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TeleComputing 2. Quarter 2005:

- **Record high order inflow**
- **Turnover growth 29% compared with same quarter in 2004**
- **15% organic turnover growth**
- **Continued good result improvement from operation**
- **Integration of acquired companies carried out according to plan**
- **Good cashflow from operation**

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TELECOMPUTING

REPORT FOR 2. QUARTER 2005

Highlights 2. Quarter 2005

- Order inflow in 2. Quarter was MNOK 107 (MNOK 58 in the corresponding period 2004). New contracts represented MNOK 82 (MNOK 20)
- Turnover for 2. Quarter 2005 was MNOK 94,1 (MNOK 72,8), an approximate 19% growth. Organic turnover growth including company acquisitions was 15%.
- 24% organic growth in Norway. The organic growth in Sweden in local currency, including termination of business operation in Proserva, was 9%.
- TeleComputing acquired 2 companies during 2. Quarter; the Swedish company Proserva AB and the Norwegian company IT Broker AS. Restructuring cost of MNOK 6,0 related to the integration of Proserva AB is charged in the second quarter
- Operating result before restructuring charges of MNOK 6,0 related to the acquisition of Proserva was MNOK 6,5 (MNOK -8,0)
- Cash flow from operation was in MNOK 14,1 (MNOK 6,6)
- Net cash flow from operation after ordinary operational investments (but before the cash effect of restructuring charges related to Proserva of MNOK 3,4) was MNOK 5,8
- The accounts have been prepared according to the IFRS. A separate IFRS Transition Document describing the main differences between IFRS and NGAAP has been distributed earlier.

Financial results

| Hovedtall for | IFRS | IFRS | | IFRS | IFRS | | IFRS |
|---------------------------|---------|---------|---------|---------|---------|---------|-------|
| Group numbers (mnok) | Q2 2005 | Q2 2004 | growth | H1 2005 | H1 2004 | growth | 2004 |
| Revenues | 94,1 | 72,8 | 29,3 % | 173,2 | 142,0 | 22,0 % | 290,4 |
| Gross margins % | 73 % | 72 % | | 73 % | 72 % | | 72 % |
| EBITDA | 10,5 | 1,8 | 483,3 % | 22,9 | 11,6 | 97,4 % | 34,7 |
| EBITA | 0,8 | -8,0 | 110,0 % | 5,4 | -5,0 | 208,0 % | |
| Resultat før skatt (EBIT) | 0,3 | -8,0 | 103,8 % | 4,9 | -5,0 | 198,0 % | 0,5 |
| Cash flow from operation | 14,1 | 6,6 | 113,6 % | 25,3 | 11,2 | 125,9 % | 41,3 |
| Cash, end of period | 57,9 | 67,1 | -13,7 % | 57,9 | 67,1 | -13,7 % | 73,1 |
| Net interest bearing debt | -46,9 | -56,5 | -17,0 % | -46,9 | -56,5 | -17,0 % | -67,2 |
| EPS (earnings per share) | 0,01 | -0,25 | 104,0 % | 0,10 | -0,15 | 166,7 % | 0,03 |

The turnover growth shows a positive trend. In 2. quarter the turnover increased by 29,3% to MNOK 94,1 (MNOK 72,8 for same period last year). Gross margin remains high, at 73%, which is marginally higher compared to the same period last year.

Operational cost before depreciation was MNOK 58,2 (MNOK 50,3), representing an increase of 15,7%. The increase reflects the acquisitions of Infostream Services, IT Broker and Proserva. Cost focus has caused the operational costs to increase at a slower pace than turnover. The operational cost includes the restructuring cost of MNOK 6,0 related to the Proserva AB integration.

Operational results after the integration cost was MNOK 0,5 (MNOK -8,0). Net financial items were MNOK -0,2 (MNOK 0,0). Hence, the result before tax was MNOK 0,3 (MNOK -8,1).

Norway

TeleComputing enjoy high activity in Norway both with existing and potential customers. The strategic refocusing of the overall service offering and strong focus on improving the sales process has been successful. The operating revenue in Norway increased by 40,1% to MNOK 60,1 (MNOK 42,9). The acquired company IT Broker AS has been included in the accounts for May and June. The organic growth, adjusted for the IT Broker and Infostream Services acquisitions, is 23,7%.

The Norwegian operation has been successful in obtaining several important contracts in the 2. Quarter, such as the it operation of the information portal Min Side and the health enterprise Omnia.

As a result of the turnover growth and increased cost focus, the operational results improved from MNOK -6,1 to MNOK 4,4.

Sweden

After a period with slower growth the growth pace in Sweden is now increasing. In local currency the organic growth is 9,0% when adjusted for the terminated business activity in the acquired company Proserva. Overall, the turnover increased in Sweden from MNOK 30,3 to MNOK 34,7 representing a growth of 14,5%. In the 2. Quarter, the Swedish operation has won several large contracts which represent a good basis for future activities.

The acquired company Proserva AB has been included in the June result. Upon entering the 3rd quarter, the activities in Proserva are being integrated with the TeleComputing Swedish operation. A cost of MNOK 6,0 for the 2. Quarter has been included due to the staff reduction and centralisation of offices and computer centre. Prior to restructuring cost, the Swedish operation shows an improvement in the operational result from MNOK 1,4 to MNOK 2,8.

Cash flow, liquidity and balance

The group had a positive 2. Quarter cash flow for operating activities of MNOK 14,1, which is a considerable improvement compared with the MNOK 6,6 for the same period last year. The combined investments in ordinary working capital and intangible assets were MNOK 11,7 during this period, which has been included in the current liquidity. In addition, TeleComputing has net cash outlays related to the acquisitions of IT Broker and Proserva (also including the restructuring payments) of MNOK 15,9. In relation to the acquisitions, TeleComputing took over interest-bearing debt of MNOK 9,5. Payments related to financial leasing agreements and other interest-bearing debt was MNOK 3,1. The liquidity at the end of the 2. Quarter was MNOK 57,8 which is a reduction from MNOK 71,9 compared with the 2. quarter entry.

The group's equity was MNOK 215,4 representing an owner's equity of 68,9%.

Future outlook

The estimated general market growth is between 6 and 8%. Based on the high order inflows in the 2. Quarter, both in Norway and Sweden, TeleComputing expects a growth for the group in excess of the market growth. The demand for our strategic services is increasing.

The consolidation in the market continues and TeleComputing has continued ambition to be a leader in this consolidation race. After a strong growth by acquisition in the 2. Quarter, TeleComputing will during the next months focus on organic growth and efficient integration of the acquired companies. At the same time the focus on, and investments in growth, delivery quality and efficiency will continue during the 2. half of 2005.

Due to ordinary seasonal effects, the 3. quarter is normally TeleComputings weakest. However, based on the good operational pace when entering this quarter and the strong order inflows in the 2. Quarter, TeleComputing expects this seasonal effect to be less than normal for the 3rd quarter.

| Profit and loss statement | IFRS | IFRS | NGAAP | IFRS | IFRS | NGAAP | IFRS | NGAAP |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q2 2005 | Q2 2004 | Q2 2005 | H1 2005 | H1 2004 | H1 2004 | 2004 | 2004 |
| Operating revenue | 94,1 | 72,8 | 72,8 | 173,2 | 142,0 | 142,0 | 290,4 | 290,4 |
| Cost of goods sold | -25,4 | -20,7 | -20,7 | -46,4 | -39,5 | -39,5 | -80,6 | -80,6 |
| Personnel cost | -42,8 | -35,4 | -35,3 | -79,1 | -66,6 | -65,0 | -131,8 | -129,1 |
| Other operating expenses | -15,4 | -14,9 | -14,9 | -24,8 | -24,3 | -24,3 | -43,4 | -43,4 |
| EBITDA | 10,5 | 1,8 | 1,9 | 22,9 | 11,6 | 13,2 | 34,7 | 37,4 |
| Depreciation tangible assets | -9,7 | -9,8 | -9,8 | -17,5 | -16,6 | -16,6 | -34,2 | -34,2 |
| EBITA | 0,8 | -8,0 | -7,8 | 5,4 | -5,0 | -3,4 | 0,5 | 3,2 |
| Amortisation goodwill | | | -1,4 | | | -2,7 | | -5,7 |
| Amortisation customer contracts | -0,3 | | | -0,3 | | | | |
| Operating result (EBIT) | 0,5 | -8,0 | -9,2 | 5,1 | -5,0 | -6,1 | 0,5 | -2,5 |
| Net financial items | -0,2 | -0,1 | -0,1 | -0,2 | -0,1 | -0,1 | 0,0 | 0,0 |
| Profit/loss before tax | 0,3 | -8,1 | -9,3 | 4,9 | -5,1 | -6,1 | 0,5 | -2,5 |
| Change in deferred tax asset | 0,0 | 0,0 | 0,0 | 1,4 | 0,0 | 0,0 | -0,5 | -0,5 |
| Net profit for the period | 0,3 | -8,1 | -9,3 | 3,5 | -5,1 | -6,1 | 1,0 | -2,0 |
| EPS diluted (NOK) | 0,01 | -0,25 | -0,29 | 0,10 | -0,15 | -0,18 | 0,03 | -0,06 |
| EPS (NOK) | 0,01 | -0,25 | -0,29 | 0,10 | -0,15 | -0,18 | 0,03 | -0,06 |

- IT Broker is included in May and June 2005. Proserva is included in June 2005.

| BALANCE (MNOK) | IFRS | IFRS | NGAAP | | IFRS | NGAAP |
|------------------------------------|---------------|---------------|---------------|--|---------------|---------------|
| | 30.06.2005 | 30.06.2004 | 30.06.2004 | | 31.12.2004 | 31.12.2004 |
| Deferred tax asset | 53,9 | 55,1 | 55,1 | | 55,1 | 55,1 |
| Goodwill | 59,9 | 38,4 | 36,3 | | 39,0 | 33,7 |
| Contracts and customer relationsh. | 10,2 | 0,6 | 0,0 | | 0,4 | 0,0 |
| Other immaterial assets | 12,0 | 6,6 | 6,6 | | 6,9 | 6,9 |
| Tangible fixed assets | 64,0 | 55,6 | 55,6 | | 55,1 | 55,1 |
| Financial fixed assets | 0,7 | 1,6 | 1,6 | | 0,8 | 0,8 |
| Total fixed assets | 200,7 | 157,9 | 155,2 | | 157,3 | 151,6 |
| Inventory | 1,7 | 0,6 | 0,6 | | 0,6 | 0,6 |
| Accounts receivable | 40,3 | 29,4 | 29,4 | | 24,4 | 24,4 |
| Other short term assets | 12,0 | 13,2 | 13,2 | | 11,7 | 11,7 |
| Cash and cash equivalents | 57,9 | 67,1 | 67,1 | | 73,1 | 73,1 |
| Total current assets | 111,9 | 110,3 | 110,3 | | 109,8 | 109,8 |
| TOTAL ASSETS | 312,6 | 268,2 | 265,5 | | 267,1 | 261,4 |
| Equity | 215,4 | 188,2 | 185,5 | | 195,1 | 189,4 |
| Interest bearing debt | 6,5 | 4,0 | 10,6 | | 2,3 | 6,3 |
| Other long term debt | 5,2 | 2,1 | 2,1 | | 3,0 | 3,0 |
| Long term debt | 11,7 | 6,1 | 12,7 | | 5,3 | 9,3 |
| Interest bearing debt | 4,5 | 6,6 | 0,0 | | 4,0 | 0,0 |
| Accounts payable | 25,0 | 21,1 | 21,1 | | 20,5 | 20,5 |
| Public duties payable | 20,1 | 12,5 | 12,5 | | 14,9 | 14,9 |
| Other short term debt | 35,9 | 33,7 | 33,7 | | 27,3 | 27,3 |
| Short term debt | 85,5 | 73,9 | 67,3 | | 66,7 | 62,7 |
| SUM DEBT AND EQUITY | 312,6 | 268,2 | 265,5 | | 267,1 | 261,4 |
| Equity ratio | 68,9 % | 70,2 % | 69,9 % | | 73,0 % | 72,5 % |
| Net interest bearing debt | -46,9 | -56,5 | -56,5 | | -66,8 | -66,8 |

| Cash flow | IFRS Q2 2005 | IFRS Q2 2004 | NGAAP Q2 2005 | IFRS H2 2005 | IFRS H1 2004 | NGAAP H1 2004 | IFRS 2004 | NGAAP 2004 |
|-----------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|--------------|---------------|
| Ordinary profit before tax | 0,3 | -8,1 | -9,3 | 4,9 | -5,1 | -6,1 | 0,5 | -2,5 |
| Depreciation | 10,0 | 9,8 | 11,2 | 17,8 | 16,6 | 19,3 | 34,1 | 39,8 |
| Share based salary | 0,1 | 0,1 | 0,0 | 0,3 | 1,7 | 0,0 | 2,6 | - |
| Restructuring acquisition | -3,4 | | | -3,4 | | | | |
| Change working capital | 7,1 | 4,7 | 4,7 | 5,7 | -2,0 | -2,0 | 4,1 | 4,0 |
| Cash flow from operations | 14,1 | 6,6 | 6,6 | 25,3 | 11,2 | 11,2 | 41,3 | 41,3 |
| Investments intangible asset | -5,8 | -1,8 | -1,8 | -6,3 | -2,4 | -2,4 | -4,7 | -4,7 |
| Investments tangible assets | -5,9 | -6,9 | -6,9 | -17,3 | -13,2 | -13,2 | -29,6 | -29,6 |
| Investment in businesses | -12,5 | -7,2 | -7,2 | -12,5 | -7,2 | -7,2 | -7,9 | -7,9 |
| Cash flow from investments | -24,2 | -15,9 | -15,9 | -36,1 | -22,8 | -22,8 | -42,2 | -42,2 |
| Down payment financial lease | -1,2 | -2,2 | -2,2 | -2,8 | -5,0 | -5,0 | -9,5 | -9,5 |
| Down payment interest bearing | -1,9 | | | -1,9 | | | | |
| Share issues | 0,0 | 0,1 | 0,1 | 1,4 | 0,3 | 0,3 | 0,2 | 0,2 |
| Cash flow from investments | -3,1 | -2,1 | -2,1 | -3,3 | -4,7 | -4,7 | -9,3 | -9,3 |
| Translation differences | -0,8 | 0,2 | 0,2 | -1,1 | -0,1 | -0,1 | -0,3 | -0,3 |
| NET CHANGE IN CASH | -14,0 | -11,2 | -11,2 | -15,2 | -16,4 | -16,4 | -10,4 | -10,4 |
| Cash at beginning of period | 71,9 | 78,3 | 78,3 | 73,1 | 83,5 | 83,5 | 83,5 | 83,5 |
| Cash at end of period | 57,9 | 67,1 | 67,1 | 57,9 | 67,1 | 67,1 | 73,1 | 73,1 |

| IFRS Segments | Q2-2005 | Q2-2004 | Proforma *) Q2-2004 | H1-2005 | H1-2004 | Proforma *) H1-2004 |
|-----------------------------------|---------|---------|------------------------|---------|---------|------------------------|
| Norway | | | | | | |
| Revenues | 60,1 | 42,9 | 48,6 | 109,1 | 81,8 | 93,3 |
| Gross contribution | 44,3 | 32,1 | 35,9 | 80,1 | 62,4 | 71,1 |
| Gross margins | 74 % | 75 % | 74 % | 73 % | 76 % | 76 % |
| Operating result | 4,4 | -6,1 | -6,5 | 7,2 | -3,8 | -5,5 |
| Sweden | | | | | | |
| Revenues | 34,7 | 30,2 | 33,9 | 65,4 | 60,8 | 64,5 |
| Gross contribution | 24,5 | 20,3 | 23,2 | 46,9 | 40,3 | 43,3 |
| Gross margins | 71 % | 67 % | 68 % | 72 % | 66 % | 67 % |
| Operating result | -2,5 | 1,4 | 1,1 | 0,2 | 3,6 | 3,3 |
| Group cost and elimination | | | | | | |
| Revenues | -0,6 | -0,3 | -0,3 | -1,2 | -0,6 | -0,6 |
| Gross contribution | 0,0 | -0,1 | -0,1 | 0,0 | -0,1 | -0,1 |
| Gross margins | 0 % | 48 % | 48 % | 0 % | 25 % | 25 % |
| Operating result | -1,3 | -3,5 | -3,5 | -2,3 | -4,8 | -4,8 |
| GROUP - TOTAL | | | | | | |
| Revenues | 94,2 | 72,8 | 82,3 | 173,3 | 142,0 | 157,3 |
| Gross contribution | 68,8 | 52,2 | 58,9 | 126,9 | 102,6 | 114,2 |
| Gross margins | 73 % | 72 % | 72 % | 73 % | 72 % | 73 % |
| Operating result | 0,5 | -8,1 | -8,9 | 5,1 | -5,0 | -7,0 |

*) Proforma is adjusted for the acquisition of Infostream Services (January to May), IT Broker (May and June) and Proserva AB (June)

| Movement in equity | IFRS 30.06.2005 | IFRS 30.06.2004 | NGAAP 30.06.2004 | IFRS 31.12.2004 | NGAAP 31.12.2004 |
|-----------------------------------|--------------------|--------------------|---------------------|--------------------|---------------------|
| Equity 31.12 | 195,1 | 182,9 | 182,9 | 182,9 | 182,9 |
| Ordinary result | 3,5 | -5,1 | -6,1 | 1,0 | -2,0 |
| Share issues | 19,3 | 8,7 | 8,7 | 8,8 | 8,8 |
| Share based salaries | 0,3 | 1,7 | 0,0 | 2,6 | |
| Translation differences and other | -2,8 | 0,0 | 0,0 | -0,2 | -0,3 |
| Egenkapital 31.12 | 215,4 | 188,2 | 185,5 | 195,1 | 189,4 |