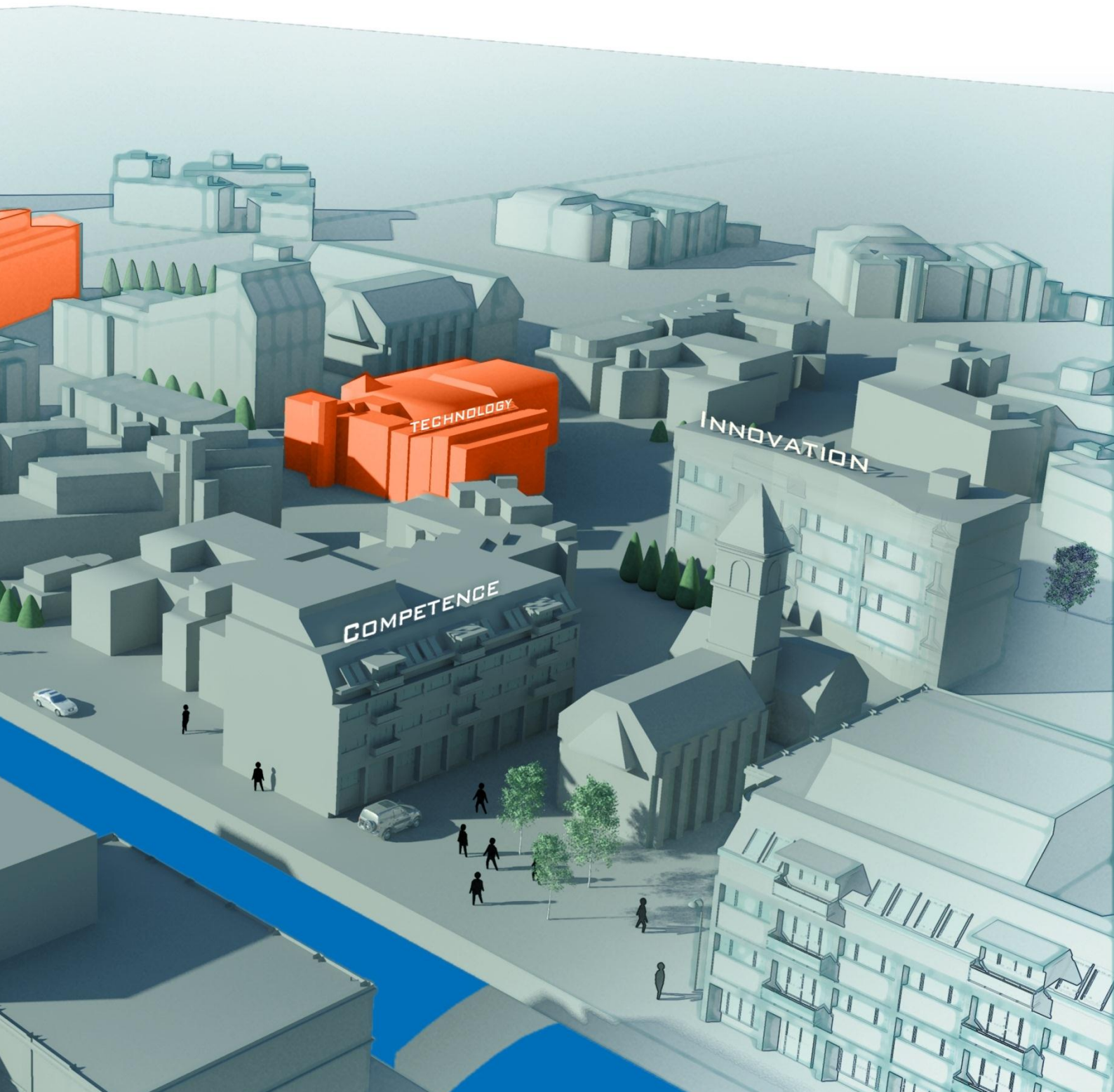




Report for 1st quarter 2012



Financial restructuring

The company has had an on-going dialogue with a majority of the key bondholders for the company's bond loan with a view to strengthening the company's capital structure through increasing its equity. The bondholders converted debt of NOK 312 million to equity in May 2012 and contributed to re-establishing a healthy balance sheet for the company and securing adequate liquidity which contributes to create a basis for re-gained revenue growth and improved margins.

The first quarter of the year has 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, showed a significant decline in demand.

The introduction of a new market-oriented organisational structure for the group in 2011 has contributed to revenue growth. At the same time, as a result of the continuation and intensification of the measures that the company implemented last year to reduce the cost base, the margins improved during the quarter. Since the first quarter has a relatively low revenue volume due to seasonal fluctuations, the EBITDA for the quarter is negative.

The company posted revenues of NOK 95 million for the 1st quarter, compared with NOK 81 million for the same quarter in 2011. EBITDA for the quarter was NOK -11 million, compared with NOK -17 million for the corresponding quarter in 2011. This corresponds to an EBITDA margin of -11.1 per cent, compared with -20.7 per cent for the 1st quarter of 2011. The operating profit for the quarter was NOK -24 million, compared with NOK -31 million for the same period in 2011. The pre-tax profit was NOK -39 million, compared with NOK -42 million for the corresponding period in 2011.

Results

(Amounts in NOK 1000)	<u>1st qtr. 2012</u>	<u>1st qtr. 2011</u>	<u>31/12/2011</u>
Operating revenues	94,805	80,759	437,114
EBITDA	-10,532	-16,689	-32,772
EBIT	-24,378	-30,557	-214,575
EBT	-38,879	-42,524	-315,745

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

During the quarter the company has continued to implement a more market-oriented organisational structure for the group. 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. With regard to personnel, the sales and marketing organisation has been strengthened qualitatively, significantly in some cases, throughout the year. The reorganisation entails division into five geographic regions and further division of each region into five market segments.

The company's reportable segments are now divided into five geographic regions:

- Nordic
- Mid-Europe
- Southern Europe
- Eastern Europe
- Iberia & Latin America

In each geographic region Blom focuses on the following main market segments:

- Defence & Security
- Resources & Environment
- Government & Public Administration
- Utilities & Infrastructure
- Web & Mobile Solutions

The new organisation will gradually improve cooperation and the coordination of activities within the group, which is expected to result in positive synergy effects on the cost and revenue side.

Structural measures

In February 2012 Blom completed the sale of its Danish subsidiary BlomInfo A/S to the Danish engineering and consulting firm NIRAS A/S. Blom received consideration of DKK 19.4 million for shares in and financing related to BlomInfo A/S. After completion of the transaction, Blom may receive a maximum of DKK 4.5 million as compensation for the working capital in BlomInfo A/S.

The transaction reduced the financing requirements and increased Blom's liquidity reserves, at the same time as it reduces the operational and credit risks in geographic areas that has had demonstrated to be challenging.



Finance and accounts

The company posted revenues of NOK 95 million for the 1st quarter, compared with NOK 81 million for the same quarter in 2011. EBITDA for the quarter was NOK -11 million, compared with NOK -17 million for the corresponding quarter in 2011. The accounts have been adjusted for the sale of Blom's subsidiary in Denmark in February 2012. Higher revenue in the first quarter of the year in combination with the cost reductions implemented contributed to an improvement of the EBITDA for the quarter. Net financial expenses totalled NOK 15 million for the quarter.

The company had a negative cash flow from operational activities of NOK 8 million in the 1st quarter. Trade receivables have been reduced by NOK 40 million from the start of the year to NOK 129 million at end of first quarter, while work in progress was NOK 109 million, compared with NOK 96 million as at 31 December 2011.

In the first quarter the company made operational investments of NOK 11 million.

The equity ratio was -46.6 per cent, compared with 33.1 per cent at the end of 2011, and cash and cash equivalents declined by NOK 8 million to NOK 67 million during the period.

As of 1 January 2012 the company has adapted its reporting structure to the changes in the operational reorganisation that was carried out at the end of last year. 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 24 April 2012 (see below under "Events after the date of the balance sheet"). After the conversion and if the conversion of debt had been completed prior to 31 March 2012, respectively, the company would have positive equity of NOK 101 million with an equity ratio of 20.2 per cent. The company's interest expenses will be reduced significantly as a result of the conversion of debt.

Events after the date of the balance sheet

On 24 April 2012 an amendment agreement was entered into with the bondholders, which 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.

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 Bondholder Meeting adopted the conversion of debt on 24 April 2012, subject to the combination of shares and approval by the General Meeting, and the General Meeting of Blom approved the conversion of NOK 312 million in debt to equity on 25 April 2012. The subscription price for each share was NOK 10.00 per share with a nominal value of NOK 0.50. This measure had combined a positive impact on the



company's balance sheet as the debt was significantly reduced and the company's equity was strengthened. The conversion of the bond was executed in the form of a capital increase in which the bonds plus accrued interest was used as a payment for the shares. The company received accordingly no cash deposit, but the balance sheet was improved through the debt to equity conversion.

At the same Bondholder Meeting the exchange of NOK 35 million of the 2009 bond loan for a new convertible bond loan was approved. The bondholders who accepted the offer receive 0.31 of a convertible bond for each 2009 bond. The nominal value of the convertible bond loan is NOK 10,729,762. The new convertible bond loan will have a maturity of 5 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 after the Extraordinary General Meeting has been held.

Seasonally, spring is the time of the year when the company has the highest amount of working capital tied up, and this is consequently the period of the year when the company has the lowest level of liquidity. During this period the company has a low level of liquidity reserves for unforeseen events. As a result of this, the company is seeking to strengthen its liquidity reserves through raising a loan from the bondholders. On 24 April 2012 the bondholders granted approval to the company to raise short-term financing with a maximum limit of NOK 30 million, and most of this loan facility has already been subscribed for in advance.

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 31 March 2012 there were a total of 378 employees in the operative companies, while there were a total of 463 employees at the production facilities in Indonesia and Eastern Europe. The group has a total of 841 employees, a reduction of 34 since the start of the year.

Shareholder matters

The total number of shareholders as at 31 March 2012 was 3,168, and foreign shareholders own 5.9 per cent of the share capital. Blom owns a total of 1,100,000 of the company's own shares, which represents 0.43 per cent of the total number of outstanding shares.

Outlook

Blom reduced its cost base significantly in 2011 and has also implemented additional cost-rationalisation measures in 2012. The order backlog is satisfactory.

As a result of the increase in equity adopted on 25 April 2012 and through raising a new loan with a maximum limit of NOK 30 million, the company now has an acceptable foundation for continued operations, revenue growth and improved profitability.

Oslo, 30 May 2012

Gunnar Hirsti
Board Chairman

Per Kyllingstad
Board Member

Hege Skryseth
Board Member

Siv Staubo
Board Member

Dirk Blaauw
Managing Director

Consolidated Statement of Income – Blom Group

	(Amounts in NOK 1000)		
	31/03/2012	31/03/2011	31/12/2011
Operating revenues	94,805	80,759	437,114
Cost of materials	38,353	26,879	168,492
Salaries and personnel costs	51,668	56,098	219,754
Depreciation and write-downs	13,846	13,868	181,803
Other operating and administrative costs	15,316	14,471	81,640
Operating expenses	119,183	111,316	651,689
Operating profit/loss	-24,378	-30,557	-214,575
Profit attributable to associates	0	-1,174	-19,434
Net financial items	-14,501	-10,793	-81,736
Pre-tax profit/loss	-38,879	-42,524	-315,745
Taxes	157	6,191	-35,507
Profit/loss for year from continuing business	-38,722	-36,333	-351,252
Profit from divested business	-434	-2,363	-9,923
Profit/loss for the year	-39,156	-38,696	-361,175
Profit/loss attributable to:			
Shareholders	-39,162	-38,714	-361,175
Minority interests	6	18	0
Profit/loss after tax	-39,156	-38,696	-361,175
Total comprehensive income:			
Currency translation differences	-546	-38,658	79
Comprehensive profit/loss	-39,702	-38,658	-361,096
Comprehensive income attributable to:			
Shareholders	-39,708	-38,676	-361,096
Minority interests	6	18	0
Comprehensive profit/loss	-39,702	-38,658	-361,096
Earnings and diluted earnings per share			
From continuing business	-0.15	-0.89	-1.97
From discontinued business	0.00	-0.06	-0.06
From profit/loss for the year	-0.15	-0.95	-2.03

Balance Sheet – Blom Group

ASSETS

(Amounts in NOK 1000)

	31/03/2012	31/03/2011	31/12/2011
Patents, licences and similar rights	2,075	4,283	1,827
Deferred tax assets	4,811	45,187	4,430
Goodwill	0	126,080	0
Total intangible assets	6,887	175,550	6,257
Property, plant and equipment	151,574	137,472	155,686
Non-current receivables	5,452	23,061	5,144
Investments in associates	0	14,436	0
Total non-current asset investments	5,452	37,496	5,144
Total non-current assets	163,913	350,518	167,087
Inventories	2,647	2,629	2,935
Work in progress	108,870	162,248	96,490
Total inventories	111,517	164,877	99,425
Trade receivables	129,448	121,594	169,436
Other current receivables	30,950	45,489	32,386
Total receivables	160,398	167,083	201,822
Cash and cash equivalents	66,752	86,319	75,057
Assets classified as held for sale	0	0	43,388
Total current assets	338,667	418,279	419,692
TOTAL ASSETS	502,580	768,797	586,779

Balance Sheet – Blom Group

EQUITY AND LIABILITIES

(Amounts in NOK 1000)

	31/03/2012	31/03/2011	31/12/2011
<i>Called-up and fully paid share capital:</i>			
Share capital	25,465	4,170	25,465
Treasury shares	-110	-110	-110
Share premium reserve	167,847	129,581	167,847
<i>Other reserves:</i>			
Currency translation differences	-43,463	-42,812	-42,911
Retained earnings	-383,865	-21,660	-344,709
	-234,126	69,169	-194,418
Minority interests	16	26	10
Total equity	-234,110	69,195	-194,408
Pension obligations	14,934	18,116	16,811
Non-current liabilities	386,060	62,648	384,589
Total non-current liabilities	400,994	80,764	401,400
Credit facilities	71,938	74,279	77,574
Other interest-bearing current liabilities	74,804	339,136	75,997
Total interest-bearing current liabilities	146,743	413,415	153,571
Trade payables	95,687	78,147	96,253
Unpaid government taxes	25,541	26,618	27,822
Other current liabilities	67,726	100,659	78,934
Total other current liabilities	188,954	205,423	203,009
Liabilities classified as held-for-sale	0	0	23,206
Total current liabilities	335,697	618,838	379,786
TOTAL EQUITY AND LIABILITIES	502,580	768,797	586,779

Change in equity from 1 January to 31 March

	2012	2011
Equity as at 31 December	-194,408	107,853
Profit/loss for the period	-39,156	-38,696
Foreign exchange losses/gains from translation of foreign subsidiaries	-546	38
Equity	-234,110	69,195

Cash Flow Statement – Blom Group

Indirect model (Amounts in whole NOK 1000)

	1st quarter	
	2012	2011
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Pre-tax profit/loss	-38,879	-44,887
+ Depreciation and amortisation of property, plant and equipment	13,846	14,253
+/- Change in trade receivables	39,988	42,741
+/- Change in inventories and work in progress	-12,092	-9,839
+/- Change in supplier debt	-566	-14,234
+/- Change in other accruals and unrealised foreign exchange	-10,644	-12,503
A = Net cash flow from operational activities	<u>-8,348</u>	<u>-24,469</u>
CASH FLOW FROM INVESTMENT ACTIVITIES		
- Purchases of property, plant and equipment	-9,373	-8,506
- Receipts from sale of shares and other investments	19,927	0
B = Net cash flow from investment activities	<u>10,554</u>	<u>-8,506</u>
CASH FLOW FROM FINANCING ACTIVITIES		
+/- Net change in long-term liabilities	-6,366	4,575
+/- Net change in overdraft facilities	-4,145	18,831
C = Net cash flow from financing activities	<u>-10,511</u>	<u>23,406</u>
A+B+C Net change in cash and cash equivalents	-8,305	-9,569
+ Cash and cash equivalents	75,057	95,888
= Cash and cash equivalents	<u>66,752</u>	<u>86,319</u>

Segments – Blom Group

(Amounts in NOK 1000)

Operating result	31/03/2012			31/03/2011		
	Operating revenues	EBITDA	EBIT	Operating revenues	EBITDA	EBIT
Nordic	19,685	-6,645	-11,713	16,380	-4,830	-10,082
Mid-Europe	11,514	-1,083	-2,755	16,737	42	-1,306
Southern Europe	32,227	2,524	-1,147	27,854	369	-3,778
Eastern Europe	21,125	2,415	1,051	7,868	-3,592	-4,632
Iberia & LatAm	10,253	-201	-2,242	11,920	49	-1,922
Other segments/unallocated	0	-7,541	-7,572	0	-8,726	-8,837
Total	94,805	-10,532	-24 378	80,759	-16,689	-30,557

Assets and investments 1)	31/03/2012		31/03/2011	
	Assets	Investments	Assets	Investments
Nordic	94,353	5,068	117,718	3,130
Mid-Europe	33,145	1,178	29,931	588
Southern Europe	178,048	3,307	249,858	1,371
Eastern Europe	44,976	1,248	56,081	1,547
Iberia & LatAm	44,125	35	66,259	1,402
Other segments/unallocated	107,933	0	248,950	0
Total	502,580	10,836	768,797	8,038

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

Blom ASA
P.O. Box 34 Skøyen
N-0212 Oslo
Norway
Tel.: +47 22 13 19 20
Fax: +47 22 13 19 21
E-mail: blom.no@blomasa.com

Blom Sistemas Geoespaciales S.L.
C/ Zurbano 46
28010 Madrid, Spain
Tel.: +34 914 150 350
Fax: +34 9 310 49 14
E-mail: info.spain@blomasa.com

Blom CGR S.p.A.
Via Cremonese 35/A
43126 Parma
Italy
Tel.: +39 0521 994948
Fax: +39 0521 992803
E-mail: info.it@blomasa.com

Blom Kartta OY
Plasilanraitio 5
FI-00240 Helsinki
Finland
Tel.: +358 9 229 3060
Fax: +358 9 299 30657
E-mail: info.fi@blomasa.com

Blom Geomatics AS
P.O. Box 34 Skøyen
N-0212 Oslo
Norway
Tel: +47 23 25 45 00
Fax: +47 23 25 45 01
E-mail: info.no@blomasa.com

Blom Aerofilms Ltd.
Cheddar Business Park
Wedmore Road, BS27 3EB
UK
Tel.: +44 1934 311000
Fax: +44 1334 745825
E-mail: info.uk@blomasa.com

Blom Deutschland GmbH
Oskar-Frech-Strasse 15
73614 Schorndorf, Germany
Tel.: +49 7181 98021 0
Fax: +49 7181 98021 29
E-mail: info.de@blomasa.com

Blom Romania S.R.L.
Ion Heliade Radulescu Street, no 3-5
130010 Tagoviste
Romania
Tel.: +40(0)245 606 150
Fax: +40(0)245 210 852
E-mail: office@blominfo.ro

Blom Sweden AB
Klippan 1J
SE-414 51 Gothenburg
Sweden
Tel.: +46 317 045670
Fax: +46 317 049980
E-mail: info.se@blomasa.com