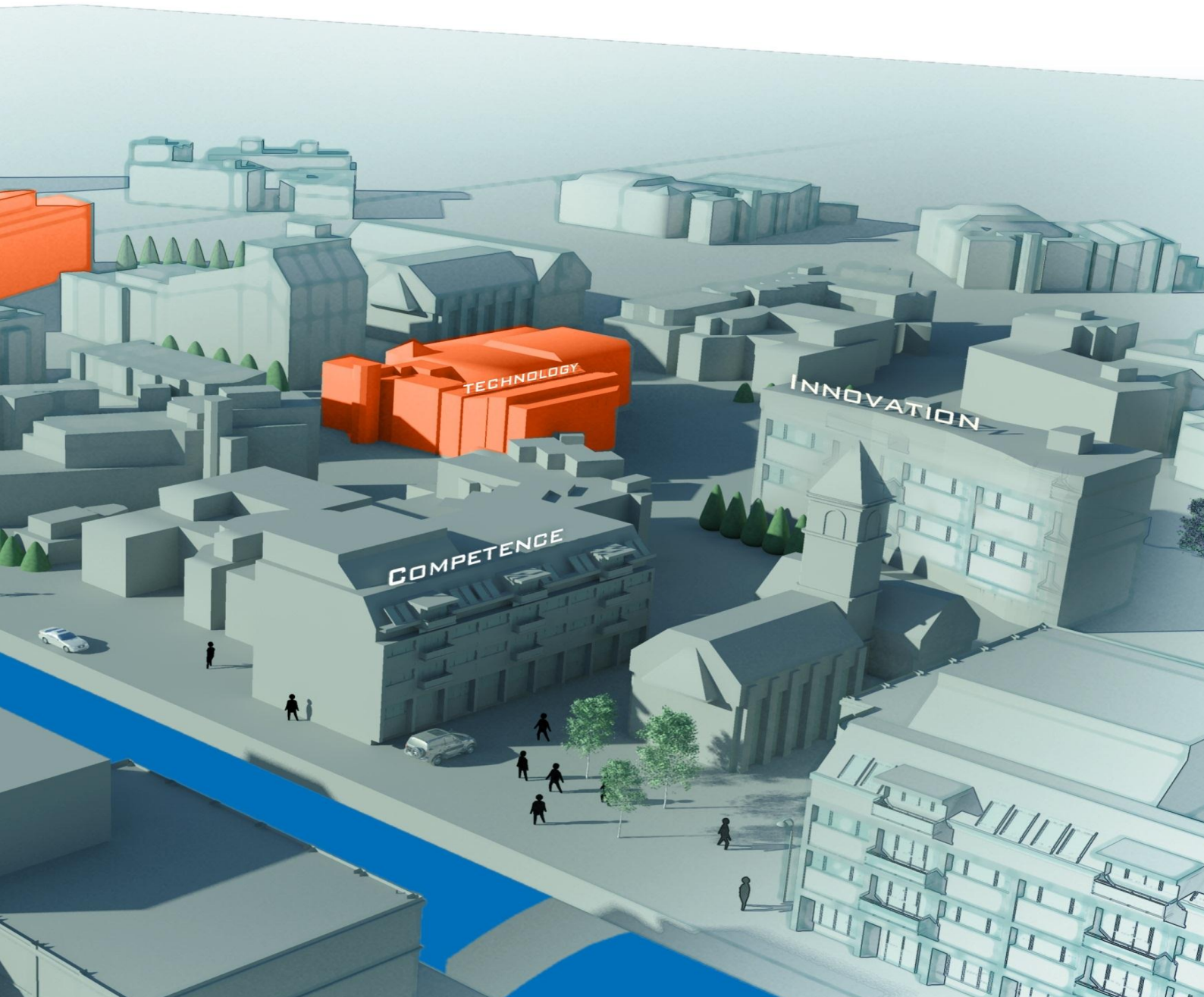




BLOM
IMAGING THE WORLD

**REPORT FOR
3RD QUARTER 2012**



Improved profitability in continued challenging market

The company's revenues and earnings in the 3rd quarter were somewhat better than the previous year. Macroeconomic turmoil in Southern Europe and challenging weather conditions in Scandinavia has marked the revenues and earnings for the period. The profit-enhancing measures implemented have compensated for this to some extent. All the regions except Southern Europe have achieved revenue growth and improved profitability.

The company reported revenues of NOK 120 million for the 3rd quarter, compared with NOK 112 million for the same quarter in 2011. EBITDA for the quarter was NOK 6 million, compared with NOK 1 million for the corresponding quarter in 2011. This corresponds to an EBITDA margin of 5.1 per cent, compared with 0.5 per cent for the 3rd quarter of 2011. The operating profit for the quarter was NOK -8 million, compared with NOK -15 million for the same period in 2011.

Results

IFRS (Amounts in NOK 1000)	3 rd quarter		As at 30 September	
	2012	2011	2012	2011
Operating revenues	119,637	111,802	354,123	330,912
EBITDA	6,128	591	17,659	5,327
EBIT	-7,911	-14,784	-24,802	-38,814
EBT	-15,146	-25,111	-54,226	-72,873

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 measures:

To improve the company's profitability under the prevailing market conditions, Blom has focused on market niches in which the company have competitive advantages, 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 third quarter. The company has been organised into five geographic market regions: Nordic, Mid-Europe, Southern Europe, Eastern Europe and Iberia & Latin America.

The company's revenues and profitability improved in the 3rd 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 by NOK 6 million and NOK 2 million, respectively. All the regions except Southern Europe have achieved revenue growth and improved profitability, which is a result of changing the company's focus to market niches in which the company have competitive advantages and the aforementioned cost-rationalisation measures.

In Southern Europe the macroeconomic conditions have entailed the loss or postponement of orders, which has eroded the profitability. There has been a temporary significant decline in the public tendering processes during the quarter, and there is uncertainty associated with the timing of new government tendering processes.

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.

A lasting shift in the awarding of new contracts will have a negative impact on the company's results and liquidity situation, and it will thus make additional compensatory measures necessary.

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 a customization of the product range.



Finance and accounts

3rd QUARTER 2012

Operating revenues from the segments in the 3rd quarter:

Operating revenues	3 rd Qtr. 2012	3 rd Qtr. 2011
Nordic	47,242	41,906
Mid-Europe	13,204	7,541
Southern Europe	27,459	40,569
Eastern Europe	18,842	12,838
Iberia & Latin America	12,891	8,949
Total	119,637	111,802

The company had a positive cash flow from operating activities of NOK 4 million in the 3rd quarter. Trade receivables declined NOK 21 million from the 2nd quarter to NOK 106 million, while work in progress increased to NOK 130 million, compared with NOK 123 million as at 30 June 2012.

In the 3rd quarter, the company made operational investments of NOK 6 million.

Net financial expenses totalled NOK 7 million in the quarter, and they were lower than the same period last year as a result of lower interest-bearing debt.

As at 3rd QUARTER 2012

Operating revenues from the segments in the 3rd quarter:

Operating revenues	As at 3 rd Qtr. 2012	As at 3 rd Qtr. 2011
Nordic	130,976	103,438
Mid-Europe	36,770	48,303
Southern Europe	92,796	111,526
Eastern Europe	61,092	30,989
Iberia & Latin America	32,489	36,655
Total	354,123	330,912

In the 2nd quarter the company issued a new secured bond loan that matures on 23 February 2013. The maximum amount for the new bond loan was NOK 30 million, NOK 21.3 million of which was subscribed for immediately. The remaining NOK 8.7 million was subscribed for in October 2012. The interest rate is 15 per cent p.a.

The equity ratio was 17.3 per cent, compared with -33.1 per cent at the end of the year, and cash and cash equivalents declined by NOK 24 million to NOK 47 million during the period.

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 September 2012, there were a total of 367 employees in the operative companies, while there was a total of 327 employees at the production facilities in Indonesia and Eastern Europe. The group has a total of 694 employees, a reduction of 181 since the start of the year.

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 September 2012 was 3,123, and foreign shareholders accounted for 27.5 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.

Johnny Andersson was elected as a new member of the Board at the company's Extraordinary General Meeting on 11 July 2012. Andersson is the Group General Counsel and a member of the corporate management of the Hexagon Group, which has a 25 per cent ownership interest in Blom ASA. None of the other board members were up for election.



Outlook

It looks like the macroeconomic turmoil will continue in several of the regions where the company operates, which will have an impact on the company's profitability and liquidity. During this year and last year Blom has reduced its cost base significantly. Measures have been implemented, and additional measures will be implemented to improve the company's profitability.

Oslo, 24 October 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

3 rd quarter			(NOK 1000)		
2012	2011		30/09/2012	30/09/2011	31/12/2011
119,637	111,802	Operating revenues	354,123	330,912	437,114
54,074	42,731	Cost of materials	149,301	115,770	168,492
45,163	51,631	Salaries and personnel costs	151,203	162,587	219,754
14,039	15,375	Depreciation and write-downs	42,461	44,141	181,803
14,272	16,849	Other operating and administrative costs	35,960	47,228	81,640
127,547	126,586	Operating expenses	378,924	369,726	651,689
-7,911	-14,784	Operating profit/loss	-24,802	-38,814	-214,575
0	94	Profit attributable to associates	0	-1,002	-19,434
-7,235	-10,421	Net financial items	-29,424	-33,057	-81,736
-15,146	-25,111	Pre-tax profit/loss	-54,226	-72,873	-315,745
1,974	4,067	Taxes	2,361	12,247	-35,507
-13,172	-21,044	Profit/loss from continuing business	-51,865	-60,626	-351,252
102	-296	Profit/loss from divested business	-332	-1,160	-9,923
-13,070	-21,340	Profit/loss after tax	-52,197	-61,786	-361,175
		Profit/loss attributable to:			
-13,056	-21,349	Shareholders	-52,197	-61,802	-361,175
-14	8	Minority interests	-30	16	0
-13,070	-21,341	Profit/loss after tax	-52,197	-61,786	-361,175
		Comprehensive profit/loss:			
-34	4,338	Currency translation differences	-1,377	584	79
-13,104	-17,003	Comprehensive profit/loss	-53,574	-61,202	-361,096
		Comprehensive income attributable to:			
-13,090	-17,011	Shareholders	-53,544	-61,218	-361,096
-14	8	Minority interests	-30	16	0
-13,104	-17,003	Comprehensive profit/loss	-53,574	-61,202	-361,096
		Earnings per share			
		From continuing business	-1.54	-0.24	-1.97
		From discontinued business	-0.01	0.00	-0.06
		From profit/loss	-1.55	-0.24	-2.03
		Diluted earnings per share	-1.51		

Balance Sheet – Blom Group

ASSETS

(Amounts in NOK 1000)

	30/09/2012	30/09/2011	31/12/2011
Patents, licences and similar rights	1,671	3,036	1,827
Deferred tax assets	7,686	54,161	4,430
Goodwill	0	126,382	0
Total intangible assets	9,356	183,579	6,257
Property, plant and equipment	144,843	155,070	155,686
Non-current receivables	5,787	23,439	5,144
Investments in associates	0	14,656	0
Total non-current asset investments	5,787	38,095	5,144
Total non-current assets	159,986	376,744	167,087
Inventories	2,751	2,998	2,935
Work in progress	130,563	200,752	96,490
Total inventories	133,314	203,750	99,425
Trade receivables	105,548	131,248	169,436
Other current receivables	24,919	46,484	32,386
Total receivables	130,467	177,732	201,822
Cash and cash equivalents	47,146	88,600	75,057
Assets classified as held for sale	0	0	43,388
Total current assets	310,927	470,082	419,692
TOTAL ASSETS	470,913	846,826	586,779

Balance Sheet – Blom Group

EQUITY AND LIABILITIES

(Amounts in NOK 1000)

	30/09/2012	30/09/2011	31/12/2011
Called-up and fully paid share capital:			
Share capital	16,849	25,465	25,465
Treasury shares	-110	-110	-110
Share premium reserve	482,214	168,997	167,847
Other reserves:			
Currency translation differences	-43,571	-42,282	-42,911
Retained earnings	-373,709	-44,750	-344,709
	81,673	107,320	-194,418
Minority interests	-20	42	10
Total equity	81,653	107,362	-194,408
Pension obligations	13,156	14,038	16,811
Non-current liabilities	96,866	375,139	384,589
Total non-current liabilities	110,022	389,177	401,400
Credit facilities	51,810	77,981	77,574
Other interest-bearing current liabilities	42,392	76,532	75,997
Total interest-bearing current liabilities	94,202	154,513	153,571
Trade payables	100,091	95,294	96,253
Unpaid government taxes	27,384	28,918	27,822
Other current liabilities	57,561	71,562	78,934
Total other current liabilities	185,036	195,774	203,009
Liabilities classified as held-for-sale	0	0	23,206
Total current liabilities	279,239	350,287	379,786
TOTAL EQUITY AND LIABILITIES	470,914	846,826	586,779

Change in equity from 1 January to 30 September

	2012	2011
Equity as at 31 December	-194,408	107,853
Profit/loss for the period	-52,197	-61,786
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	39,416
Other change in equity due to conversion	-309	0
Foreign exchange losses/gains from translation of foreign subsidiaries	-1,377	584
Equity	81,653	107,362

Cash Flow Statement – Blom Group

Indirect model (Amounts in NOK 1000)

3 rd quarter			As at 30 September	
2012	2011		2012	2011
CASH FLOW FROM OPERATING ACTIVITIES				
-15,146	-25,111		-54,226	-72,873
14,039	15,375	+	42,461	44,141
20,724	-12,635	+/-	63,888	33,086
-7,346	4,560	+/-	-33,889	-48,712
-2,442	1,401	+/-	3,838	2,913
-5,402	5,822	+/-	-17,032	-27,863
4,427	-10,588	A =	5,040	-69,308
CASH FLOW FROM INVESTMENT ACTIVITIES				
-9,692	-11,956	-	-28,918	-41,178
184	0	-	20,111	0
-9,508	-11,956	B =	-8,807	-41,178
CASH FLOW FROM FINANCING ACTIVITIES				
-7,780	-10,695	+/-	-808	24,648
-11,613	6,958	+/-	-23,337	22,103
0	0	+	0	56,447
-19,393	-3,737	C =	-24,145	103,198
-24,473	-26,281		-27,911	-7,288
71,618	114,881	+	75,057	95,888
47,146	88,600	=	47,146	88,600
		A+B+C Net change in cash and cash equivalents		
		Cash and cash equivalents		
		Cash and cash equivalents		

Segments – Blom Group

(Amounts in NOK 1000)

Operating revenues	30/09/2012	30/09/2011	As at 30/09/2012	As at 30/09/2011
Nordic	47,242	41,906	130,976	103,438
Mid-Europe	13,204	7,541	36,770	48,303
Southern Europe	27,459	40,569	92,796	111,526
Eastern Europe	18,842	12,838	61,092	30,989
Iberia & Latin America	12,891	8,949	32,489	36,655
Total	119,637	111,802	354,123	330,912

EBITDA	30/09/2012	30/09/2011	As at 30/09/2012	As at 30/09/2011
Nordic	14,072	11,297	25,455	22,990
Mid-Europe	1,328	-5,773	2,478	-5,053
Southern Europe	-2,313	6,964	2,454	17,645
Eastern Europe	285	-2,967	5,648	-10,084
Iberia & Latin America	45	-3,268	-1,501	1,731
Other segments / unallocated	-7,289	-5,662	-16,875	-21,903
Total	6,128	591	17,659	5,327

EBIT	30/09/2012	30/09/2011	As at 30/09/2012	As at 30/09/2011
Nordic	8,169	3,997	9,271	4,780
Mid-Europe	-366	-7,105	-2,680	-9,044
Southern Europe	-6,091	2,134	-9,062	3,959
Eastern Europe	-1,103	-4,468	1,466	-13,878
Iberia & Latin America	-2,090	-5,222	-7,722	-4,187
Other segments / unallocated	-6,430	-4,121	-16,076	-20,445
Total	-7,911	-14,784	-24,802	-38,814

Assets	30/09/2012	30/09/2011	As at 30/09/2012	As at 30/09/2011
Nordic	124,557	159,458	124,557	159,458
Mid-Europe	28,367	37,905	28,367	37,905
Southern Europe	142,615	262,466	142,615	262,466
Eastern Europe	36,190	56,561	36,190	56,561
Iberia & Latin America	42,205	55,280	42,205	55,280
Other segments / unallocated	96,979	275,156	96,979	275,156
Total	470,913	846,826	470,913	846,826

Investments	30/09/2012	30/09/2011	As at 30/09/2012	As at 30/09/2011
Nordic	3,927	11,573	15,939	25,402
Mid-Europe	532	2,664	3,337	4,922
Southern Europe	649	3,187	6,004	8,077
Eastern Europe	55	474	834	7,804
Iberia & Latin America	1,088	1,292	3,479	4,462
Total	6,251	19,189	29,593	50,667

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

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