



Report for 3<sup>rd</sup> quarter 2011

## Challenging framework conditions and continuing cost reductions

---

In a number of countries where Blom operates, the macroeconomic conditions are still challenging, especially in Southern Europe. The company's revenues and earnings have been impacted negatively during the quarter as a result of turbulence in the financial markets, as well as unfavourable operational circumstances that have postponed the fulfilment of orders already placed from the 3<sup>rd</sup> quarter to a later point in time.

In order to improve profitability under the current market conditions, Blom has focused on market niches where the company has a competitive advantage and geographic regions that have an increasing need for the company's products and services, as well as continued implementation of cost saving measures. The quarter's personnel costs were NOK 8 million lower than the same quarter last year, and NOK 24 million lower to date in 2011. Other operating expenses have been reduced by NOK 3 million during the same period and by NOK 16 million to date in 2011. These measures have helped keep the EBITDA positive this quarter in spite of the challenging macroeconomic and operational conditions.

The company posted revenues of NOK 129 million in the 3<sup>rd</sup> quarter, compared with NOK 165 million for the same quarter in 2010. EBITDA for the quarter was NOK 0.6 million, compared with NOK 33 million for the corresponding quarter in 2010. This corresponds to an EBITDA margin of 0.4 per cent, compared with 20.1 per cent in the 3<sup>rd</sup> quarter of 2010. The operating loss for the quarter was NOK 15 million, compared with a profit of NOK 10 million for the same period in 2010.

## Results

---

IFRS (Amounts in NOK 1000)	3 <sup>rd</sup> quarter		As at 30/09	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Operating revenues	<b>129,424</b>	164,721	<b>376,275</b>	470,630
EBITDA	<b>576</b>	33,146	<b>5,938</b>	40,723
EBIT	<b>-15,112</b>	10,284	<b>-39,259</b>	-24,819
EBT	<b>-25,408</b>	3,079	<b>-74,033</b>	-65,070

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 2010. The interim accounts have been prepared according to the same accounting principles as for the 2010 annual accounts. The report has not been audited.

## Operations

---

In August Blom signed an exclusive franchise agreement for the production of BlomSTREET™ in Norway, Sweden, Finland and Denmark. The opportunities for a corresponding agreement for countries in Southern Europe are also being studied. All of Blom's street level photos will be displayed through the applications BlomWEB Viewer™ and BlomDESKTOP Viewer™, which will provide fast and easy access to the products.

Blom Romania S.R.L, Blom ASA's Romanian subsidiary, signed an agreement in July for technical advisory services for development of a new infrastructure with the Romanian waterworks Oradea S.A. Water Company. The value of the contract is estimated to be around NOK 18 million. This new project encompasses projecting and supervision of the planning of infrastructure for water and sewage.

In September Blom Romania signed an agreement for the development of plans for the prevention, protection and control of flooding with the Romanian waterworks in Buzau-Ialomita. The value of the contract is estimated to be around NOK 18 million, and work on the contract is expected to start in 2011.

The contracts awarded so far this year amount to NOK 70 million in this region, and they are a confirmation that the company's strategy to increase its focus in growth markets in Eastern and Central Europe is showing results. At the same time it is also confirmation of the company's strong position in flood modelling and flood management, a market segment that has received increased attention in recent years. Blom is expecting continued good growth in this region.

As has already been stated earlier in stock exchange announcements, our annual report and the company's prospectus in March 2011, there is an ongoing dispute between Pictometry International Corp. and Blom ASA concerning the licence agreement signed on 29 January 2009. The dispute, including any monetary claims, will be settled by arbitration in accordance with the ICC Rules in London. In spite of this Pictometry filed a bankruptcy petition against Blom on 12 August due to its claims for the outstanding licensing fees and royalties. Blom contested that Pictometry had any claim at all against Blom and argued that there was no overdue debt that was otherwise obvious pursuant to Section 63 of the Bankruptcy Act. Pictometry withdrew its bankruptcy petition on 20 September.

## Finance and accounts

---

In the 3<sup>rd</sup> quarter, the operating revenues for the respective segments totalled NOK 112 million for Geo Engineering and NOK 17 million for Information Services. The comparative figures for the 3<sup>rd</sup> quarter last year were NOK 110 million for Geo Engineering and NOK 55 million for Information Services, the latter of which included the sale of NOK 25 million in assets.

The company has a negative cash flow of NOK 11 million from operational activities in the 3<sup>rd</sup> quarter, which is attributed primarily to the increase in the level of activity in the second half of the third quarter, which has in turn entailed an increase in working capital. Trade receivables increased from the 2<sup>nd</sup> quarter by NOK 13 million to NOK 131 million, while work in progress was NOK 201 million, compared with NOK 206 million as at 30 June 2011.

Operational investments of NOK 19 million were made in the 3<sup>rd</sup> quarter. Net financial expenses totalled NOK 10 million for the quarter.

The equity ratio was 12.7 per cent, compared with 14.6 per cent as at 30 June 2011, and cash and cash equivalents were reduced by NOK 26 million to NOK 89 million during the period.

Blom has engaged in constructive dialogue with Norsk Tøllitsmann and certain large bondholders to find a more long-term solution for the debt structure. Such a solution has been found now. The term of the bond loan "FRN Blom ASA Senior Secured Bond" has been extended by 2 years from 25 September 2012 to 25 September 2014.

## Organisation and personnel

---

In September Blom implemented a new market-oriented organisational structure for the group. The new organisation will improve cooperation and the coordination of activities within the group, and it will be strongly market-oriented. This reorganisation entails a division into five market areas and five product segments.

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 future growth. As at 30 September 2011 there were a total of 471 employees in the operative companies, while there was a total of 498 employees at the production facilities in Indonesia and Eastern Europe. The group has a total of 969 employees.

## Shareholder matters

---

There were 3,174 shareholders in total as at 30 September 2011, and foreign shareholders held 9.1 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.

## Future outlook

---

The company continue its measures to reduce the cost base, primarily through a reduction of the workforce. As a result of the macroeconomic instability, especially in Southern Europe, the Board of Directors does not believe that positive operating margins will be achieved this year. A positive EBITDA, however, is still within reach.

Oslo, 26 October 2011

Gunnar Hirsti  
Board Chairman

Per Kyllingstad  
Board Member

Hege Skryseth  
Board Member

Siv Jønland Staubo  
Board Member

Magnus Eriksson  
Board Member

Dirk Blaauw  
Managing Director

## Consolidated Comprehensive Profit and Loss Account – Blom Group

### OPERATING REVENUES AND EXPENSES

(Amounts in NOK 1000)

3 <sup>rd</sup> quarter					
2011	2010		30/09/2011	30/09/2010	31/12/2010
<b>129,424</b>	<b>164,721</b>	<b>Operating revenues</b>	<b>376,275</b>	<b>470,630</b>	<b>619,177</b>
54,327	45,816	Cost of materials	140,411	160,418	236,546
56,578	64,472	Salaries and personnel costs	178,983	202,810	277,215
15,688	22,862	Depreciation and write-downs	45,197	65,542	382,377
17,943	21,287	Other operating and administrative costs	50,943	66,679	151,257
<b>144,536</b>	<b>154,437</b>	<b>Operating expenses</b>	<b>415,534</b>	<b>495,449</b>	<b>1,047,395</b>
<b>-15,112</b>	<b>10,284</b>	<b>Operating profit/loss</b>	<b>-39,259</b>	<b>-24,819</b>	<b>-428,218</b>
<b>94</b>	<b>930</b>	<b>Profit attributable to associates</b>	<b>-1,002</b>	<b>1,744</b>	<b>-61,594</b>
<b>-10,389</b>	<b>-8,135</b>	<b>Net financial items</b>	<b>-33,771</b>	<b>-41,995</b>	<b>-69,207</b>
<b>-25,408</b>	<b>3,079</b>	<b>Pre-tax profit/loss</b>	<b>-74,033</b>	<b>-65,070</b>	<b>-559,019</b>
4,067	-618	Taxes	12,247	18,037	-5,938
<b>-21,341</b>	<b>2,461</b>	<b>Net profit/loss after tax</b>	<b>-61,786</b>	<b>-47,033</b>	<b>-564,957</b>
		<b>Profit/loss attributable to:</b>			
-21,349	2,461	Shareholders	-61,802	-47,065	-564,949
8	0	Minority interests	16	32	-8
<b>-21,341</b>	<b>2,461</b>	<b>Net profit/loss after tax</b>	<b>-61,786</b>	<b>-47,033</b>	<b>-564,957</b>
		<b>Total comprehensive income:</b>			
4,338	-32,672	Currency translation differences	584	-19,522	-23,347
<b>-17,003</b>	<b>-35,808</b>	<b>Comprehensive profit/loss</b>	<b>-61,202</b>	<b>-66,555</b>	<b>-589,677</b>
		<b>Comprehensive income attributable to:</b>			
-17,011	-35,739	Shareholders	-61,218	-65,143	-588,296
8	-69	Minority interests	16	-1,413	-1,381
<b>-17,003</b>	<b>-35,808</b>	<b>Comprehensive profit/loss</b>	<b>-61,202</b>	<b>-66,556</b>	<b>-589,677</b>
		Earnings and diluted earnings per share	-0.24	-1.16	-13.91

## Balance Sheet – Blom Group

### ASSETS

(Amounts in NOK 1000)

	30/09/2011	30/09/2010	31/12/2010
Patents, licences and similar rights	3,036	34,367	3,184
Deferred tax assets	54,161	69,218	39,680
Goodwill	126,383	263,142	125,699
<b>Total intangible assets</b>	<b>183,579</b>	<b>366,726</b>	<b>168,563</b>
<b>Property, plant and equipment</b>	<b>155,070</b>	<b>287,473</b>	<b>144,127</b>
Non-current receivables	23,439	8,226	24,254
Investments in associated companies	14,656	63,671	15,593
<b>Total non-current asset investments</b>	<b>38,095</b>	<b>71,897</b>	<b>39,847</b>
<b>Total non-current assets</b>	<b>376,744</b>	<b>726,097</b>	<b>352,537</b>
Inventories	2,998	2,846	2,559
Work in progress	200,752	277,016	152,479
<b>Total inventories</b>	<b>203,750</b>	<b>279,863</b>	<b>155,038</b>
Trade receivables	131,248	124,748	164,334
Other current receivables	46,483	53,517	40,497
<b>Total receivables</b>	<b>177,732</b>	<b>178,265</b>	<b>204,831</b>
<b>Cash and cash equivalents</b>	<b>88,600</b>	<b>89,407</b>	<b>95,888</b>
<b>Total current assets</b>	<b>470,082</b>	<b>547,535</b>	<b>455,757</b>
<b>TOTAL ASSETS</b>	<b>846,826</b>	<b>1,273,631</b>	<b>808,294</b>

## Balance Sheet – Blom Group

## EQUITY AND LIABILITIES

(Amounts in NOK 1000)

	30/09/2011	30/09/2010	31/12/2010
<b><i>Called-up and fully paid share capital:</i></b>			
Share capital	25,465	4,170	4,170
Treasury shares	-110	-110	-110
Share premium account	168,997	129,581	129,581
<b><i>Other reserves:</i></b>			
Currency translation differences	-42,282	-37,946	-42,832
Retained earnings	-44,750	535,303	17,036
	<b>107,320</b>	<b>630,998</b>	<b>107,845</b>
Minority interests	42	-24	8
<b>Total equity</b>	<b>107,362</b>	<b>630,974</b>	<b>107,853</b>
Pension obligations	14,038	20,368	18,031
Non-current liabilities	375,139	365,301	46,401
<b>Total non-current liabilities</b>	<b>389,177</b>	<b>385,669</b>	<b>64,432</b>
Credit facilities	77,981	41,603	54,184
Other interest-bearing current liabilities	76,532	35,640	335,239
<b>Total interest-bearing current liabilities</b>	<b>154,513</b>	<b>77,243</b>	<b>389,423</b>
Trade payables	95,294	91,330	92,381
Unpaid government taxes	28,918	21,590	29,171
Other current liabilities	71,561	66,825	125,034
<b>Total other current liabilities</b>	<b>195,774</b>	<b>179,745</b>	<b>246,586</b>
<b>Total current liabilities</b>	<b>350,286</b>	<b>256,989</b>	<b>636,009</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>846,826</b>	<b>1,273,631</b>	<b>808,294</b>

## Change in equity from 1 January to 30 September

	2011	2010
Equity as at 31 December	107,853	697,529
Profit/loss for the period	-61,786	-47,033
New share capital by issue of new shares	21,295	0
Premium on share issue	39,416	0
Foreign exchange losses/gains from translation of foreign subsidiaries	584	-19,522
Equity	<b>107,362</b>	<b>630,974</b>

## Cash Flow Statement – Blom Group

Indirect model (Amounts in whole NOK 1000)

3 <sup>rd</sup> quarter		As at 30/09	
2011	2010	2011	2010
<b>CASH FLOW FROM OPERATIONAL ACTIVITIES</b>			
-25,408	3,079		
		Pre-tax profit/loss	-74,033 -65,070
15,688	22,861	+	Depreciation and amortisation of operating assets
			45,197 65,542
-12,635	24,170	+/-	Change in trade receivables
			33,086 90,574
4,560	3,652	+/-	Change in inventories and work in progress
			-48,712 -15,800
1,401	-35,638	+/-	Change in supplier debt
			2,913 -13,468
5,807	6,013	+/-	Change in other accruals and unrealised foreign exchange
			-27,758 -10,073
<u>-10,587</u>	<u>24,137</u>	A =	<b>Net cash flow from operating activities</b>
			<u>-69,307 51,705</u>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
-11,956	-13,067	-	Purchases of property, plant and equipment
			-41,178 -41,675
<u>-11,956</u>	<u>-13,067</u>	B =	<b>Net cash flow from investment activities</b>
			<u>-41,178 -41,675</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
-10,695	-22,251	+/-	Net change in long-term liabilities
			24,648 -40,276
6,958	-24,282	+/-	Net change in overdraft facilities
			22,103 -45,220
0	0	+	Net receipt of equity capital
			56,447 0
<u>-3,737</u>	<u>-46,533</u>	C =	<b>Net cash flow from financing activities</b>
			<u>103,198 -85,496</u>
-26,281	-35,463		<b>A+B+C Net change in cash and cash equivalents</b>
			-7,288 -75,466
114,881	124,870	+	Cash and cash equivalents
			95,888 164,873
<u>88,600</u>	<u>89,407</u>	=	<b>Cash and cash equivalents</b>
			<u>88,600 89,407</u>

## Segments – Blom Group

(Amounts in NOK 1000)

	3 <sup>rd</sup> qtr 2011	3 <sup>rd</sup> qtr 2010	30/09/2011	30/09/2010
<b>Operating revenues:</b>				
Information Services	17,498	54,755	48,178	98,355
Geo Engineering Services	111,926	109,965	328,097	372,275
<b>Total operating revenues</b>	<b>129,424</b>	<b>164,720</b>	<b>376,275</b>	<b>470,630</b>
<b>EBITDA:</b>				
Information Services	4,256	38,448	17,026	49,352
Geo Engineering Services	2,875	2,428	11,707	18,386
Others	-6,554	-7,731	-22,795	-27,015
<b>EBITDA</b>	<b>576</b>	<b>33,145</b>	<b>5,938</b>	<b>40,723</b>
<b>EBIT:</b>				
Information Services	-8,818	26,268	-5,502	14,425
Geo Engineering Services	290	-8,194	-10,848	-12,088
Others	-6,586	-7,789	-22,909	-27,156
<b>EBIT</b>	<b>-15,113</b>	<b>10,285</b>	<b>-39,259</b>	<b>-24,819</b>
<b>Profit attributable to associates:</b>				
Information Services	94	930	-1,002	1,744
<b>Profit attributable to associates:</b>	<b>94</b>	<b>930</b>	<b>-1,002</b>	<b>1,744</b>
<b>Earnings before interest and tax:</b>				
Information Services	-8,724	27,198	-6,504	16,169
Geo Engineering Services	-290	-8,194	-10,848	-12,088
Others	-6,586	-7,789	-22,909	-27,156
<b>Earnings before interest and tax</b>	<b>-15,019</b>	<b>11,215</b>	<b>-40,261</b>	<b>-23,075</b>

## Segments – Blom Group

(Amounts in NOK 1000)

	3 <sup>rd</sup> qtr 2011	3 <sup>rd</sup> qtr 2010	30/09/2011	30/09/2010
<b>Assets:</b>				
Information Services	197,434	516,129	197,434	516,129
Geo Engineering Services	452,453	537,135	452,453	537,135
Others/Unallocated	196,939	220,368	196,939	220,368
<b>Total assets 1)</b>	<b>846,826</b>	<b>1,273,631</b>	<b>846,826</b>	<b>1,273,631</b>
<b>Operational investments:</b>				
Information Services	14,566	10,772	35,087	36,349
Geo Engineering Services	4,624	10,011	15,581	24,050
Others/Unallocated	0	0	0	340
<b>Total assets</b>	<b>19,190</b>	<b>20,783</b>	<b>50,667</b>	<b>60,739</b>

1) Allocated assets include trade receivables, work in progress, inventories, fixed assets and intangible assets with the exception of deferred tax assets. Investments in associated companies are additional.

**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-0202 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

**BlomInfo AS**  
Masnedøgade 20  
DK-2100 Copenhagen  
Denmark  
Tel.: +45 70 200 226  
Fax: +45 70 200 227  
E-mail: info.dk@blomasa.com