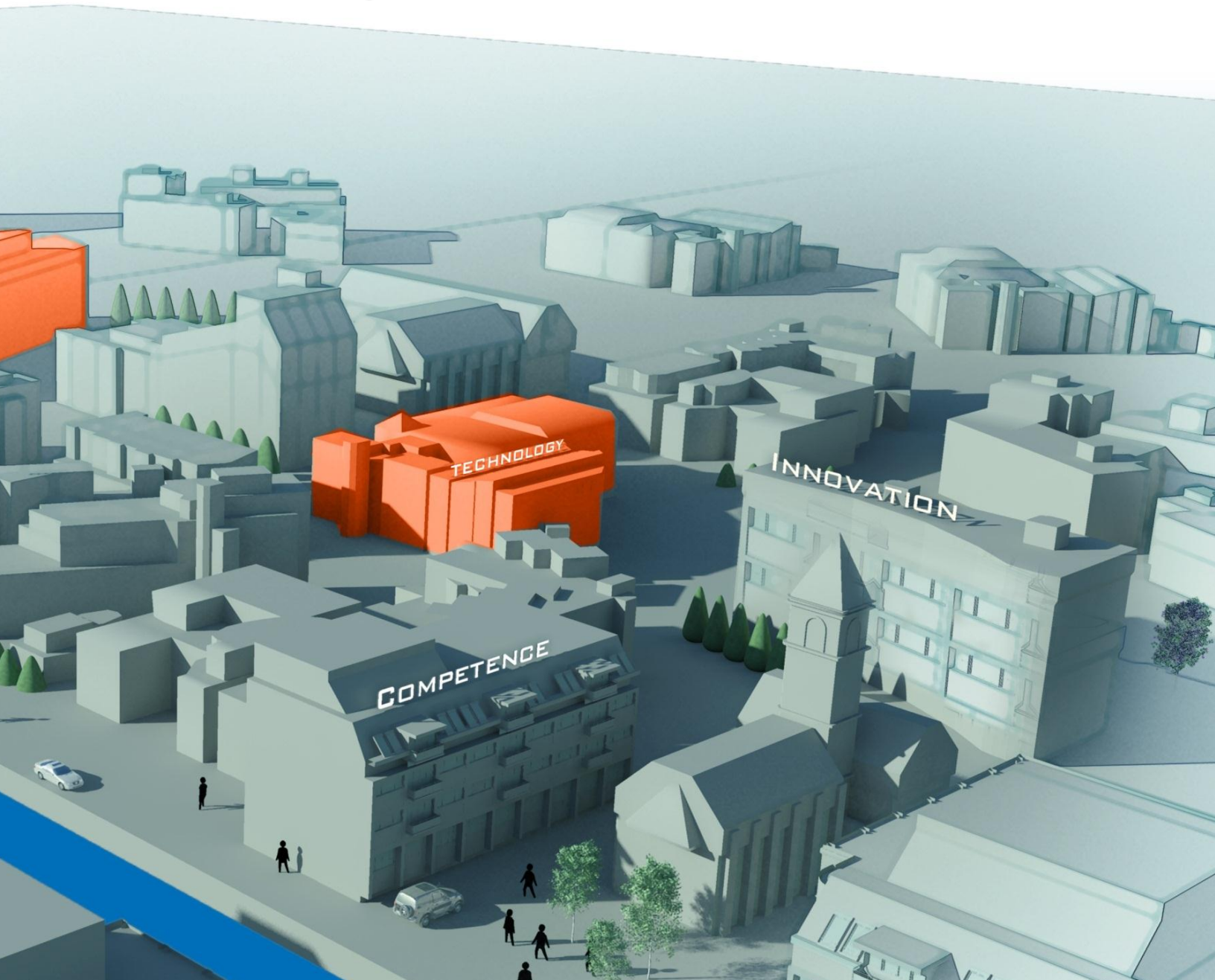




BLOM
IMAGING THE WORLD

REPORT FOR
2nd QUARTER AND 1st HALF OF 2012



Positive operating margins in a continued challenging market

The company's revenues and profitability were equivalent with last year in the 2nd quarter. The two first quarters of the year have also been marked by continued macroeconomic unrest in many of the markets in which Blom operates. Public sector customers, particularly in certain southern and central European countries, also showed a significant decline in demand in the first two quarters of the year. The profit-enhancing measures implemented have to some extent compensated for a continued challenging market situation.

The company recognized revenues of NOK 140 million for the 2nd quarter, compared with NOK 138 million for the same quarter in 2011. EBITDA for the quarter was NOK 22 million, compared with NOK 21 million for the corresponding quarter in 2011. This corresponds to an EBITDA margin of 15.8 per cent, compared with 15.5 per cent for the 2nd quarter of 2011. The operating profit for the quarter was NOK 7.5 million, compared with NOK 6.5 million for the same period in 2011.

Revenues for the 1st half year totalled NOK 234 million, compared with NOK 219 million for the same period in 2011. EBITDA for the 1st half year was NOK 12 million, compared with NOK 5 million for the corresponding period in 2011. This corresponds to an EBITDA margin of 4.9 per cent, compared with 2.2 per cent in the 1st half of 2011. The operating loss for the 1st half year was NOK 17 million, compared with a loss of NOK 24 million for the same period in 2011.

Results

IFRS (Amounts in NOK 1000)	2 nd quarter		First half year	
	2012	<u>2011</u>	2012	<u>2011</u>
Operating revenues	139,681	138,351	234,486	219,110
EBITDA	22,063	21,425	11,531	4,736
EBIT	7,487	6,527	-16,891	-24,030
EBT	-201	-5,238	-39,080	-47,762

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:

The company has continued its efforts to implement a more market-oriented organisational structure in the second quarter. 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 second quarter. The company is organised in five geographic market regions: Nordic, Mid-Europe, Southern Europe, Eastern Europe and Iberia & Latin America.

The company's revenues and profitability were equivalent with last year in the 1st half year. Nordic and Eastern Europe have achieved revenue growth and improved profitability, which is primarily the result of the new focus on market niches in which the company has a competitive advantage and reinforcement of the organisation's personnel in these regions.

In the remaining three regions the macroeconomic conditions have resulted in loss or postponement of orders, which has eroded the profitability. The restructuring measures that have been implemented and a greater influx of new orders are expected to improve the situation in these three regions in the 2nd half year.

The general demand for the company's products seems to have stabilized. Blom is focusing on the development of products and services to increase the creation of value for its customers. During this period the company has renegotiated its agreement with Microsoft, the company's most important and largest customer for the past six years. Blom will focus on the further development of existing and new customer relationships based on an expanded range of products.



Finance and accounts

2nd QUARTER 2012

Operating revenues from the segments in the 2nd quarter:

Operating Revenues	2Q 2012	2Q 2011
Nordic	64,050	45,152
Mid-Europe	12,052	24,026
Southern Europe	33,110	43,104
Eastern Europe	21,125	10,283
Iberia & LatAm	9,344	15,786
Total	139,681	138,351

The company had a positive cash flow from operating activities of NOK 9 million in the 2nd quarter, which is primarily attributable to increased capacity utilisation and the associated margin improvement from the first to the second quarter. Trade receivables was reduced with NOK 3 million from the 1st quarter to NOK 126 million, while work in progress was NOK 123 million compared with NOK 109 million as at 30 March 2012 as a result of the higher level of activity.

In the 2nd quarter the company made operational investments of NOK 13 million.


Net financial expenses totalled NOK 8 million in the quarter.

FIRST HALF YEAR OF 2012

Operating revenues from the segments in the first half year:

Operating Revenues	Per 2Q 2012	Per 2Q 2011
Nordic	83,735	61,532
Mid-Europe	23,566	40,763
Southern Europe	65,337	70,958
Eastern Europe	42,250	18,151
Iberia & LatAm	19,598	27,706
Total	234,486	219,110

The cash flow from operating activities was positive at NOK 1 million in the 1st half year, compared with negative at NOK 59 million for the same period last year. Trade receivables were reduced by NOK 43 million in the first half year from NOK 169 million to NOK 126 million, while work in progress was NOK 123 million, compared with NOK 96 million at the start of the year. The cash flow improvement in the 1st half of 2012



compared with the 1st half of 2011 is attributed primarily to a lower build-up of work in progress and to some extent improved margins.

In the first half year operational investments have been reduced from NOK 31 million in 2011 to NOK 23 million in the current year. Net financial expenses in the first half year totalled NOK 22 million, compared with NOK 23 million for the first half of 2011.

After a dialogue with the bondholders for the company's bond loan, the conversion of NOK 312 million in debt to equity was adopted on 25 April 2012 by the company's General Meeting. Conversion of the bond loan took place in the form of a capital increase, where the bonds and the accrued interest were used to subscribe for shares. The company did thus not receive any injection of cash, but the balance sheet was considerably improved by converting the debt to equity.

NOK 35 million of the 2009 bond loan was replaced by a new convertible bond loan with a nominal value of NOK 10,729,762. The new convertible bond loan will have a term of five years and an interest rate of 2.0 per cent p.a. Bonds in the convertible bond issue can be converted to shares during the two first years of the term of the loan at a subscription price equal to 120 per cent of the volume-weighted average price two days following the Extraordinary General Meeting.

On 24 April 2012 an amendment agreement was entered into with the bondholders that extended the term of the company's NOK 50 million bond loan ("FRN Blom ASA Senior Bond Issue 2011/2012") by three years, and the interest rate was changed from NIBOR +11 per cent to NIBOR + 5.5 per cent.

In the 2nd quarter the company decided to issue a new secured bond loan that matures on 8 February 2013. The maximum amount for the new bond loan is NOK 30 million, and just over NOK 20 million has already been subscribed for. The interest rate is 15 per cent p.a.

As a result of the debt conversion and lower interest rate for the remaining bond debt, the company's interest expenses will be significantly lower.

The equity ratio was 18.7 per cent, compared with -33.13 per cent at the start of the year, and cash and cash equivalents declined by NOK 3 million to NOK 72 million in the first half year.

Risk

The financial risks are presented in more detail in the annual report for 2011. 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 many 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 consequence of these continued weak economic conditions in several European countries.

The amount of capital tied up in work in progress and trade receivables has overall been reduced in 2012, compared with the same period in 2011. Capital tied up in work in progress and trade receivables are determined by the credit terms Blom contractually offers to its customers. Blom continues to focus a great deal on reducing the amount of capital tied up in the future. Blom is also generally exposed 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 prevailing conditions. 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 significant valuation items for Blom are deferred tax assets, recognition of income from projects, and provisions for receivables. The estimates and discretionary assessments are discussed in more detail in the annual report for 2011.

Events after the date of the balance sheet

On 11 July the Extraordinary General Meeting of Blom elected Johnny Andersson as a new member of the company's Board. Andersson is the Group General Counsel and 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.

Organisation and personnel

During this period the company has adjusted 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 2012 there were a total of 373 employees in the operative companies, while there was a total of 403 employees at the production facilities in Indonesia and Eastern Europe. The group has a total of 776 employees, a reduction of 99 since the start of the year.



Shareholder matters

On 25 April 2012 the Extraordinary General Meeting of Blom approved a combination of the shares, so that 100 shares with a nominal value NOK 0,10 were combined into one share with a nominal value of NOK 10.00. The General Meeting subsequently resolved to reduce the company's share capital by NOK 24,191,484 by reducing the nominal value of the company's shares from NOK 10.00 to NOK 0.50.

The General Meeting also adopted the conversion of NOK 312 million in debt into equity. The subscription price was NOK 10.00 per share for each share with a nominal value of NOK 0.50. This measure had a positive impact on the company's balance sheet by greatly reducing the debt burden, at the same time as the company's equity was strengthened as required. Conversion of the bond loan took place in the form of a capital increase, in which the bonds and the accrued interest will be used to subscribe for shares. The company did thus not receive any injection of cash, but the balance sheet was improved by converting the debt to equity.

NOK 35 million of the 2009 bond loan was replaced by a new convertible bond loan with a nominal value of NOK 10,729,762. Bonds in the convertible bond issue can be converted to shares during the two first years of the term of the loan at a subscription price equal to 120 per cent of the volume-weighted average price two days following the Extraordinary General Meeting.

The company's share capital after the combination of shares, write-down and conversion totals NOK 16,848,862.50, divided into 33,697,725 shares, each with a nominal value of NOK 0.50.

The total number of shareholders as at 30 June 2012 was 3,188, and foreign shareholders accounted for 27.2 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.

In May Board Chairman Gunnar Hirsti and Board Member Hege Skryseth announced that they wished to resign from the Board. On 31 May 2012 the General Meeting of Blom elected Siv Sandvik as a new board member and Tom H. Knoff as the chairman.



Outlook

Blom reduced its cost base significantly in 2011 and has also implemented additional cost-rationalisation measures in 2012. The order backlog is satisfactory. The Board finds that the company has an acceptable foundation for continuing operations. Completed and the planned additional measures should provide revenue growth and improved profitability.

Statement by Board of Directors and Managing Director

To the best of our judgment, we declare that the half-year accounts for the period from 1 January to 30 June 2011 have been prepared in accordance with IAS 34 – Interim Reporting, and that the information in the accounts fairly reflects the group’s assets, liabilities, financial position and results as a whole. We also declare to the best of our judgment that the half-year report provides a fair summary of important events during the accounting period and their influence on the half-year accounts, the most important risk and uncertainty factors the operations will face in the coming accounting period, as well as any significant transactions with close associates.

Oslo, 15 August 2012

Tom H. Knoff

Chairman of the Board

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

2 nd quarter			(NOK 1000)		
2012	2011		30/06/2012	30/06/2011	31/12/2011
<u>139,681</u>	<u>138,351</u>	Operating revenues	<u>234,486</u>	<u>219,110</u>	<u>437,114</u>
56,874	46,160	Cost of materials	95,227	73,039	168,492
54,372	54,858	Salaries and personnel costs	106,040	110,956	219,754
14,576	14,898	Depreciation and write-downs	28,422	28,766	181,803
<u>6,372</u>	<u>15,908</u>	Other operating and administrative costs	<u>21,688</u>	<u>30,379</u>	<u>81,640</u>
<u>132,195</u>	<u>131,824</u>	Operating expenses	<u>251,378</u>	<u>243,140</u>	<u>651,689</u>
<u>7,487</u>	<u>6,527</u>	Operating profit/loss	<u>-16,891</u>	<u>-24,030</u>	<u>-214,575</u>
<u>0</u>	<u>78</u>	Profit attributable to associates	<u>0</u>	<u>-1,096</u>	<u>-19,434</u>
<u>-7,688</u>	<u>-11,843</u>	Net financial items	<u>-22,189</u>	<u>-22,636</u>	<u>-81,736</u>
<u>-201</u>	<u>-5,238</u>	Pre-tax profit/loss	<u>-39,080</u>	<u>-47,762</u>	<u>-315,745</u>
<u>230</u>	<u>1,989</u>	Taxes	<u>387</u>	<u>8,180</u>	<u>-35,507</u>
<u>29</u>	<u>-3,249</u>	Profit/loss from continuing business	<u>-38,693</u>	<u>-39,582</u>	<u>-351,252</u>
<u>0</u>	<u>1,500</u>	Profit/loss from divested business	<u>-434</u>	<u>-863</u>	<u>-9,923</u>
<u>29</u>	<u>-1,749</u>	Profit/loss after tax	<u>-39,127</u>	<u>-40,445</u>	<u>-361,175</u>
		Profit/loss attributable to:			
51	-1,739	Shareholders	-39,111	-40,453	-361,175
-22	-10	Minority interests	-16	8	0
<u>29</u>	<u>-1,749</u>	Profit/loss after tax	<u>-39,127</u>	<u>-40,445</u>	<u>-361,175</u>
<u>-797</u>	<u>-3,774</u>	Currency translation differences	<u>-1,343</u>	<u>-3,754</u>	<u>79</u>
<u>-768</u>	<u>-5,523</u>	Comprehensive profit/loss	<u>-40,470</u>	<u>-44,199</u>	<u>-361,096</u>
		Comprehensive income attributable to:			
-746	-5,531	Shareholders	-40,454	-44,207	-361,096
-22	-10	Minority interests	-16	8	0
<u>-768</u>	<u>-5,541</u>	Comprehensive profit/loss	<u>-40,470</u>	<u>-44,199</u>	<u>-361,096</u>
		Earnings per share:			
		From continuing business	-1.15	-0.16	-1.97
		From discontinued business	-0.01	0.00	-0.06
		From profit/loss for the year	-1.16	-0.16	-2.03
		Diluted earnings per share	-1.13		

Balance Sheet – Blom Group

ASSETS

(Amounts in NOK 1000)

	30/06/2012	30/06/2011	31/12/2011
Patents, licences and similar rights	2,319	3,567	1,827
Deferred tax assets	5,625	51,040	4,430
Goodwill	0	124,988	0
Total intangible assets	7,944	179,594	6,257
Property, plant and equipment	147,655	147,370	155,686
Non-current receivables	4,851	23,007	5,144
Investments in associates	0	14,493	0
Total non-current asset investments	4,851	37,500	5,144
Total non-current assets	160,451	364,464	167,087
Inventories	2,756	2,770	2,935
Work in progress	123,212	205,540	96,490
Total inventories	125,968	208,310	99,425
Trade receivables	126,272	118,614	169,436
Other current receivables	25,122	43,978	32,386
Total receivables	151,394	162,591	201,822
Cash and cash equivalents	71,618	114,881	75,057
Assets classified as held for sale	0	0	43,388
Total current assets	348,980	485,783	419,692
TOTAL ASSETS	509,431	850,247	586,779

Balance Sheet – Blom Group

EQUITY AND LIABILITIES

(Amounts in NOK 1000)

	30/06/2012	30/06/2011	31/12/2011
<i>Called-up and fully paid share capital:</i>			
Share capital	16,849	25,465	25,465
Treasury shares	-110	-110	-110
Share premium reserve	482,472	168,997	167,847
<i>Other reserves:</i>			
Currency translation differences	-44,254	-46,566	-42,911
Retained earnings	-359,939	-23,409	-344,709
	95,019	124,377	-194,418
Minority interests	-6	34	10
Total equity	95,013	124,411	-194,408
Pension obligations	15,374	18,298	16,811
Non-current liabilities	101,239	51,903	384,589
Total non-current liabilities	116,613	70,201	401,400
Credit facilities	63,841	70,378	77,574
Other interest-bearing current liabilities	45,451	395,257	75,997
Total interest-bearing current liabilities	109,293	465,635	153,571
Trade payables	102,533	93,894	96,253
Unpaid government taxes	31,598	24,016	27,822
Other current liabilities	54,381	72,091	78,934
Total other current liabilities	188,512	190,000	203,009
Liabilities classified as held-for-sale	0	0	23,206
Total current liabilities	297,805	655,636	379,786
TOTAL EQUITY AND LIABILITIES	509,431	850,247	586,779

Change in equity from 1 January to 30 June

	2012	2011
Equity as at 31 December	-194,408	107,853
Profit/loss for the period	-39,127	-40,445
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	314,625	39,462
Other change in equity due to conversion	-309	0
Foreign exchange losses/gains from translation of foreign subsidiaries	-1,343	-3,754
Equity	95,013	124,411

Cash Flow Statement – Blom Group

Indirect model (Amounts in whole NOK 1000)

2 nd quarter			As at 30 June	
2012	2011		2012	2011
CASH FLOW FROM OPERATING ACTIVITIES				
-201	-5,238		-39,080	-47,762
		Pre-tax profit/loss		
14,576	14,898	+	28,422	28,766
		Depreciation and amortisation of property, plant and equipment		
3,176	2,980	+/-	43,164	45,721
		Change in trade receivables		
-				
14,451	-43,433	+/-	-26,543	-53,272
		Change in inventories and work in progress		
6,846	15,746	+/-	6,280	1,512
		Change in supplier debt		
-985	-19,202	+/-	-11,629	-33,683
		Change in other accruals and unrealised foreign exchange		
<u>8,960</u>	<u>-34,250</u>	A =	<u>613</u>	<u>-58,719</u>
		Net cash flow from operating activities		
CASH FLOW FROM INVESTMENT ACTIVITIES				
-9,853	-20,716	-	-19,226	-29,222
		Purchases of property, plant and equipment		
<u>0</u>	<u>0</u>	-	<u>19,927</u>	<u>0</u>
		Receipts from sale of shares and other investments		
<u>-9,853</u>	<u>-20,716</u>	B =	<u>701</u>	<u>-29,222</u>
		Net cash flow from investment activities		
CASH FLOW FROM FINANCING ACTIVITIES				
13,338	30,768	+/-	6,972	35,343
		Net change in long-term liabilities		
-7,579	-3,686	+/-	-11,724	15,145
		Net change in overdraft facilities		
<u>0</u>	<u>56,447</u>	+	<u>0</u>	<u>56,447</u>
		Net receipt of equity capital		
<u>5,759</u>	<u>83,529</u>	C =	<u>-4,752</u>	<u>106,935</u>
		Net cash flow from financing activities		
4,865	28,562		-3,439	18,993
		A+B+C Net change in cash and cash equivalents		
<u>66,752</u>	<u>86,319</u>	+	<u>75,057</u>	<u>95,888</u>
		Cash and cash equivalents		
<u>71,618</u>	<u>114,881</u>	=	<u>71,618</u>	<u>114,881</u>
		Cash and cash equivalents		

Segments – Blom Group

(Amounts in NOK 1000)

Operating revenues	30/06/2012	30/06/2011	As at 30/06/2012	As at 30/06/2011
Nordic	64,050	45,152	83,735	61,532
Mid-Europe	12,052	24,026	23,566	40,763
Southern Europe	33,110	43,104	65,337	70,958
Eastern Europe	21,125	10,283	42,250	18,151
Iberia & Latin America	9,344	15,786	19,598	27,706
Total	139,681	138,351	234,486	219,110
EBITDA	30/06/2012	30/06/2011	As at 30/06/2012	As at 30/06/2011
Nordic	18,028	16,523	11,382	11,693
Mid-Europe	2,234	678	1,150	720
Southern Europe	2,243	10,312	4,767	10,681
Eastern Europe	2,949	-3,524	5,363	-7,116
Iberia & Latin America	-1,345	4,950	-1,546	4,999
Other segments / unallocated	-2,045	-7,514	-9,586	-16,241
Total	22,063	21,425	11,531	4,736
EBIT	30/06/2012	30/06/2011	As at 30/06/2012	As at 30/06/2011
Nordic	12,815	10,866	1,102	784
Mid-Europe	441	-634	-2,314	-1,940
Southern Europe	-1,823	5,603	-2,970	1,825
Eastern Europe	1,518	-4,778	2,569	-9,410
Iberia & Latin America	-3,389	2,957	-5,631	1,035
Other segments / unallocated	-2,075	-7,487	-9,646	-16,324
Total	7,487	6,527	-16,891	-24,030
Assets	30/06/2012	30/06/2011	As at 30/06/2012	As at 30/06/2011
Nordic	116,091	134,434	116,091	134,434
Mid-Europe	28,628	39,600	28,628	39,600
Southern Europe	162,532	265,555	162,532	265,555
Eastern Europe	49,681	65,766	49,681	65,766
Iberia & Latin America	43,719	60,576	43,719	60,576
Other segments / unallocated	108,780	284,316	108,780	284,316
Total	509,431	850,247	509,431	850,247
Investments	30/06/2012	30/06/2011	As at 30/06/2012	As at 30/06/2011
Nordic	4,492	10,699	9,560	13,829
Mid-Europe	1,627	1,670	2,805	2,258
Southern Europe	4,500	3,520	7,807	4,891
Eastern Europe	1,143	5,784	2,391	7,331
Iberia & Latin America	744	1,768	779	3,170
Total	12,507	23,440	23,343	31,478

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

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