



TeleComputing 1st quarter 2006:

- Turnover growth 58% compared with same quarter 2005
- Organic turnover growth of 16,7%
- EBITA before special items, MNOK 8,8
- Solid cash flow from operations
- Focus on integration of acquired companies

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TELECOMPUTING REPORT FOR 1st QUARTER 2006

HIGHLIGHTS 1st quarter 2006

- Turnover for 1st quarter 2006 was MNOK 124,8 (MNOK 79,1), representing a growth rate of 57,8% . Organic growth including company acquisitions was 16,7%.
- 20,4% organic growth in Norway. The organic growth in Sweden in local currency, excluding terminated business operations in Proserva, was 11,7%.
- Order inflow in 1st quarter was MNOK 109 (MNOK 105 in corresponding period 2005). New contracts represented MNOK 45 (MNOK 73)
- EBITA before special items was MNOK 8,8 (MNOK 4,6). The 1st quart operating result includes special items of MNOK 3,3, related to restructuring of the Swedish organization, costs of share options and expenses in relation to the change of CEO.
- Cash flow from operation was in MNOK 15,2 (MNOK 11,1)
- Net cash flow from operation after ordinary operational investments, before the cash effect of restructuring charges of MNOK 1,3, was MNOK 1,6 (MNOK -0,7)
- Integration of acquired companies as planned



Financial results

Consolidated statement (MNOK)	IFRS Q1 2006	IFRS Q1 2005	growth	IFRS 2005	IFRS 2004	growth
Revenues	124,8	79,1	57,8 %	396,1	290,4	36,4 %
Gross margins %	75%	73%		74%	72%	
EBITDA	17,7	12,4	42,7 %	56,3	34,7	62,5 %
EBIT	5,0	4,6	-8,7 %	14,6	0,5	-3123,0 %
Cash flow from operations	15,2	11,1	36,9 %	66,2	41,3	60,3 %
Cash, end of period	73,0	71,9	1,5 %	72,2	73,1	-1,2 %
Net interest bearing debt	-64,8	-67,2	-3,6 %	-63,0	-67,2	-6,3 %
EPS (earnings per share)	0,14	0,10	41,7 %	0,27	0,03	-796,4 %

Revenue continues to develop positively. In the 1st quarter turnover increased by 57,8% to MNOK 124,8 (MNOK 79,1 for same period last year). Organic growth for the group, including company acquisitions, adjusted for exchange rate changes, was 16,7%. The gross margin increases at same rate, to 75% in 1st quarter compared to 73% in same quarter previous year.

Operational costs before depreciation were MNOK 75,4 (MNOK 45,7), representing an increase of 65,0%. 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.

The operational profit was MNOK 5,0 (MNOK 4,6). Net financial items were MNOK 0,0 (MNOK 0,0). Profit after tax was MNOK 5,0 (MNOK 3,3). Tax is charged with MNOK 0,0.

Norway

The market situation is still very positive in Norway. Higher investment rates for existing customers contribute to higher revenue, and the rate of renewals are kept at a very high level at end of contractual periods. The level of new sales was somewhat lower than the record high 4th quarter 2005, but are still at a very high level. The acquired companies make a positive contribution to the total revenue development.

The revenue in Norway increased by 78,2% to MNOK 87,3 (MNOK 49,0). The organic growth, adjusted for the TeleComputing Stavanger (formerly IT Broker) and Stim acquisitions, is 20,4%. Operational results was MNOK 7,0, which is an improvement of 150% from same period last year (MNOK 2,8), and proforma result of MNOK 1,7.



Sweden

The revenue in Sweden increased by 28% (in local currency) to MNOK 39,1 (MNOK 30,7). The organic growth was 11,7% when adjusted for exchange rate effects and for the terminated business activity in the acquired company Proserva. The growth rate is influenced by less new sales orders at the end of 2005 and throughout the current quarter. Measures are implemented in order to ensure higher levels of new sales in the future.

Operating profit, after restructuring costs of MNOK 1,4, was MNOK 1,6 (MNOK 2,8) and proforma profit was MNOK 2,7.

Cash flow, liquidity and balance sheet

The group had a positive 1st quarter cash flow from operating activities of MNOK 15,2, which is a MNOK 4,0 improvement compared with MNOK 11,1 for the same period last year. The combined investments in working capital assets and intangible assets were MNOK 14,9 during this period, which has been entirely included in the current liquidity. Payments related to financial leasing agreements and other interest-bearing debt were MNOK 1,3. The liquidity at the end of the 1st quarter was MNOK 73,0, which is an increase from MNOK 72,2 at the end of 4th quarter 2005.

The group's equity was MNOK 230,7, representing an equity ratio of 67,9%.

Future outlook

There is still an excellent market outlook for TeleComputing, particularly in the Norwegian market. The general market growth is estimated to be between 6-8%. The Norwegian segment is expecting a revenue growth in excess of the general market development, while the growth in the Swedish segment temporarily will be impacted by the low inflow of new sales. The growth in Sweden is therefore expected to be less than the general market growth.

The company's long term 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 implemented measures in the Swedish organization will temporarily impact the result in this segment, and an additional restructuring charge in the approximate amount of MNOK 3 is expected in 2nd quarter.

The consolidation in the market continues, and Telecomputing has a continued ambition to be a leader in this consolidation race.



PROFIT AND LOSS STATEMENT (MNOK)	IFRS Q1 2006	IFRS Q1 2005	IFRS 2005	IFRS 2004	NGAAP 2004
Operating revenue	124,8	79,1	396,1	290,4	290,4
Cost of goods sold	-31,7	-21,0	-101,5	-80,6	-80,6
Personell cost	-60,9	-36,3	-181,8	-131,8	-129,1
Other operating expenses	-14,5	-9,4	-56,5	-43,4	-43,4
EBITDA	17,7	12,4	56,3	34,7	37,4
Depreciation tangible assets	-12,2	-7,8	-40,5	-34,2	-34,2
EBITA	5,5	4,6	15,8	0,5	3,2
Amortisation GW	0,0	0,0	0,0	0,0	-5,7
Amortisation customer contracts	-0,5	0,0	-1,2	0,0	0,0
Operating profit (EBIT)	5,0	4,6	14,6	0,5	-2,5
Net financial items	0,0	0,0	-0,2	0,0	0,0
Profit/loss before tax	5,0	4,6	14,4	0,5	-2,5
Tax	0,0	1,3	5,4	-0,5	-0,5
Net profit for the period	5,0	3,3	9,0	1,0	-2,0
EPS diluted (NOK)	0,14	0,10	0,27	0,03	-0,06
EPS (NOK)	0,14	0,10	0,27	0,03	-0,06

BALANCE SHEET (MNOK)	IFRS 2006-03-31	IFRS 2005-03-31	IFRS 2005-12-31	IFRS 2004-12-31	NGAAP 2004-12-31
Deferred tax asset	52,0	53,8	52,1	55,1	55,1
Goodwill	62,7	39,0	63,1	39,0	33,7
Contracts and customer relationsh.	8,3	0,0	8,8	0,4	0,0
Othr immaterial items	17,3	7,0	17,5	6,9	6,9
Tangible fixed assets	71,5	59,1	68,3	55,1	55,1
Financial fixed assets	0,7	0,7	0,7	0,8	0,8
Total fixed assets	212,5	159,7	210,5	157,3	151,6
Inventory	1,1	0,3	0,8	0,6	0,6
Accounts receivable	41,0	23,8	48,5	24,4	24,4
Other short term receivables	15,1	11,8	13,7	11,7	11,7
Cash and cash equivalents	73,0	71,9	72,2	73,1	73,1
Total current assets	130,2	107,8	135,2	109,8	109,8
TOTAL ASSETS	342,7	267,5	345,7	267,1	261,4
Equity	230,7	199,2	224,5	195,1	189,4
Interest bearing debt	3,8	1,5	4,3	2,3	6,3
Deferred tax	0,5	0,0	0,5	0,0	0,0
Other long term debt	7,7	2,3	8,0	3,0	3,0
Long term debt	12,0	3,8	12,8	5,3	9,3
Interest bearing debt	4,4	3,2	4,9	4,0	0,0
Accounts payable	22,9	19,4	34,7	20,5	20,5
Public duties payable	29,6	15,4	26,6	14,9	14,9
Other short term debt	43,1	26,6	42,2	27,3	27,3
Short term debt	100,0	64,6	108,4	66,7	62,7
TOTAL DEBT AND EQUITY	342,7	267,5	345,7	267,1	261,4
Equity ration	67,3 %	74,5 %	64,9 %	73,0 %	72,5 %
Net interest bearing debt	-64,8	-67,2	-63,0	-66,8	-66,8



CASH FLOW (MNOK)	IFRS Q1 2006	IFRS Q1 2005	IFRS 2005	IFRS 2004	NGAAP 2004
Ordinary profit before tax	5,0	4,6	14,4	0,5	-2,5
Depreciations	12,7	7,8	41,7	34,1	39,8
Share based salary	0,1	0,2	0,7	2,6	0,0
Restructuring aquisitions	-1,3	0,0	-6,3	0,0	0,0
Change in working capital	-1,3	-1,5	15,7	4,1	4,0
Cash flow from operations	15,2	11,1	66,2	41,3	41,3
Investments intangible assets	-1,7	-0,5	-11,0	-4,7	-4,7
Investments tangible assets	-13,2	-11,3	-36,4	-29,6	-29,6
Investments in businesses	0,0	0,0	-14,9	-7,9	-7,9
Cash flow from investments	-14,9	-11,8	-62,3	-42,2	-42,2
Down payments financial lease	-1,0	-1,6	-5,1	-9,5	-9,5
Down payment interest bearing debt	-0,3	0,0	-1,9	0,0	0,0
Share issues	1,9	1,4	3,4	0,2	0,2
Cash flow from financing	0,6	-0,2	-3,6	-9,3	-9,3
Translation differences	-0,1	-0,3	-1,2	-0,3	-0,3
NET CHANGE IN CASH	0,8	-1,2	-0,9	-10,4	-10,4
Cash at beginning of period	72,2	73,1	73,1	83,5	83,5
Cash at end of period	73,0	71,9	72,2	73,1	73,1

IFRS Segments	Q1-2006	Q1-2005	Proforma *) Q1-2005	2005	2004	Proforma *) 2004
Norway						
Revenue	87,3	49,0	72,5	257,8	173,8	218,6
Gross contribution	65,5	35,7	53,2	192,1	129,3	162,6
Gross margin	75%	73%	73%	75%	74%	74%
Operating profit	7,0	2,8	1,7	13,8	-0,5	-12,5
Sweden						
Revenue	39,1	30,7	37,2	141,9	118,4	143,5
Gross contribution	29,2	22,4	27,3	102,5	81,3	101,9
Gross margin	75%	73%	73%	72%	69%	71%
Operating profit	1,6	2,8	2,7	7,3	8,2	7,2
Group costs and elimination						
Revenue	-1,6	-0,6	-0,6	-3,6	-1,8	-1,7
Gross contribution	-1,6	0,0	0,0	0,0	1,8	1,8
Gross margin	100%	0%	0%	0%	-100%	-106%
Operating profit	-3,6	-1,0	-1,0	-6,5	-7,2	-7,2
GROUP - TOTAL						
Revenue	124,8	79,1	109,1	396,1	290,4	360,4
Gross contribution	93,1	58,1	80,4	294,6	210,0	266,3
Gross margin	75%	73%	74%	74%	72%	74%
Operating profit	5,0	4,6	3,4	14,6	0,5	-12,5

*) Proforma is adjusted for the aquisition of IT Broker (from may 2005), Proserva AB (from june 2005), and Stim Computing (from september 2005)



MOVEMENT IN EQUITY	IFRS 2006-03-31	IFRS 2005-03-31	IFRS 2005-12-31	IFRS 2004-12-31	NGAAP 2004-12-31
Equity 31.12	224,5	195,1	195,1	182,9	182,9
Ordinary profit	5,0	3,3	9,0	1,0	-2,0
Share issues	1,9	1,0	21,1	8,8	8,8
Share based salaries	0,1	0,2	0,7	2,6	0,0
Translation differences and other	-0,8	-0,4	-1,4	-0,2	-0,3
Equity 31.12	230,7	199,2	224,5	195,1	189,4

Standards of reporting

The quarterly report is prepared in accordance with International Financial Reporting Standards, including IAS 34, Interim Financial Reporting, and accounting policies applied for the annual financial report for 2005.