same principles that are used in the annual accounts for 2011. 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 fourth quarter.

The company's revenues and profitability improved in the 4th quarter compared with the same period last year. The company's cost-rationalisation measures have contributed to a reduction in the payroll and other operating expenses. All the regions except Southern Europe, which has been sold, have achieved revenue growth and/or improved profitability, which is a result of changing the company's focus to market niches in which the company has a competitive advantage and the aforementioned cost-rationalisation measures.

In Southern Europe the macroeconomic conditions have resulted in the retraction or postponement of orders, which has eroded the profitability. There have been postponements and a significant decline in the public tendering processes during the quarter, and there is uncertainty associated with when new government tendering processes will take place. Blom ASA accordingly signed an agreement to divest its Italian subsidiary Blom CGR S.p.A. to an Italian group of buyers.

This sale reduces the company's exposure in a geographic region with significant macroeconomic uncertainty. As CGR external banking facilities that were exposed, a sale will improve the company's liquidity and the company's balance sheet. The sales proceeds total EUR 2 million, but with an accounting loss of NOK 90 million.

The challenging macroeconomic conditions in Iberia and Mid-Europe continue. The implementation of a more market-oriented organisational structure and our cost-rationalisation measures have compensated for the impact on earnings.

In spite of improved profitability and revenue growth in 2012, the company's results are not satisfactory. Blom is focusing on the development of products and services to increase added value for our customers, which will provide the founda-

tion for further development 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

4th QUARTER 2012

Operating revenues from the segments in the 4th quarter:

Operating revenues	4 th Qtr. 2012	4 th Qtr. 2011
Nordic	33,414	29,164
Mid-Europe	9,504	12,511
Southern Europe	0	0
Eastern Europe	13,521	11,837
Iberia & Latin America	13,788	10,112
Other segments / unallocated	1,600	2,999
Total	71,827	66,624

The company had a positive cash flow from continued operating activities of NOK 14 million in the 4th quarter. Trade receivables declined NOK 15 million from the 3rd quarter to NOK 39 million, while work in progress was reduced with NOK 35 million to NOK 45 million.

In the 4th quarter, the company made operational investments of NOK 6 million.

Net financial expenses totalled NOK 5 million in the quarter, and they were lower than the same period last year as a result of lower interest-bearing debt.

Loan from a company shareholder

In December the company entered into an agreement for a short-term liquidity loan of EUR 2.5 million from Hexagon AB. This is a short-term loan and the interest rate corresponds to that of the company's other short-term financing at 15 per cent.

As at 4th QUARTER 2012

Operating revenues from the segments in the 4th quarter were:

Operating revenues	As at 4 th Qtr. 2012	As at 4 th Qtr. 2011
Nordic	164,804	135,101
Mid-Europe	46,838	60,815
Southern Europe	0	0
Eastern Europe	75,648	42,947
Iberia & Latin America	46,326	46,767
Other segments / unallocated	1,600	2,999
Total	335,216	288,629

The equity ratio is 12.3 per cent, compared with -33.1 per cent as at 31 December 2011, and cash and cash equivalents from continuing business, declined by NOK 20 million to NOK 65 million during the period.

Events after the date of the balance sheet

On 7 February 2013 the company called for a bondholder meeting in order for the bondholders of bond loan ISIN NO 001064747.2 (the "2012 Bond") and ISIN NO 001064285.3 (the "2011 Bond") waive certain conditions related to the share pledges in Blom CGR S.p.A. Additionally, Blom has requested the bondholders to extend the maturity of the relevant Bonds such that no payments will fall due prior to 4 April 2013.

Bondholders representing more than 2/3 of the 2012 Bond and more than 50 % in the 2011 Bond have undertaken to vote in favor of the proposal. According to the bond loan agreements, a 2/3 majority of the bonds represented at the Bondholders' Meeting in the 2012 Bond, and a simple majority of the bonds represented at the Bondholders' Meeting in the 2011 Bond is needed to obtain approval for the proposal.

Organisation and personnel

During this period the company has, based on the demand for the company's products in the market, reduced its workforce. 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 December 2012, for continuing business, there were a total of 253 employees in the operative companies, while there was a total of 332 employees at the production facilities in Indonesia and Eastern Europe. The group has a total of 585 employees, which is a reduction of 192 since 31 December 2011.

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 December 2012 was 2,861, and foreign shareholders accounted for 27.7 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

In spite of and revenue growth and less weak results 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. Blom significantly reduced its cost base in 2012. Measures have been implemented, and additional measures will be implemented to improve the company's profitability.

Oslo, 7 February 2012

Tom H. Knoff

Board Chairman

Per Kyllingstad

Board Member

Siv Staubo

Board Member

Siv Sandvik

Board Member

Johnny Andersson

Board Member

Dirk Blaauw

CEO



Consolidated Statement of Income – Blom Group

<u>4th Qtr. 2012</u>	<u>4th Qtr. 2011</u>		<u>31/12/2012</u>	<u>31/12/2011</u>
71,827	66,624	Operating revenues	335,216	288,629
22,463	35,306	Cost of materials	121,849	100,145
35,935	46,015	Salaries and personnel costs	156,317	175,150
10,949	49,910	Depreciation and write-downs	41,894	80,365
2,926	30,779	Other operating and administrative costs	31,342	71,127
72,273	162,010	Operating expenses	351,402	426,787
-446	-95,386	Operating profit/loss	-16,186	-138,158
0	-18,432	Profit attributable to associates	0	-19,434
-4,883	-47,832	Net financial items	-30,633	-77,927
-5,329	-161,650	Pre-tax profit/loss	-46,819	-235,519
-861	-46,273	Taxes	-1,284	-32,396
-6,191	-207,923	Profit/loss from continuing business	-48,104	-267,915
-23,124	-91,467	Profit/loss from discontinued business	-33,407	-93,260
-29,315	-299,390	Profit/loss for the year	-81,511	-361,175
		Profit/loss attributable to:		
-29,345	-299,374	Shareholders	-81,511	-361,175
30	-16	Minority interests	0	0
-29,315	-299,390	Profit/loss after tax	-81,511	-361,175
		Comprehensive profit/loss:		
569	-505	Currency translation differences	-808	79
-28,746	-299,895	Comprehensive profit/loss	-82,319	-361,096
		Comprehensive income attributable to:		
-28,776	-299,879	Shareholders	-82,319	-361,096
30	-16	Minority interests	0	0
-28,746	-299,895	Comprehensive profit/loss	-82,319	-361,096
		Earnings per share:		
		From continuing business	-0.39	-1.50
		From discontinued business	-0.27	-0.52
		From profit/loss	-0.66	-2.03
		Diluted earnings per share	-0.63	

Balance Sheet – Blom Group

ASSETS

(Amounts in NOK 1000)

	31/12/2012	31/12/2011
Patents, licences and similar rights	1,328	1,827
Deferred tax assets	0	4,430
Total intangible assets	1,327	6,257
Property, plant and equipment	99,912	155,686
Non-current receivables	3,180	5,144
Total non-current asset investments	3,180	5,144
Total non-current assets	104,419	167,087
Inventories	21	2,935
Work in progress	45,072	96,490
Total inventories	45,094	99,425
Trade receivables	39,162	169,436
Other current receivables	32,409	32,386
Total receivables	71,571	201,822
Cash and cash equivalents	64,609	75,057
Assets classified as held for sale	144,382	43,388
Total current assets	325,655	419,692
TOTAL ASSETS	430,075	586,779

Balance Sheet – Blom Group

EQUITY AND LIABILITIES

(Amounts in NOK 1000)

	31/12/2012	31/12/2011
<i>Called-up and fully paid share capital:</i>		
Share capital	16,849	25,465
Treasury shares	-110	-110
Share premium reserve	482,214	167,847
<i>Other reserves:</i>		
Currency translation differences	-41,389	-42,911
Retained earnings	-404,656	-344,709
	52,909	-194,418
Minority interests	0	10
Total equity	52,909	-194,408
Pension obligations	2,811	16,811
Non-current liabilities	78,428	384,589
Total non-current liabilities	81,239	401,400
Credit facilities	5,657	77,574
Other interest-bearing current liabilities	51,513	75,997
Total interest-bearing current liabilities	57,170	153,571
Trade payables	51,480	96,253
Unpaid government taxes	18,439	27,822
Other current liabilities	39,780	78,934
Total other current liabilities	109,699	203,009
Liabilities classified as held-for-sale	129,058	23,206
Total current liabilities	295,927	379,786
TOTAL EQUITY AND LIABILITIES	430,075	586,779

Change in equity from 1 January to 31 December

	2012	2011
Equity as at 31 December	-194,408	107,853
Profit/loss for the period	-81,512	-361,175
New share capital by conversion / issue of new shares	15,576	21,295
Change in share premium reserve due to conversion / issue of new shares	314,368	38,266
Other change in equity due to conversion	-309	0
Foreign exchange losses/gains from translation of foreign subsidiaries	-807	-647
Equity	52,909	-194,408

Cash Flow Statement – Blom Group

Indirect model (Amounts in NOK 1000)

4 th quarter			As at 31 December	
2012	2011		2012	2011
CASH FLOW FROM OPERATING ACTIVITIES				
-5,329	-161,650	Pre-tax profit/loss	-46,819	-235,519
10,949	49,910 +	Depreciation and amortisation of property, plant and equipment	41,894	80,365
14,490	-518 +/-	Change in trade receivables	18,260	8,329
35,104	44,149 +/-	Change in inventories and work in progress	19,715	22,971
-16,546	1,054 +/-	Change in supplier debt	-14,199	2,411
-24,616	86,416 +/-	Change in other accruals and unrealised foreign exchange	-32,196	75,996
<u>14,052</u>	<u>19,361</u> A =	Net cash flow from operating activities – continuing business	<u>-13,345</u>	<u>-45,447</u>
<u>-3,216</u>	<u>-14,072</u>	Net cash flow from operating activities – discontinued business	<u>29,223</u>	<u>-18,572</u>
<u>10,836</u>	<u>5,289</u> A =	Net cash flow from operational activities – total	<u>15,878</u>	<u>-64,019</u>
CASH FLOW FROM INVESTMENT ACTIVITIES				
-6,295	-13,331 -	Purchases of property, plant and equipment	-30,232	-46,790
339	0 -	Receipts from sale of shares and other investments	20,450	0
<u>-5,956</u>	<u>-13,331</u>	Net cash flow from investment activities – continuing business	<u>-9,782</u>	<u>-46,790</u>
<u>-419</u>	<u>-1,301</u>	Net cash flow from investment activities – discontinued business	<u>-5,400</u>	<u>-9,020</u>
<u>-6,375</u>	<u>-14,632</u> B =	Net cash flow from investment activities – total	<u>-15,182</u>	<u>-55,810</u>
CASH FLOW FROM FINANCING ACTIVITIES				
14,873	-2,566 +/-	Net change in current and non-current liabilities	23,808	27,782
-864	812 +/-	Net change in overdraft facilities	-1,443	4,022
0	3,114 +	Net receipt of equity capital	0	59,561
<u>14,009</u>	<u>1,360</u>	Net cash flow from financing activities – continuing business	<u>24,365</u>	<u>91,365</u>
<u>1,628</u>	<u>-3,833</u>	Net cash flow from financing activities – discontinued business	<u>-32,873</u>	<u>9,360</u>
<u>15,637</u>	<u>-2,473</u> C =	Net cash flow from financing activities – total	<u>-8,508</u>	<u>100,725</u>
20,097	-11,816	A+B+C Net change in cash and cash equivalents	-7,813	-19,104
<u>47,146</u>	<u>88,600</u> +	Cash and cash equivalents	<u>75,057</u>	<u>95,888</u>
<u>67,244</u>	<u>76,784</u> =	Cash and cash equivalents – total	<u>67,244</u>	<u>76,784</u>
Cash and cash equivalents – continuing business			64,609	63,371
Cash and cash equivalents – discontinued business			2,635	13,413

Segments – Blom Group

(Amounts in NOK 1000)

Operating revenues	31/12/2012	31/12/2011	As at 31/12/2012	As at 31/12/2011
Nordic	33,414	29,164	164,804	135,101
Mid-Europe	9,504	12,511	46,838	60,815
Southern Europe	0	0	0	0
Eastern Europe	13,521	11,837	75,648	42,947
Iberia & Latin America	13,788	10,112	46,326	46,767
Other segments / unallocated	1,600	2,999	1,600	2,999
Total	71,827	66,624	335,216	288,629

EBITDA	31/12/2012	31/12/2011	As at 31/12/2012	As at 31/12/2011
Nordic	18,914	-14,979	44,368	8,011
Mid-Europe	-419	-5,505	2,059	-10,558
Southern Europe	0	0	0	0
Eastern Europe	-9,378	-16,716	-3,729	-26,799
Iberia & Latin America	-2,245	-7,841	-3,746	-6,110
Other segments / unallocated	3,632	-435	-13,243	-22,337
Total	10,503	-45,476	25,708	-57,793

EBIT	31/12/2012	31/12/2011	As at 31/12/2012	As at 31/12/2011
Nordic	12,755	-53,344	21,976	-48,563
Mid-Europe	-3,630	-7,599	-6,311	-16,644
Southern Europe	0	0	0	0
Eastern Europe	-10,646	-20,926	-9,180	-34,804
Iberia & Latin America	-3,019	-10,302	-10,744	-14,489
Other segments / unallocated	4,094	-3,214	-11,927	-23,658
Total	-446	-95,386	-16,186	-138,158

Assets	31/12/2012	31/12/2011	As at 31/12/2012	As at 31/12/2011
Nordic	104,180	102,524	104,180	102,524
Mid-Europe	20,804	32,407	20,804	32,407
Southern Europe	0	189,492	0	189,492
Eastern Europe	26,915	50,289	26,915	50,289
Iberia & Latin America	26,343	51,690	26,343	51,690
Other segments / unallocated	251,833	160,376	251,833	160,376
Total	430,075	586,779	430,075	586,779

Investments	31/12/2012	31/12/2011	As at 31/12/2012	As at 31/12/2011
Nordic	4,550	7,803	20,485	33,205
Mid-Europe	0	6,205	2,942	11,127
Southern Europe	0	3,786	0	11,864
Eastern Europe	1,221	233	2,055	8,037
Iberia & Latin America	382	1,137	3,861	5,598
Other segments / unallocated	0	26	6,403	26
Total	6,155	19,190	35,748	69,857

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



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