



Report for 4th Quarter 2005

Strong growth focused on technology gives higher margins

Blom continues to show strong growth combined with good margins in the 4th quarter. The company's deliberate strategy to establish a strong European corporate structure that collects and processes map databases by means of advanced technology has improved our profit margins. The company has established itself as the leading company for the distribution of such databases in Europe, and it has noted increasing interest from large international customers who are seeking a European supplier of such databases. The company will continue to capitalise on this platform.

In February 2006 Blom completed negotiations regarding a 5 year licence agreement with an international company for use of Pictometry images in Europe. The agreement formalities will soon be concluded. The images will within 2 years cover all cities in 16 countries exceeding 50 000 inhabitants. Blom anticipate that the total value of the contract will be between USD 50-75 million. Blom have further entered into a distribution agreement with Ordnance Survey (OS) in Great Britain, where OS will sell the Pictometry data on behalf of Blom through OS's extensive sales channels in UK. Blom will consider similar agreements for other countries in Europe

Sales turnover totalled NOK 136.6 million in the 4th quarter, an increase of 163% compared with the corresponding period in 2004. The EBITDA result was NOK 26.7 million, which corresponds to a margin of 19.6%. The sales turnover for the full year 2005 was NOK 411.5 million, which gives growth of 129% compared with the sales turnover of NOK 179.6 million in 2004. The EBITDA result for the year was NOK 77.6 million, as opposed to NOK 29.1 million in 2004.

The Board of Directors is very satisfied with the sales turnover and profit margin for the quarter and full year. The goal of the Board of Directors is to ensure that the company maintains strong margins through a continued focus on technology, its own databases and the development of applications for end users

Results

(Amounts in NOK 1000) IFRS	4 th Qtr. 2005	4 th Qtr. 2004	31.12.2005	31.12.2004
Operating revenues	136 596	51 829	411 530	179 596
EBITDA	26 710	9 596	77 643	29 057
EBIT	18 202	6 905	58 042	19 282
EBT	11 672	5 432	49 159	17 307

Events in 4th quarter 2005

The company's strong growth has established an increasing need for development of the corporate structure and organisation. The Board of Directors has therefore adopted a number of measures to ensure the development of shareholder value. A comprehensive European corporate structure will establish the basis for many exciting business opportunities. To meet such challenges and to fulfil the company's strategy at the same time, the company will strengthen its corporate management by adding additional key positions to be filled by individuals with a high level of expertise. In addition, changes will be implemented where the products and services will become more focused at the expense of a geographic structure. This will ensure greater market access for the company's products and services.

CGR

The company took over 100% of the shares in CGR effective 1 November 2005. CGR is clearly the largest and leading company in Italy for the collection and processing of map data. The company controls a total of 10 aircraft and a large range of different sensors for mapping for various purposes, everything from the use of a multispectrum laser to the mapping of asbestos for Pictometry, which is used for location based services. The company has a sales turnover of around NOK 150 million and employs around 100 people. The purchase price of EUR 20 million was settled by a cash payment of EUR 17 million and 792,000 shares in Blom ASA.

Spain and Portugal

The company has signed a letter of intent to purchase the Seficart Group for EUR 7 million. The company has a strong position in both Spain and Portugal, and will give Blom access to a market with a substantial demand. The sales turnover in the Seficart Group is expected to exceed 140 million in 2006. As part of Blom's goal to establish a Pictometry library for all cities with more than 50,000 inhabitants for a total of 15 countries in Europe within two years, Blom has now started collection in Spain. Seficart will contribute to the establishment of sales channels for the product in Spain.

Market strategy

Blom's expansion has given it access to many interesting products and established contact with many exciting customer groups. The company has initiated a process to analyse products and services, customer groups and what the drivers are for the respective products and markets. Such a visualisation will make the company more comprehensible, and it may establish a foundation for a correct assessment of the company's potential.

Licence agreement for Europe

Blom has completed negotiations regarding a five year agreement with an undisclosed partner for use of Pictometry images in Europe. The agreement formalities will soon be concluded. The agreement states that Blom will deliver Pictometry data for all cities in Europe exceeding 50 000 inhabitants within the next two years. Blom will receive a USD 31 million for the five year licence. If Blom provides updates of such cities after two years, our partner will be committed to acquire such updates at the same terms in order to maintain certain exclusivity rights described in the agreement.

The parties have agreed that a separate agreement will be made to cover income from certain Business to Business concepts that the parties will develop. It is the parties' intention that Blom will receive a share of such profits.

Blom anticipates that the total value of the contract will be USD 50-75 million.

Blom considers this agreement to be a major breakthrough for the extensive investment in the Pictometry license rights, and believe that the confidence given to Blom by the agreement will enhance the possibilities to establish additional sales and distribution channels in Europe.

Distribution agreement for Great Britain

Blom's subsidiary in the UK, Simmons Aerofilms Ltd., has entered into an agreement with Ordnance Survey (OS), Great Britain's national mapping agency, to provide OS with the exclusive right to sell Pictometry image libraries into all market sectors. While the IPR and copyright of the data will remain with Blom, OS will be selling the data through its extensive channels to new and existing customers.

According to the agreement, OS will sell the data on behalf of Blom. OS has an extensive and well respected sales team which has access to every market, organisation and government agency in GB. This model will allow Blom to concentrate on operations, technical support and continue to produce excellent products without having to establish large sales teams.

Blom is extremely pleased with the agreement and hopes that it will form a pattern for equivalent exclusive cooperation agreements for other countries in Europe. As mentioned previously in the stock market announcement of 27th September 2005, Blom has entered into an exclusive deal for the use of Pictometry in a total of 16 European countries, with the goal being to develop the largest and most comprehensive image database for the whole of Europe within the next years.

Business areas

(Amounts in NOK 1000)

IFRS	Mapping		Maritime		Group	
	2005	2004	2005	2004	2005	2004
4th quarter						
Operating revenues	122 146	40 411	14 450	11 627	136 596	51 829
EBITDA result	30 784	9 192	-420	1 216	26 710	9 596
EBIT result	22 771	6 983	-915	734	18 202	6 905
Allocation of group costs	3 322	670	332	142		
As of 31.12.05						
Operating revenues	343 466	132 137	68 064	47 459	411 530	179 596
EBITDA result	84 106	27 817	6 390	6 392	77 643	29 047
EBIT result	66 236	20 031	4 659	4 408	58 042	19 282
Allocation of group costs	10 727	3 794	2 126	1 363		

Overall, 27 % of the group's sales turnover was from Norway, and 73 % was from abroad. This interim report is in accordance with the International Financial Reporting Standard (IFRS) and the interim reporting standard. The same accounting principles that are used in the annual accounts apply.

Accounts

Blom's subsidiary Simmons Aerofilms in the UK has entered into an agreement relating the production and sales of a common map database with the company's partner, who will take over all the rights to this database. Several long-term contracts have been signed for the use of this database, which has provided a continuous revenue stream. The company received GBP 500,000 as partial settlement under this agreement in the 3rd quarter. The remaining settlement for the sale, GBP 853,000, was recognised as income in the 4th quarter.

Financing

The company raised a bond loan of NOK 300 million on 5 October. The loan has a term of four years and the company has an option to redeem the loan after two years. The loan allows additional borrowing during the period. The loan's interest rate is 3-month NIBOR + 3.75 % p.a.. The interest is adjusted and paid quarterly. A description of the loan and the loan agreement are available on the company's website www.blomasa.com.

Organisation and personnel

The company has a staff of employees with a high level of competence. This represents the foundation for the company's future growth. As of 31 December 2005 there was a total of 483 employees in the operative companies, while there was a total of 239 employees at the production facilities in Indonesia and Romania. The acquisition of the Seficart Group will increase the number of employees by 200.

A new management structure has been adopted for the group, which will entail five new managerial positions, three of which will be in the corporate management in Oslo, where a CFO, business developer and COO for Northern Europe outside the UK will be hired. Blom ASA will move to new offices at Skyøyen in Oslo and will share the same location as the subsidiary Blom Geomatics AS from April.

Shareholder matters

The number of shareholders as of 31 December 2005 was 2,618, and foreign shareholders accounted for 12.65 % of all the shareholders. A total of 255.9 million shares were traded in 2005, compared with 90.7 million shares for the same period last year. The Board of Directors has been granted power of attorney to increase the company's share capital by a maximum of NOK 1,578,000 through the issuance of a maximum 15,780,000 new shares. This power of attorney to increase the share capital may also be used in full or in part to raise a convertible loan for a maximum of NOK 50,000,000.

The Board of Directors of Blom ASA decided on 28 October to make a private offering of 792,000 new shares, each with a nominal value of NOK 0.10, corresponding to a 2.51 % increase of the company's existing share capital at the time, at a subscription price of NOK 29.60 per share. The new shares were placed with the owners of Compagnia Generale Ripresearee S.p.A (CGR) as partial settlement for the acquisition of 100% of CGR. The new issue was executed in accordance with the power of attorney granted by the company's General Meeting of 28 April 2005.

Future outlook

The Board of Directors expects continued growth based on acquisitions and organic growth in 2006.

The company's goal is to maintain strong margins through continuous focus on technology, own databases and development of applications for end users.

With the chosen strategy there is a growing demand from new international customers that seeks a European supplier within the products Blom deliver.

Oslo, 15 February 2006

Board of Directors of Blom ASA

Profit and Loss Account

OPERATING REVENUES AND EXPENSES

(Amounts in NOK 1000)

4 th quarter			31.12.2005	31.12.2004
2005	2004			
136 596	51 829	Operating revenues	411 530	179 596
136 596	51 829	Total operating revenues	411 530	179 596
29 406	10 278	Costs of materials	119 700	41 957
56 237	20 296	Salaries and personnel costs	154 040	78 681
8 508	2 691	Ordinary depreciation	19 601	9 775
24 243	11 659	Other operating and administrative costs	60 147	29 901
118 393	44 924	Operating costs	353 487	160 314
18 202	6 905	Operating profit/loss	58 042	19 282
		Financial income and expenses		
2 792	172	Financial income	4 615	966
9 322	1 645	Financial expenses	13 498	2 941
-6 530	-1 473	Net financial items	-8 883	-1 975
11 672	5 432	Pre-tax profit/loss	49 159	17 307
1 269	13 194	Taxes	-9 847	14 036
12 941	18 626	Profit/loss for the year	39 312	31 343
		Earnings and diluted earnings per share	1.26	1.22

Balance Sheet

ASSETS

(Amounts in NOK 1000)

	31.12.2005	31.12.2004
Fixed assets		
<i>Intangible fixed assets</i>		
Patents, licences and similar rights	16 888	1 130
Deferred tax assets	27 014	25 175
Goodwill	219 331	28 346
Total intangible fixed assets	263 232	54 651
<i>Tangible fixed assets</i>		
Machinery, fixtures, vehicles, etc.	121 768	19 921
Total tangible fixed assets	121 768	19 921
<i>Fixed asset investments</i>		
Long-term receivables	6 597	2 101
Total fixed asset investments	6 597	2 101
Total fixed assets	391 598	76 673
Current assets		
<i>Stocks</i>		
Stocks of finished goods	16 936	1 910
Work in progress	79 896	28 813
Total stocks	96 832	30 723
<i>Receivables</i>		
Receivables from customers	107 738	40 415
Other current receivables	51 193	5 175
Total receivables	158 931	45 590
Cash in hand, bank deposits	126 641	19 970
Total current assets	382 404	96 283
TOTAL ASSETS	774 002	172 956

Balance Sheet

EQUITY AND LIABILITIES

(Amounts in NOK 1000)

Equity	31.12.2005	31.12.2004
<i>Called-up and fully paid share capital</i>		
Share capital	3 237	2 727
Share premium account	106 102	37 123
<i>Retained earnings</i>		
Other reserves	80 147	38 261
Total equity	189 485	78 111
<i>Provisions for liabilities</i>		
Pension obligations	19 947	5 468
Total provisions for liabilities	19 947	5 468
<i>Other long-term liabilities</i>		
Long-term liabilities	328 970	15 628
Total other long-term liabilities	328 970	15 628
<i>Current liabilities</i>		
Payables to suppliers	57 433	9 663
Bank overdraft	59 776	13 965
Unpaid government taxes	14 067	8 008
Other current liabilities	104 325	42 113
Total current liabilities	235 600	73 749
 TOTAL LIABILITIES AND EQUITY	 774 002	 172 956

Changes in equity

	2005	2004
Equity as of 31 December	78 111	20 181
Profit/loss for the period	39 312	31 343
New share capital by issue of new shares	431	577
Premium on share issue	69 985	24 306
Sale of company's own shares	0	3 261
Foreign exchange losses/gains from translation of foreign subsidiaries	1 646	-1 557
Equity as of 31 December	189 485	78 111

Cash Flow Statement

Indirect model (Figures in NOK 1000)

4th quarter		As of 31 Dec.	
2005	2004	2005	2004
CASH FLOW FROM OPERATIONAL ACTIVITIES			
16 673	5 432	49 159	17 307
8 508	2 691	19 601	9 775
-23 556	-9 839	-17 240	-12 952
17 070	11 307	-4 025	269
11 203	-2 253	14 684	-3 894
-14 254	6 336	-37 052	707
<u>10 743</u>	<u>13 674</u>	<u>25 127</u>	<u>12 212</u>
A=		Net cash flow from operational activities	
CASH FLOW FROM INVESTMENT ACTIVITIES			
-17 158	-1 333	-34 271	-4 459
-116 007	693	-138 444	-22 714
0	0	0	91
<u>-133 165</u>	<u>-640</u>	<u>-172 715</u>	<u>-27 082</u>
B=		Net cash flow from investment activities	
CASH FLOW FROM FINANCING ACTIVITIES			
294 000	0	329 238	20 000
-55 816	-2 215	-64 682	-3 611
-10 408	-790	-14 999	3 346
0	0	0	1 180
0	0	4 702	7 511
<u>227 776</u>	<u>-3 005</u>	<u>254 259</u>	<u>28 426</u>
C=		Net cash flow from financing activities	
105 355	10 029	106 672	12 556
<u>21 287</u>	<u>9 941</u>	<u>19 970</u>	<u>7 414</u>
+		A+B+C Net change in cash and cash equivalents	
<u>126 642</u>	<u>19 970</u>	<u>126 642</u>	<u>19 970</u>
=		Cash and cash equivalents	

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