TeleComputing®

- making IT easier

TeleComputing 4. quarter 2005:

- **High order inflow**
- **Turnover growth 58% compared with same quarter 2004**
- **EBITA before special items, MNOK 8,8**
- **Organic turnover growth of 17,7%**
- **Solid cash flow from operations**
- **Focus on integration of acquired companies**

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TELECOMPUTING REPORT FOR 4. QUARTER 2005

Highlights 4. quarter 2005

- Order inflow in 4. quarter was MNOK 122 (MNOK 105 in corresponding period 2004). New contracts represented MNOK 72 (MNOK 50)

- Turnover for 4. quarter 2005 was MNOK 124,0 (MNOK 78,4), an approximate 58% growth. Organic turnover growth including company acquisitions was 17,7%.

- 16,7% organic growth in Norway. The organic growth in Sweden in local currency, including termination of business operation in Proserva, was 19,5%.

- EBITA before special items, was MNOK 8,8 (MNOK 4,1)

- Restructuring cost of MNOK 1,6 related to the integration of Stim Computing AS, is charged in the 4. quarter. Other special items in Q4, total of MNOK 1,3, consists of costs of share options and expenses in relation to the change of CEO.

- Operating result before restructuring charges of MNOK 1,6 related to the acquisition of Stim Computing AS, was MNOK 7,5 (MNOK 4,1)

- Cash flow from operation was MNOK 24,2 (MNOK 18,9)

- Net cash flow from operation after ordinary operational investments (but before the cash effect of restructuring charges related to Stim of MNOK 1,3) was MNOK 11,6

- 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

Consolidated statement (MNOK)	IFRS Q4 2005	IFRS Q4 2004	growth	IFRS Year 2005	IFRS Year 2004	growth
Revenues	124,0	78,4	58,2 %	396,1	290,4	36,4 %
Gross margins %	74 %	72 %		74 %	72 %	
EBITDA	18,1	13,1	38,2 %	56,3	34,7	62,5 %
EBIT	5,9	4,1	43,9 %	14,6	0,5	3123,0 %
Cash flow from operation	24,2	18,9	28,0 %	66,2	41,3	60,3 %
Cash, end of period	72,2	73,1	-1,2 %	72,2	73,1	-1,2 %
Net interest bearing debt	-63,0	-67,2	-6,3 %	-63,0	-67,2	-6,3 %
EPS (earnings per share)	0,08	0,14	-38,7 %	0,27	0,03	796,4 %

The turnover growth shows a continued positive trend. In 4.quarter the turnover increased by 58,2% to MNOK 124,0 (MNOK 78,4 for same period last year). Organic growth for the group, including company acquisitions, adjusted for exchange rate changes, was 17,7%. Gross margin increased at same rate, 74% in 4.quarter compared to 72% in same quarter previous year.

Operational costs before depreciation and integration costs was MNOK 73,7 (MNOK 43,6), representing an increase of 69,0%. The increase reflects the acquisitions of IT Broker, Proserva and Stim, as well as a continued development of the organization, and focus on strong growth.

Operational results after the integration cost (MNOK 1,6) was MNOK 5,9 (MNOK 4,1). Net financial items were MNOK 0,0 (MNOK 0,1). Hence, the result before tax was MNOK 5,9 (MNOK 4,2). Tax expense of MNOK 2,9 consists of an income tax expense, and a change in deferred tax asset.

Norway

TeleComputing Norway has continued its high activity 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, and is now generating additional sales on existing customers, as well as generating higher new sale order intake. The activity is high, and at the same time there is intense focus on integrating the acquired companies.

The operating revenue in Norway increased by 71,3% to MNOK 83,1 (MNOK 48,5). The organic growth, adjusted for the TeleComputing Stavanger (formerly IT Broker) and Stim acquisitions, is 21,7%.
Operational results before integration costs (MNOK 1,6), was MNOK 5,9, which is a substantial improvement from same period last year (MNOK 2,3) and proforma result of MNOK -9,8.

There was a reorganization of the business in Norway during Q4 2005. The Application departments that was acquired in the IT-Broker and Stim acquisitions, has been separated from other operations into a separate business area.

Sweden

Sweden experienced a very good 4.quarter, as the growth in previous periods continued into this quarter. Revenues increased by 47,1% (in local currency), from same period last year, to MNOK 42,3 (MNOK 31,3). In local currency the organic growth is 19,5% when adjusted for the terminated business activity in the acquired company Proserva.

Operational result improved by 68% to MNOK 4,2 (MNOK 2,5, reflecting the synergy effects from the Proserva acquisition.

Cash flow, liquidity and balance sheet

The group had a positive 4.quarter cash flow from operating activities of MNOK 24,2, which is MNOK 5,3 improvement compared with the MNOK 18,9 for the same period last year. The combined investments in working capital assets and intangible assets were MNOK 14,3 during this period, which has been included in the current liquidity. Payments related to financial leasing agreements and other interest-bearing debt was MNOK 1,1. The liquidity at the end of the 4.quarter was MNOK 72,2, which is an increase from MNOK 62,8 at 3.quarter ending.

The group’s equity was MNOK 224,5, representing an equity ratio of 64,9%.

Future outlook

There is still an excellent marked outlook for TeleComputing, particularly in the outsourcing SME segment, and the demands for our strategic services are increasing.
The general marked growth is estimated to be 6-8%, and TeleComputing expects a revenue growth in excess of marked growth in 1. quarter 2006.

The company’s growth and revenue targets are unchanged, and the investments in sales- and marketing activities, quality on delivery and efficiency will be the main focus also in 2006.
The consolidation in the market continues, and Telecomputing has a continued ambition to be a leader in this consolidation race.
However, the company will in the 1.quarter of 2006 focus on the efficient integration of the companies acquired in 2005.

PROFIT AND LOSS STATEMENT (MNOK)	IFRS Q4 2005	IFRS Q4 2004	NGAAP Q4 2004	IFRS 2005	IFRS 2004	NGAAP 2004
Operating revenue	**124,0**	**78,4**	**78,4**	**396,1**	**290,4**	**290,4**
Cost of goods sold	**-32,2**	**-21,7**	**-21,7**	**-101,5**	**-80,6**	**-80,6**
Personnel cost	-56,1	-34,8	-34,3	-181,8	-131,8	-129,1
Other operating expenses	-17,6	-8,8	-8,8	-56,5	-43,4	-43,4
EBITDA	**18,1**	**13,1**	**13,6**	**56,3**	**34,7**	**37,4**
Depreciation tangible assets	-11,7	-9,0	-9,0	-40,5	-34,2	-34,2
EBITA	**6,4**	**4,1**	**4,6**	**15,8**	**0,5**	**3,2**
Amortisation goodwill	0,0	0,0	-1,5	0,0	0,0	-5,7
Amortisation customer contracts	-0,5	0,0	0,0	-1,2	0,0	0,0
Operating result (EBIT)	**5,9**	**4,1**	**3,1**	**14,6**	**0,5**	**-2,5**
Net financial items	0,0	0,1	0,1	-0,2	0,0	0,0
Profit/loss before tax	**5,9**	**4,2**	**3,2**	**14,4**	**0,5**	**-2,5**
Tax	2,9	-0,4	-0,4	5,4	-0,5	-0,5
Net profit for the period	**3,0**	**4,6**	**3,6**	**9,0**	**1,0**	**-2,0**
EPS diluted (NOK)	0,08	0,14	0,10	0,27	0,03	-0,06
EPS (NOK)	0,08	0,14	0,10	0,27	0,03	-0,06

BALANCE SHEET (MNOK)	IFRS 31.12.2005	IFRS 31.12.2004	NGAAP 31.12.2004
Deferred tax asset	52,1	55,1	55,1
Goodwill	63,1	39,0	33,7
Contracts and customer relationsh.	8,8	0,4	0,0
Other immaterial assets	17,5	6,9	6,9
Tangible fixed assets	68,3	55,1	55,1
Financial fixed assets	0,7	0,8	0,8
Total fixed assets	**210,5**	**157,3**	**151,6**
Inventory	0,8	0,6	0,6
Accounts receivable	48,5	24,4	24,4
Other short term assets	13,7	11,7	11,7
Cash and cash equivalents	72,2	73,1	73,1
Total current assets	**135,2**	**109,8**	**109,8**
TOTAL ASSETS	**345,7**	**267,1**	**261,4**
Equity	**224,5**	**195,1**	**189,4**
Interest bearing debt	4,3	2,3	6,3
Deferred tax	0,5	0,0	0,0
Other long term debt	8,0	3,0	3,0
Long term debt	**12,8**	**5,3**	**9,3**
Interest bearing debt	4,9	4,0	0,0
Accounts payable	34,7	20,5	20,5
Public duties payable	26,6	14,9	14,9
Other short term debt	42,2	27,3	27,3
Short term debt	**108,4**	**66,7**	**62,7**
SUM DEBT AND EQUITY	**345,7**	**267,1**	**261,4**
Equtiy ratio	**64,9 %**	**73,0 %**	**72,5 %**
Net interest bearing debt	**-63,0**	**-66,8**	**-66,8**

CASH FLOW (MNOK)	IFRS Q4 2005	IFRS Q4 2004	NGAAP Q4 2004	IFRS 2005	IFRS 2004	NGAAP 2004
Ordinary profit before tax	5,9	4,2	3,2	14,4	0,5	-2,5
Depreciation	12,2	9,0	10,5	41,7	34,1	39,8
Share based salary	0,1	0,5	0,0	0,7	2,6	0,0
Restructuring acquisition	-1,6	0,0	0,0	-6,3	0,0	0,0
Change working capital	7,6	5,2	5,2	15,7	4,1	4,0
Cash flow from operations	**24,2**	**18,9**	**18,9**	**66,2**	**41,3**	**41,3**
Investments intangible asset	-4,0	-2,1	-2,1	-11,0	-4,7	-4,7
Investments tangible assets	-10,2	-8,7	-8,7	-36,4	-29,6	-29,6
Investment in businesses	-0,1	-0,6	-0,6	-14,9	-7,9	-7,9
Cash flow from investments	**-14,3**	**-11,4**	**-11,4**	**-62,3**	**-42,2**	**-42,2**
Down payment financial lease	-1,2	-2,3	-2,3	-5,1	-9,5	-9,5
Down payment interest bearing	0,0	0,0	0,0	-1,9	0,0	0,0
Share issues	0,5	0,0	0,0	3,4	0,2	0,2
Cash flow from investments	**-0,7**	**-2,3**	**-2,3**	**-3,6**	**-9,3**	**-9,3**
Translation differences	**0,2**	**-0,2**	**-0,2**	**-1,2**	**-0,3**	**-0,3**
NET CHANGE IN CASH	**9,4**	**5,0**	**5,0**	**-0,9**	**-10,4**	**-10,4**
Cash at beginning of period	**62,8**	**68,1**	**68,1**	**73,1**	**83,5**	**83,5**
Cash at end of period	**72,2**	**73,1**	**73,1**	**72,2**	**73,1**	**73,1**

IFRS Segments	Q4-2005	Q4-2004	Proforma *) Q4-2004	2005	2004	Proforma *) 2004
Norway						
Revenues	83,1	48,5	71,2	257,8	173,8	218,6
Gross contribution	61,8	35,2	50,3	192,1	129,3	162,6
Gross margins	74 %	73 %	71 %	75 %	74 %	74 %
Operating result	4,3	2,3	-9,8	13,8	-0,5	-12,5
Sweden						
Revenues	42,3	31,3	42,6	141,9	118,4	143,5
Gross contribution	29,9	22,5	32,2	102,5	81,3	101,9
Gross margins	71 %	72 %	76 %	72 %	69 %	71 %
Operating result	4,2	2,5	2,6	7,3	8,2	7,2
Group cost and elimination						
Revenues	-1,4	-1,4	-1,4	-3,6	-1,8	-1,7
Gross contribution	0,1	1,5	1,5	0,0	1,8	1,8
Gross margins	-6 %	-107 %	-107 %	0 %	-100 %	-106 %
Operating result	-2,6	-0,7	-0,7	-6,5	-7,2	-7,2
GROUP - TOTAL						
Revenues	124,0	78,4	112,4	396,1	290,4	360,4
Gross contribution	91,8	59,2	84,0	294,6	210,0	266,3
Gross margins	74 %	76 %	75 %	74 %	72 %	74 %
Operating result	5,9	4,1	-7,9	14,6	0,5	-12,5

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

MOVEMENT IN EQUITY (MNOK)	IFRS 31.12.2005	IFRS 31.12.2004	NGAAP 31.12.2004
Equity 31.12	**195,1**	**182,9**	**182,9**
Ordinary result	9,0	1,0	-2,0
Share issues	21,1	8,8	8,8
Share based salaries	0,7	2,6	0,0
Translation differences and other	-1,4	-0,2	-0,3
Equity 30.09/31.12	**224,5**	**195,1**	**189,4**