Report for 1st quarter 2010

A challenging quarter

The company reported revenues of NOK 122 million in the 1st quarter, compared with NOK 150 million for the same quarter in 2009. EBITDA for the quarter was minus NOK 7 million, compared with minus NOK 6 million for the 1st quarter of 2009. This corresponds to an EBITDA margin of minus 5.6 per cent for the 1st quarter of 2010, compared with minus 3.9 per cent for the 1st quarter of 2009. The operating loss for the quarter was NOK 28 million, compared with a loss of NOK 26 million for the 1st quarter of 2009. The pre-tax loss was NOK 39 million, compared with a loss of NOK 36 million for the corresponding quarter in 2009.

The operating revenues for the respective segments totalled NOK 106 million for Geo Engineering and NOK 16 million for Information Services. The comparative figures for the 1st quarter of 2009 were NOK 135 million for Geo Engineering and NOK 15 million for Information Services.

The first quarter has historically been the quarter with the lowest creation of value. The company is seeking to establish operations that are not so exposed to fluctuations through establishing the sale of its own databases. Sale of the same data to multiple customers through different distribution channels is a long-term investment that the company expects will provide a good return over time. A stronger focus on and the implementation of partnership agreements, and building up our own sales force, are expected to gradually strengthen our ability to penetrate the market.

The demand for the company's contractual services for which the public sector is the largest customer group is marked by the continuing weak economy in a number of countries in which we have a significant portion of our operations. This has resulted in temporary pressure on the prices in parts of our operations. The company has decided to focus on services where satisfactory margins can be achieved. This strategy will have an impact on our revenue growth in 2010.

The reorganisation of our operations in Spain also marked the quarter. This reorganisation was implemented after an extensive investigation that was conducted due to the identification of irregularities in the accounting. The company has implemented measures in consultation with the company's advisors to ensure that there is no reoccurrence. The extensive reorganisation will strengthen the operations in Spain over time and increase the focus on the competence that has been built up at our office in Madrid.

Results

(Amounts in NOK 1000)	**1st qtr. 2010**	1st qtr. 2009	31/12/2009
Operating revenues	**122 294**	149 627	736 901
EBITDA	**-6 809**	-5 862	92 306
EBIT	**-27 753**	-26 461	-53 832
EBT	**-39 244**	-35 606	-93 960

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 2009. The interim accounts have been prepared in accordance with the same principles that are used in the annual accounts for 2009. The report has not been audited.

Cash flow

Net cash flow from operations was positive NOK 11 million, which is attributed primarily to a reduction in inventories and work in progress. Investments in the quarter totalled NOK 13 million, which reflects primarily the updating of databases and development related to Blom URBEX. The cash flow from financing activities was negative NOK 18 million, which reflects the repayment of debt during the quarter.

Operations

Information Services achieved revenues of NOK 16 million in the quarter, compared with NOK 15 million in the 1st quarter of 2009. During the quarter the company renewed and expanded its cooperation with Microsoft, which is one of several building blocks in the company's enhanced focus on and implementation of market-oriented partnership agreements. A gradual build-up of our own sales force is expected to strengthen our ability to penetrate the market.

The first quarter is seasonally the weakest quarter for Engineering Services. The first quarter was also marked by challenging weather conditions. This entailed a lot of downtime for the company's aircraft fleet and the associated reduction in revenues. The continuing challenging macroeconomic situations in a number of countries in which the company operates has temporarily increased the pressure on prices for parts of our operations. Under these market conditions, the company has decided to focus on services where satisfactory margins can be achieved.

The following agreements have been entered into in the first quarter:

<u>Blom awarded significant and strategically important contract in Italy through Telaer STA consortium</u>
Blom CGR, Blom's subsidiary in Italy, has formed a new consortium, Telaer STA, with two daughter companies of the Finmeccanica Group, E-Geos and Galileo Avionica, for the purpose of providing geospatial and airborne geo referenced data and services to the Italian Governmental Agency (AGEA).
Telaer STA has now been awarded a EUR 15 million contract for a survey related to the provision of remote sensing services, and any other new and additional services for spatial information, required by AGEA, both to support the mission of the national agriculture as well as the regional forestry in Italy. The duration of the contract is three years.

<u>Blom has signed strategically important contract in France for mapping and monitoring of coastal stretches</u>
Blom signed 1st of February a framework agreement for a survey related to the mapping and monitoring of coastal stretches in Brittany, France, required by the French Marine

Protected Areas Agency and the Marine Natural Park of Iroise. The framework agreement has a total value of NOK 11 million, with NOK 5,5 million already signed for. The contract is will be completed by 3rd quarter 2010.
IGN (National Geographic Institute) programme, aims to produce a seamless Digital Terrain Model of the entire French coast (more than 5.500 km length), which will be the core of all integrated coastal management projects.

<u>Blom awarded NOK 20 million contract in Mongolia</u>
Blom has 3rd of February awarded a consultancy services contract in Mongolia by the Millennium Challenge Account - Mongolia (MCA-M), as part of the Property Rights Project. The contract has a total value of NOK 20 million and the project will be completed during a 3-year period. The project is funded by Millennium Challenge Corporation (USA).
The objective of the consultancy service is to implement activities in order to make registration processes more efficient for the public and private sectors in Mongolia. Specifically, Blom will provide full business analysis and recommendations on improving registration information technology systems, processes and procedures; develop management tools and guidance documents; digitize registry data.

<u>Blom and Microsoft renew and extend agreement valued at USD 10 - 14 million</u>
Blom has 4th of March renewed and extended the existing agreement with Microsoft to 2014. The agreement allows Microsoft the right to use Blom's database of oblique aerial images - RealImages. The RealImages database is based on Pictometry technology, and is the most extensive library of oblique aerial images, covering more than 1,100 cities in Europe. The contract has a value between USD 10 and USD 14 million from January 2010 until end of the contract period.
Blom will continue to provide the oblique images both offline and online through the company's own server BlomURBEX.

<u>Blom awarded EUR 2,8 million contract in Albania</u>
Blom has 26th of March awarded a World Bank funded service contract for the registration of real estate property in Albania by the Albanian Government. The contract has a total value of ca. EUR 2,8 million and the project will be completed during a 2-year period. The contract is expected to be signed in Q2 2010.
The objective of the services is to carry out systematic first registration of real estate properties in 50 cadastral zones throughout Albania. The services include compiling existing documents, public information campaign, surveying and mapping as well as revision of documents in the field, updating of cadastre maps and real estate property registers.

Organisation and personnel

During the period the company strengthened its finance and accounting function at the head office by adding two persons.

Continued restructuring of the group combined with improved coordination and utilisation of the company’s resources will result, in combination with the introduction of new technology, to additional reductions in the number of employees in 2010.

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 31 March 2010 there were a total of 584 employees in the operative companies, while there was a total of 578 employees at the production facilities in Indonesia and Eastern Europe. The group has a total of 1,162 employees.

Shareholder matters

The total number of shareholders as at 31 March 2010 was 2,796, and foreign shareholders accounted for 43.9 per cent of the share capital. Blom owns a total of 1,100,000 of the company's own shares, which represents 2.64 per cent of the total number of outstanding shares.

Future outlook

Due to the fact that the continuing weak economy in a number of countries has temporarily increased the pressure on prices in parts of our operations, the company has decided to focus on services where satisfactory margins can be achieved. This strategy is expected to result in moderate growth in our revenues and contribute to an improvement in our profitability in 2010.

Oslo, 28 April 2010

Gunnar Hirsti Board Chairman	Per Kyllingstad Board Member	Bente Loe Board Member
Brita Eilertsen Board Member	Dirk Blaauw Managing Director and Board Member	

Consolidated statement of comprehensive income

(Amounts in NOK 1000)

	31/03/2010	31/03/2009	31/12/2009
Operating revenues	**122 294**	**149 627**	**736 901**
Cost of materials	39 383	52 799	242 461
Salaries and personnel costs	68 451	77 746	297 554
Depreciation and amortisation	20 944	20 599	146 138
Other operating and administrative costs	21 268	24 944	104 580
Operating expenses	**150 047**	**176 088**	**790 733**
Operating profit/loss	**-27 753**	**-26 461**	**-53 832**
Profit/loss attributable from associated companies	**-155**	**-697**	**-565**
Net financial items	**-11 335**	**-8 447**	**-39 562**
Pre-tax profit/loss	**-39 244**	**-35 606**	**-93 960**
Taxes	10 894	9 586	10 949
Net profit/loss	**-28 350**	**-26 020**	**-83 012**
Profit/loss attributable to:			
Shareholders	-28 350	-25 921	-82 505
Minority interests	0	-98	-506
Net profit/loss	**-28 350**	**-26 020**	**-83 012**
Total comprehensive income:			
Currency translation differences	-17 334	-50 323	-74 757
Total comprehensive income	**-45 684**	**-76 343**	**-157 769**
Comprehensive income attributable to:			
Shareholders	-45 684	-76 100	-156 688
Minority interests	0	-242	-1 081
Total comprehensive income	**-45 684**	**-76 343**	**-157 769**
Earnings and diluted earnings per share	-0.70	-0.64	-2.04

Balance Sheet

ASSETS

(Amounts in NOK 1000)

	31/03/2010	31/03/2009	31/12/2009
Patents, licences and similar rights	37 184	42 524	36 700
Deferred tax assets	60 746	38 203	50 428
Goodwill	263 604	333 126	270 579
Total intangible fixed assets	**361 535**	**413 853**	**357 707**
Tangible fixed assets	**290 220**	**304 659**	**295 797**
Long-term receivables	9 681	11 377	10 253
Investments in associated companies	69 178	45 114	45 246
Total fixed asset investments	**78 859**	**56 491**	**55 498**
Total long-term assets	**730 614**	**775 003**	**709 003**
Inventories	2 842	3 697	2 826
Work in progress	250 084	247 450	261 237
Total inventories	**252 926**	**251 147**	**264 062**
Receivables from customers	171 332	237 391	240 252
Other current receivables	40 396	39 626	35 404
Total receivables	**211 728**	**277 017**	**275 656**
Cash and cash equivalents	**145 397**	**63 861**	**164 873**
Total current assets	**610 051**	**592 025**	**704 592**
TOTAL ASSETS	**1 340 665**	**1 367 028**	**1 413 595**

Balance Sheet

EQUITY AND LIABILITIES

(Amounts in NOK 1000)

	31/03/2010	31/03/2009	31/12/2009
Paid in share capital:			
Nominal share capital	4 170	4 170	4 170
Treasury shares	-110	-110	-110
Share premium account	129 581	129 581	129 581
Other reserves:			
Currency translation differences	-35 758	4 371	-18 424
Retained earnings	553 954	638 594	580 924
	651 837	**776 606**	**696 141**
Minority interests	8	2 347	1 389
Total equity	**651 845**	**778 953**	**697 529**
Pension obligations	20 146	20 004	20 625
Long-term liabilities	361 552	213 620	368 717
Total long-term liabilities	**381 698**	**233 624**	**389 342**
Overdraft facilities	77 792	77 742	89 824
Other interest-bearing short-term liabilities	29 093	81 639	31 031
Total interest bearing short-term liabilities	**106 885**	**159 381**	**120 855**
Payables to suppliers	97 004	72 517	104 798
Unpaid government taxes	23 371	24 385	35 289
Other current liabilities	79 863	98 168	65 780
Total other current liabilities	**200 238**	**195 070**	**205 868**
Total current liabilities	**307 122**	**354 451**	**326 723**
TOTAL EQUITY AND LIABILITIES	**1 340 665**	**1 367 028**	**1 413 595**

Change in equity from 1 January to 31 March

	2010	**2009**
Equity as at 31 December	697 529	855 296
Profit/loss for the period	-28 350	-26 020
Foreign exchange losses/gains from translation of foreign subsidiaries	-17 334	-50 323
Equity	651 845	778 953

Cash Flow Statement

Indirect model (Figures in NOK 1000)

		As at 31 March	
		2010	**2009**
CASH FLOW FROM OPERATIONAL ACTIVITIES			
	Pre-tax profit/loss	-39 244	-35 606
+	Depreciation and amortisation of operating assets	20 944	20 599
+/-	Change in receivables from customers	43 990	115 628
+/-	Change in inventories and work in progress	11 137	-12 090
+/-	Change in supplier debt	-7 794	-8 062
+/-	Change in other accruals and unrealised foreign exchange	-17 889	-50 144
A =	**Net cash flow from operational activities**	11 144	30 326
CASH FLOW FROM INVESTMENT ACTIVITIES			
-	Payments for purchase of operating assets	-13 011	-20 463
B =	**Net cash flow from investment activities**	-13 011	-20 463
CASH FLOW FROM FINANCING ACTIVITIES			
-	Payments on long-term debt and loans	-8 577	-25 125
+/-	Net change in overdraft facilities	-9 032	2 641
C =	**Net cash flow from financing activities**	-17 609	-22 484
	A+B+C Net change in cash and cash equivalents	-19 476	-12 621
+	Cash and cash equivalents	164 873	76 482
=	**Cash and cash equivalents**	145 397	63 861

Segments

(Amounts in NOK 1000)

	31/03/2010	31/03/2009
Information Services	16 337	15 149
Geo Engineering Services	105 957	134 478
Total operating revenues	**122 294**	**149 627**
Information Services	3 764	-2 368
Geo Engineering Services	-59	5 795
Others	-10 514	-9 289
EBITDA	**-6 809**	**-5 862**
Information Services	-6 948	-10 024
Geo Engineering Services	-10 251	-6 774
Others	-10 554	-9 663
EBIT	**-27 753**	**-26 461**
Information Services	-155	-697
Profit attributable to associated companies:	**-155**	**-697**
Information Services	-7 103	-10 721
Geo Engineering Services	-10 251	-6 774
Others	-10 554	-9 663
Earnings before interest and tax	**-27 908**	**-27 158**
Information Services	536 533	539 628
Geo Engineering Services	652 911	674 333
Others/Unallocated	151 221	153 067
Total assets 1)	**1 340 665**	**1 367 028**
Information Services	10 559	9 434
Geo Engineering Services	7 563	7 984
Total assets	**18 122**	**17 418**

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

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