



BLOM ASA

1st Quarter 2005 Report

Quarter supports expectations of a strong full-year profit

First quarter 2005 results showed a pre-tax profit of NOK 5.5 million on a sales turnover of NOK 67 million. This exhibits very strong growth compared to the corresponding quarter in 2004, which was the first quarter in 4 years in which the company could report a profit. The growth in sales turnover was 100%, while the EBITDA growth was 426%. Profit before tax increased from NOK 0.5 million to NOK 5.5 million. Measured against the underlying shares, the profit before tax increased from NOK 0.03 to NOK 0.19 per share.

The first quarter is normally characterised by lower value creation than the other quarters, since a major portion of the year's work is contracted in the first quarter. Contract acquisition has been good during the quarter, and the company reported new international contracts valued at NOK 110 million. Overall the company currently has a contract volume of NOK 334 million.

The Board of Directors is satisfied with the completion of the acquisition of Simmons Aerofilms Ltd. This transaction was carried out completely according to plan. The group's structure for land-based mapping operations has achieved a size and market penetration that enables future organic growth. However, it is the company's combined technological expertise that provides the best foundation for the development of the company, and for greater earnings and long-term value creation for the shareholders.

The Board of Directors will seek, based on the combined resource base represented by the company, to develop the company with a focus on technological solutions where the competition is less intense and the margins are better. This growth will be sought through a continued development of the strategy the company has followed, but with a greater focus on services where the company overall has a competitive advantage.

Result

(Amounts in NOK 1000) IFRS

	1st Qtr 2005	1st Qtr 2004	as of 31.12.2004
Operating revenues	67 460	30 095	179 596
EBITDA	9 924	1 884	29 057
EBIT	6 010	158	19 282
EBT	5 491	545	17 307

Business areas

(Amounts in NOK 1000)	MAPPING		MARITIME		KONSERN	
IFRS						
1st quarter	2005	2004	2005	2004	2005	2004
Operating revenues	48 321	18 964	19 139	11 131	67 460	30 095
EBITDA result	9 781	1 700	2 504	1 456	9 924	1 884
EBIT result	6 319	493	2 052	952	6 010	158
*Allocation of group costs	1 690	723	670	564		

Overall 40% of the group's sales turnover was from Norway, and 60 % was from foreign sources. 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.

Events in 1st quarter 2005

The company completed the acquisition of Simmons Aerofilms Ltd. during this period. This was an important step for Blom to establish the company as a leading European provider of services related to the collection and processing of mapping data. The selection of a transaction structure was decisive to our ability complete the acquisition. The acquisition was financed by a private cash issue of NOK 35.1 million through the issuance of 2,650,000 shares at a price of NOK 13.25 per share and a combination of bank financing and seller credit.

After the consolidation of Simmons Aerofilms Ltd. the company's balance sheet is strong and provides a good basis for continued growth in the opinion of the Board of Directors.

Mapping (land-based mapping operations)

The coordination of our operative units in the various markets continues. The company already sees substantial synergies from the consolidation completed by the company. Synergies are not generated primarily on the cost side, they are more evident on the market side since Blom overall has a far greater resource basis to build on. This has given the companies a completely new position in their efforts to win contracts in their "home markets" and internationally.

Resource allocation and market strategy will be the key topics of discussion in the time to come. With the competence that the company possesses, it is important that the resources are allocated to products and services that have the least competition and highest margins.

The Board of Directors is satisfied with the volume of new orders during the quarter. Most of the budgeted sales turnover for the year has already been contracted. The company has also been awarded contracts that extend into 2006 and 2007. The contracts have been entered into with satisfactory margins, however, the company feels that, historically, the price level is under a great deal of pressure and that the industry in general is not paid adequately for its services.

Maritime

Blom Maritime in Stavanger has had a good quarter and the Board of Directors is very satisfied with its performance.

The estimated work to be performed under the framework agreement with the Norwegian Hydrographic Service increased from NOK 20 million to NOK 28 million. Our investment in a new laser scanner for industrial measurements has strengthened our position in this market, and the company sees obvious growth in assignments as a result of this. In the future Blom will seek to strengthen the technological content of our services with a view to increasing the margins for this business area.

The application of 3-D underwater photogrammetry has gradually gained acceptance, and there is at the same time a historically high level of activity in the underwater market, not just in the North Sea, but in all the deep-water markets.

Our work to develop our products and services related to PMS (Position Monitoring System) technology continues, and we are making a determined effort to find related technology that can contribute overall to establishing this as a stronger platform within our maritime operations.

Financing

The acquisition of Simmons Aerofilms was completed during this period. The purchase price on a 100% basis was GBP 6,500,000. The purchase price for two-thirds of the shares was settled by Blom paying GBP 4,700,000, or approximately NOK 55 million, in cash. The seller took over the company's commercial property for NOK 13 million at the same time. For the remaining third of the purchase price, Blom will pay an amount ranging from GBP 2,166,000 to 3,000,000. The final payment for this third, which is to be paid no earlier than in 1 year, and no later than in 3 years, will be determined based on certain criteria that are regulated in a separate agreement. The company has chosen to book this liability at GBP 2,750,000, classified as a long-term liability.

IFRS

Blom informed the market of the accounting effects of the transition to IFRS and provided information on the reconciliation of equity and results in a separate report on 20 April 2005. The total accounting effect of the transition to IFRS for the 2004 financial year was an improvement of the operating profit by NOK 1,437,000 and a reduction of the group's equity by NOK 1,766,000. Reference is otherwise made to the report.

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. Number of employees as of 31 March 2005:

COMPANY	EDUCATION			TOTAL
	M.Sc. or equivalent	B.Sc. or equivalent	Other	
Operative companies	71	149	133	353
Production facilities	4	116	103	223
Total	75	265	236	576

Shareholder matters

In accordance with the power of attorney granted to the Board of Directors by the General Meeting of 10 August two new issues were carried out in the first quarter of 2005:

Date	No. of shares issued	No. of shares after new issue	New issue proceeds	Purpose
1 January		27 271 000		No. of shares as of 1 January 2005
28 January	1 656 000	28 927 000	12 270 000	Settlement for acquisition of Geo-Tec GmbH
18 February	2 650 000	31 577 000	35 112 500	Partial settlement for acquisition of Simmons A. Ltd.

Outlook for the future

Blom has established itself now as the largest map production company in Europe through organic growth and acquisitions. By developing the market and production-related economies of scale and focusing at the same time on areas with high margins, the Board of Directors expects that the company will continue to show good growth and higher margins this year.

The company continues to work on the potential acquisition of companies for its land-based and maritime operations.

Results

PROFIT AND LOSS ACCOUNT

(Amounts in NOK 1000)

Operating revenues and expenses	Group			
	(Amounts in NOK 1000)	31.03.2005	31.03.2004	31.12.2004
Operating revenues		67 460	30 095	179 596
Total operating revenues		67 460	30 095	179 596
Cost of materials		16 829	6 935	41 957
Salaries and personnel costs		30 256	16 603	78 681
Ordinary depreciation		3 914	1 726	9 775
Other operating and administrative costs		10 451	4 673	29 901
Operating costs		61 450	29 937	160 314
Operating profit/loss		6 010	158	19 282
Financial income and expenses				
Financial income		873	561	966
Financial expenses		1 392	174	2 941
Net financial items		-519	387	-1 975
Pre-tax profit/loss		5 491	545	17 307
Taxes		-1 547	2 275	14 036
Profit/loss for the year		3 944	2 820	31 343
Earnings and diluted earnings per share		0,13	0,13	1,28

Balance Sheet

ASSETS

(Amounts in NOK 1000)

	Group		
	31.03.2005	31.03.2004	31.12.2004
Fixed assets			
<i>Intangible fixed assets</i>			
Patents, licences and similar rights	1 641	0	1 130
Deferred tax assets	20 940	9 992	25 175
Goodwill	77 094	1 324	28 346
Total intangible fixed assets	99 675	11 316	54 651
<i>Tangible fixed assets</i>			
Machinery, fixtures, vehicles, etc.	68 011	10 420	19 921
Total tangible fixed assets	68 011	10 420	19 921
<i>Fixed asset investments</i>			
Long-term receivables	6 097	665	2 101
Total fixed asset investments	6 097	665	2 101
Total fixed asset investments	173 783	22 401	76 673
Current assets			
<i>Stocks</i>			
Stocks of finished goods	3 046	711	1 910
Work in progress	38 467	25 837	28 813
Total stocks	41 513	26 548	30 723
<i>Receivables</i>			
Receivables from customers	48 221	19 087	40 415
Other current receivables	23 473	4 039	5 175
Total receivables	71 694	23 126	45 590
Cash in hand, bank deposits	40 374	6 410	19 970
Total current assets	153 581	56 084	96 283
TOTAL ASSETS	327 364	78 485	172 956

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