

Q

2

Nocom AB (publ) Interim Report, January – June

2003

- ◆ **Continued positive earnings trend confirms turnaround**
Profit after financial items totaled SEK 4.5 (-51.2) million, of which SEK 2.4 (-33.3) million from the second quarter

Profit after tax totaled SEK 2.9 (-51.4) million, of which SEK 1.6 (-33.6) million from the second quarter

Operating margin at 6 (-62) percent for the first half of the year

Earnings per share totaled SEK 0.10 (-1.82), of which SEK 0.05 (-1.19) from the second quarter
- ◆ **Positive cash flow from current operations**
Cash flow from current operations improved during the first half of the year and totaled SEK 10.0 (-8.8) million, excluding payments of SEK 6.0 million attributable to the action plan from the fall of 2002
- ◆ **Stable sales**
Sales totaled SEK 72.3 (83.2) million for first six months of the year, of which SEK 35.4 (42.5) million from the second quarter

A Few Words from the CEO

A continued positive earnings trend confirms the company's turnaround. It is satisfying to be able to report, for the third consecutive quarter, a positive operating profit before depreciation. Our sales are stable despite continued tough market conditions. Through lower costs and an efficient organization we have managed to minimize the effects related to the current economic climate from which many in our branch are suffering.

During the second quarter we closed a number of major contracts in both Sweden and Norway. These deals, which are primarily within the integration business area, are extensions of existing contracts with customers of our support operations. The general trend is for our customers to mainly invest within areas that provide rapid cost savings. One example is host computer access, that is, access to a company's central systems, where we have witnessed increased interest in the new, cost-effective web and server-based solutions.

Expanded product portfolio

During the first half of the year we complemented our product portfolio within the fields of security, analysis, and development tools. The effect of these additions will be seen during the second half of the year as market activities are carried out, partners recruited, and employee skills developed.

Security has been given increased priority in all organizations and companies that use IT in their operations, and covers everything from virus and hacking protection to monitoring how employees use the Internet. Increasingly more employees now work remotely and the security threats therefore increase in both number and complexity. The demands on companies' security work are intensified – and the costs increase. We are well positioned to meet the demand for professional security solutions, not least through our new collaborative partners Symantec, a world-leader in Internet security, and Icognito.

During the second quarter we also increased the proportion of certified employees within the security business area, where demand on product knowledge is greatest.

e-channel center and Travelutions developing well

Nocom's hosting operations in the e-channel center have reached a stable and satisfactory result level. During the rest of the year we will increase investment in sales and market-oriented activities. Travelutions is developing well despite the weak travel market. The demand for services within revenue management, traffic planning, and IT strategy continues to be good and the earnings trend is positive.

Scandinavian offering

Our goal is to provide the same offering in the different Scandinavian countries. In part to become a more attractive distributor for our suppliers. In part to enable deeper product knowledge to the benefit of our partners and customers.

In Norway and Finland we are complementing our product portfolio and recruiting in order to adapt the product offering and local knowledge. Even if the group's sales outside Sweden are limited, we see growth potential in Norway and Finland in both the short and long-term.

The second half of 2003

We anticipate a continuation of the restraint seen in the market. Traditionally the third quarter is the weakest of the year. Despite this, Nocom's positive earnings trend during the first half of the year means that the prospects for the year as a whole are good.

We will continue to focus on long-term profitability by developing our employees' skills, complementing our product portfolio, and expanding collaborations with partners, distributors, and suppliers.

Stefan Skarin
CEO

Continued Stable Sales

Sales for the first six months of the year totaled SEK 72.3 (83.2) million. The change in sales is due to the phasing out of the IT consultancy operations in the fall of 2002.

Net sales, distribution between software and services:

Net sales, SEK millions	Jan-Jun 2003	Jan-Jun 2002	Apr-Jun 2003	Apr-Jun 2002	Full year 2002
Software	27.1	26.4	13.7	12.7	44.1
Services	45.2	56.8	21.7	29.8	106.7
Group	72.3	83.2	35.4	42.5	150.8

Software

Revenue comprises sales of software licenses within the business areas integration, security, analysis, infrastructure, and development tools.

Software sales for the first six months of the year totaled SEK 27.1 (26.4) million. In Sweden sales totaled SEK 21.9 (21.5) million, in Norway SEK 4.5 (3.7) million, and in Finland SEK 0.7 (1.2) million.

The product portfolio was complemented during the first half of the year as follows:

Security: **Icognito** – content filtering for the Internet in order to protect users, companies, and hardware. Expanded distribution agreement in January to include, in addition to the Norwegian market, the Swedish market.

Symantec – world-leader in Internet security. Distribution agreement in April for the Swedish and Finnish markets.

Analysis: **eIQnetworks** - analysis of, among other things, firewalls and e-mail systems. In June a distribution agreement was signed for the Swedish, Finnish, and Norwegian markets.

Development tools: **Oplayo** – streaming video for the Internet and mobile units. Distribution agreement in March for the Swedish and Norwegian markets.

Services

Income stems from support and training, from e-channel center hosting service operations, and from Travelutions' consulting services.

Sales for services totaled SEK 45.2 (56.8) million for the first six months of the year. In Sweden sales totaled SEK 38.2 (47.9) million, in Norway SEK 6.0 (8.7) million, and in Finland SEK 1.0 (0.2) million. Demand for support continues to be stable.

Further Profit Improvements

The positive earnings trend first seen in the fourth quarter of 2002 has continued and Nocom reported improved results for both the first half and the second quarter of the year in comparison with the same periods in 2002.

Operating profit before depreciation for the first half of 2003 totaled SEK 10.1 (-16.8) million, an improvement of SEK 26.9 million compared with the same period the previous year. The result after financial items totaled SEK 4.5 (-51.2) million, an improvement of SEK 55.7 million.

Profit before depreciation for the second quarter totaled SEK 5.1 (-7.0) million. Profit after financial items totaled SEK 2.4 (-33.3) million.

Costs of SEK 19.0 million attributable to the action plan were reserved in September 2002. As of June 30, 2003, SEK 4.2 million of this allocation remained.

Software

Software operations reported improved operating profit compared with the same period the previous year. Operating profit for the first half of 2003 was SEK 0.4 (-12.1) million.

Software SEK millions	Jan-Jun 2003	Jan-Jun 2002	Apr-Jun 2003	Apr-Jun 2002	Full year 2002
Operating profit/loss before depreciation	1.6	-10.6	1.0	-4.3	-18.8
Depreciation, tangible fixed assets	-1.2	-1.5	-0.6	-0.8	-2.7
Amortization, intangible fixed assets	-0.0	-0.0	-0.0	-0.0	-0.1
Write-downs, intangible fixed assets	-	-	-	-	-
Operating profit/loss	0.4	-12.1	0.4	-5.1	-21.6

In Sweden operating profit totaled SEK 0.7 (-9.0) million, in Norway SEK 0.3 (-2.1) million, and in Finland SEK -0.6 (-1.0) million.

Services

Services also reported improved operating profit compared with the first half of 2002. Operating profit for first six months of the year totaled SEK 3.9 (-39.2) million.

Services SEK millions	Jan-Jun 2003	Jan-Jun 2002	Apr-Jun 2003	Apr-Jun 2002	Full year 2002
Operating profit/loss before depreciation	8.5	-6.2	4.1	-2.7	-20.5
Depreciation, tangible fixed assets	-3.1	-8.7	-1.5	-4.3	-18.6
Amortization, intangible fixed assets	-1.5	-5.2	-0.8	-2.6	-6.5
Write-downs, intangible fixed assets	-	-19.1	-	-19.1	-19.1
Operating profit/loss	3.9	-39.2	1.8	-28.8	-64.7

In Sweden operating profit totaled SEK 1.3 (-42.0) million, in Norway SEK 2.2 (3.3) million, and in Finland SEK 0.4 (-0.5) million

Investments and Financing

Investment needs within the Group continue to be low. Investments of SEK 0.2 (-0.8) million net were made during the first six months of the year.

Interest-bearing liabilities, all of which concern financial leasing, totaled SEK 2.8 (7.5) million as of June 30, 2003.

The equity/assets ratio at the end of the period was 28 (42) percent. Pledged assets increased during the period by SEK 1.9 million in conjunction with the granting of bank advances in the amount of SEK 3 million. No changes were seen in contingent liabilities during the period (see the most recent annual report).

Cash Flows and Liquid Assets

Current operations are generating an increasingly better cash flow as a result of the positive earnings trend. Since the action plan of September 2002 operations have generated a cash flow of SEK 21.5 million, excluding payments related to the action plan totaling SEK 13.6 million.

Cash flow from current operations totaled SEK 4.0 (-8.8) million for the first half of 2003. Cash flow was affected negatively by a change in operating capital of SEK -8.7 (3.6) million. The action plan of September 2002 burdened cash flow during the period with SEK 6.0 million and is estimated to burden cash flow for the second half of 2003 with an additional SEK 2 million.

Cash flow from investment activities stems primarily from financial leasing. At the end of the period, available liquid assets totaled SEK 21.4 (30.3) million. In addition there are unutilized bank advances totaling SEK 3.0 (17.0) million.

Personnel

The number of employees within the Group at the end of the period was 75 (137).

The Future

We continue with our work to create continued profit improvements in order to reach our long-term financial goals.

We are building upon the offering we have by complementing our product portfolio and developing our partner strategy in the Scandinavian market. We are deepening relations with our contract customers and are continuing to develop our personnel's skills. The areas that we judge will exhibit the strongest growth in the future are analysis, security, and integration.

We expect a continued stable earnings trend for the rest of the year.

Nocom's Long-term Financial Goals

Operating margin

Profitability is the overall, governing goal. Expressed as an operating margin, the goal is a minimum of ten percent. The operating margin was six percent for both the first half of the year and the second quarter.

Cash flow

The Group's goal with regard to cash flow from current operations is that it shall equal a minimum of eight percent of sales. Cash flow improved during the second quarter and totaled seven percent. Cash flow for the first half of the year was five percent.

Equity/assets ratio

The Group's equity/assets ratio goal is set at 40 percent, but should not drop below 30 percent during recessions. The equity/assets ratio increased from 20 percent at the beginning of the year to 28 percent as of June 30, 2003.

Financial Goals	2000	2001	2002	Jan-Jun 2003	Apr-Jun 2003	Goal
Operating margin, %	-30	-65	-57	6	6	10
Cash flow, %	-20	-15	-12	5	7	8
Equity/assets ratio, %	68	51	20	28		30-40

Parent Company

The Parent Company's sales for the period totaled SEK 7.7 (13.4) million. Profit/loss after financial items was SEK -9.9 (-66.4) million.

Investments in tangible fixed assets totaled SEK 0.1 (0.0) million. Available liquid assets totaled SEK 3.3 (13.9) million as of June 30, 2003. In addition there are unutilized bank advances totaling SEK 3.0 (17.0) million.

The number of employees within the Parent Company at the end of the period was 20 (35).

Nocom Stock

Nocom's Series B stock is quoted on Stockholmsbörsen's O-List. During the first half of the year, the stock unit price varied from a low of SEK 0.81 to a high of SEK 2.99. The stock price as of June 30 was SEK 2.92. Nocom's market value as of June 30 was SEK 83 million.

In April CEO Stefan Skarin acquired all Series A shares held by Anders Jonson and thereby became the new majority owner of Nocom. Stefan Skarin's holding amounts to 34.2 percent of the votes and 13.2 percent of the capital.

In order to support the liquidity of Nocom stock, in June Nocom appointed Remium Securities liquidity guarantor.

Accounting Principles

This interim report was prepared in accordance with the Swedish FASC's recommendation RR 20 concerning interim reports. The accounting principles are unchanged in comparison with the previous year.

Uppsala, Sweden, Thursday, August 21, 2003

Nocom AB (publ)



Stefan Skarin

CEO

Audit

We have conducted a review of this interim report in accordance with the recommendations of the Swedish Institute of Authorized Public Accountants (FAR). A review is substantially limited in comparison to an audit.

We have not found anything to indicate that the interim report does not fulfill the requirements of the Swedish Stock Exchange Act or the Swedish Annual Accounts Act.

Uppsala, Sweden, Thursday, August 21, 2003

Ingvar Pramhäll
Authorized Public Accountant

Leonard Daun
Authorized Public Accountant

INCOME STATEMENTS, GROUP SEK millions	6 months		3 months		12 months		Full year
	Jan-Jun		Apr-Jun		Jul-Jun		
	2003	2002	2003	2002	02/03	01/02	
Net sales	72.3	83.2	35.4	42.5	139.9	219.6	150.8
Operating costs	-61.9	-98.7	-30.3	-48.9	-151.8	-264.3	-188.6
Depreciation of tangible assets	-4.3	-10.2	-2.1	-5.1	-15.4	-23.0	-21.3
Amortization of intangible assets	-1.5	-5.2	-0.8	-2.6	-2.9	-12.2	-6.6
Items affecting comparability	-	-19.1	-	-19.1	-	-65.5	-19.1
Profit/loss from participations in associated companies	-0.3	-1.3	-	-0.6	-0.5	-2.5	-1.5
Operating profit/loss	4.3	-51.3	2.2	-33.8	-30.7	-147.9	-86.3
Profit/loss from financial investments	0.2	0.1	0.2	0.5	-0.7	0.8	-0.8
Profit/loss after financial items	4.5	-51.2	2.4	-33.3	-31.4	-147.1	-87.1
Taxes	-1.6	-0.2	-0.8	-0.3	-2.9	1.0	-1.5
Minority share of period's profit/loss	-	-	-	-	-	3.7	-
Profit/loss for the period	2.9	-51.4	1.6	-33.6	-34.3	-142.4	-88.6
Earnings per share, SEK	0.10	-1.82	0.05	-1.19	-1.21	-5.03	-3.13
Earning per share, SEK (with full dilution)	0.10	-1.82	0.05	-1.19	-1.21	-5.03	-3.13

SALES PER GEOGRAPHIC MARKET, GROUP SEK millions	6 months		3 months		12 months		Full year
	Jan-Jun		Apr-Jun		Jul-Jun		
	2003	2002	2003	2002	02/03	01/02	
Sweden	60.1	69.4	30.5	36.2	114.3	191.9	123.6
Norway	10.5	12.4	4.0	5.7	22.8	21.2	24.7
Finland	1.7	1.4	0.9	0.6	2.8	4.4	2.5
Other markets	-	-	-	-	-	2.1	-
Total	72.3	83.2	35.4	42.5	139.9	219.6	150.8

BALANCE SHEETS, GROUP SEK millions	030630		020630		021231	
	ASSETS					
	Fixed assets					
Intangible fixed assets (goodwill)	11.5	14.5				13.1
Tangible fixed assets	14.0	28.6				18.1
Financial fixed assets	11.3	14.2				13.4
Total fixed assets	36.8	57.3				44.6
Current assets						
Stock/inventories	1.2	2.2				1.7
Other current assets	5.4	13.8				6.9
Accounts receivable	17.9	29.4				30.6
Cash and bank balances	21.6	33.1				19.5
Total current assets	46.1	78.5				58.7
TOTAL ASSETS	82.9	135.8				103.3
EQUITY AND LIABILITIES						
Total equity	23.2	57.7				20.3
Long-term interest-bearing liabilities	0.3	2.0				0.2
Current liabilities						
Accounts payable	12.9	18.0				19.0
Interest-bearing liabilities	2.5	5.5				3.6
Other current liabilities	44.0	52.6				60.2
Total current liabilities	59.4	76.1				82.8
TOTAL QUITY, PROVISIONS, AND LIABILITIES	82.9	135.8				103.3
Pledged assets	9.7	22.4				7.8
Contingent liabilities	-	-				-
Equity per share, SEK	0.82	2.04				0.72
Equity per share, SEK with full dilution	1.06	2.23				0.97

CHANGE IN EQUITY, GROUP SEK millions	6 months		3 months		12 months		Full year
	Jan-Jun		Apr-Jun		Jul-Jun		
	2003	2002	2003	2002	02/03	01/02	
Equity at opening of period	20.3	108.9	21.6	91.3	57.7	200.1	108.9
Stock issues	-	-	-	-	-	0.2	-
Exchange rate differences	0.0	0.2	0.0	0.0	-0.2	-0.2	0.0
Profit/loss for the period	2.9	-51.4	1.6	-33.6	-34.3	-142.4	-88.6
Equity at close of period	23.2	57.7	23.2	57.7	23.2	57.7	20.3

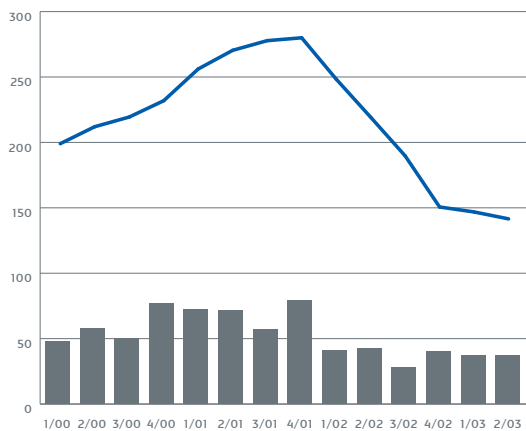
CASH FLOWS, GROUP SEK millions	6 months		3 months		12 months		Full year
	Jan-Jun		Apr-Jun		Jul-Jun		
	2003	2002	2003	2002	02/03	01/02	
Payments from customers	87.2	107.5	39.5	48.9	158.1	257.7	178.4
Payments to suppliers and employees	-83.2	-116.4	-37.2	-49.6	-162.5	-291.2	-195.7
Interest received	0.2	0.5	0.2	0.1	0.7	3.1	1.0
Interest paid	-0.1	-0.4	-0.1	0.4	-1.3	-1.3	-1.6
Income tax paid	-0.1	-0.0	-0.0	-0.0	-0.6	-0.2	-0.5
Cash flow from current operations	4.0	-8.8	2.4	-0.2	-5.6	-31.9	-18.4
Cash flow from investment activities	-1.9	-5.3	-1.2	-3.5	-5.9	9.2	-9.3
Cash flow from financing	-	-	-	-	-	0.2	-
Cash flow for the period	2.1	-14.1	1.2	-3.7	-11.5	-22.5	-27.7
Liquid assets at opening of period	19.5	47.2	20.4	36.8	33.1	55.6	47.2
Liquid assets at close of period	21.6	33.1	21.6	33.1	21.6	33.1	19.5
Frozen bank funds	-0.2	-2.8	-0.2	-2.8	-0.2	-2.8	-2.4
Unutilized bank advances	3.0	17.0	3.0	17.0	3.0	17.0	7.0
Total available liquid assets	24.4	47.3	24.4	47.3	24.4	47.3	24.1

KEY RATIOS, GROUP	6 months Jan-Jun			3 months Apr-Jun			12 months Jul-Jun			Full year 2002
	2003	2002	2001	2003	2002	2001	02/03	01/02	00/01	
Gross margin, %	13.9	-20.2	-31.5	14.3	-16.5	-37.9	-8.9	-21.5	-27.3	-26.1
Operating margin, %	5.9	-61.7	-59.9	6.2	-78.6	-83.0	-22.0	-67.3	-47.7	-57.2
Profit margin, %	6.3	-61.8	-63.9	6.8	-79.1	-81.9	-22.5	-64.8	-49.0	-58.8
Cash flow, %	5.5	-10.6	-12.7	6.8	-0.5	-24.7	-4.0	-14.5	-24.7	-12.2
Equity/assets ratio, %	28.0	42.5	62.8							19.7
Return on equity, %	13.2	-61.7	-37.1	7.0	-45.1	-25.1	-85.0	-110.5	-48.4	-137.2
Return on capital employed, %	18.7	-50.2	-33.2	9.9	-35.7	-24.0	-66.1	-99.5	-45.1	-117.3
Interest coverage ratio	29.9	-127.3	-11.1	21.9	85.4	-292.5	-23.3	-115.4	-13.9	-47.1
Capital employed, SEK millions	26.0	65.2	214.1							24.1
Net interest-bearing liabilities, SEK millions	-18.8	-25.6	-41.6							-15.7
Net debt/equity ratio	-0.81	-0.44	-0.21							-0.77
Number of employees at close of period	75	137	221							92
Average number of employees	78	141	232	76	138	226	92	184	235	124
Sales per employee, SEK millions	0.9	0.6	0.6	0.5	0.3	0.3	1.5	1.2	1.1	1.2
Value added per employee, SEK millions	0.44	-0.05	-0.03	0.21	-0.08	-0.08	0.35	-0.21	0.04	-0.08

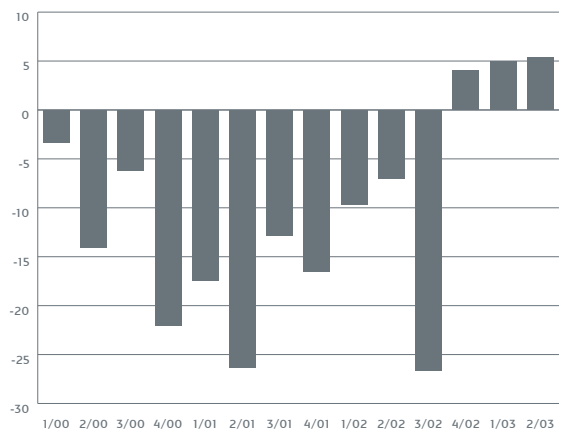
STOCK DATA	6 months Jan-Jun			3 months Apr-Jun			12 months Jul-Jun			Full year 2002
	2003	2002	2001	2003	2002	2001	02/03	01/02	00/01	
Equity per share, SEK	0.82	2.04	7.07							0.72
Equity per share adjusted for full utilization of outstanding options, SEK	1.06	2.23	7.07							0.97
Number of shares at close of period, millions	28.3	28.3	28.3							28.3
Number of shares at close of period adjusted for full utilization of outstanding warrants, millions	29.7	29.7	28.3							29.7
Average number of shares, millions	28.3	28.3	28.1	28.3	28.3	28.3	28.3	28.3	27.4	28.3
Average number of shares adjusted for full utilization of outstanding warrants, millions	29.7	29.7	28.1	29.7	29.7	28.3	29.7	29.0	27.4	29.7
Cash flow from current operations per share, SEK (based on the average number of shares adjusted for full utilization of outstanding options)	0.13	-0.30	-0.65	0.08	-0.01	-0.63	-0.19	-1.10	-2.45	-0.62
Earnings per share, SEK (based on the average number of shares adjusted for full utilization of outstanding options)	0.10	-1.82	-3.22	0.05	-1.19	-2.04	-1.21	-5.03	-4.55	-3.13

GROUP	Sales per quarter					Operating profit/loss before depreciation per quarter				
	Q I	Q II	Q III	Q IV	Full year	Q I	Q II	Q III	Q IV	Full year
SEK millions										
2000	48.0	57.4	49.9	76.8	232.1	-3.3	-14.1	-6.2	-22.3	-45.9
2001	72.3	71.7	57.3	79.1	280.4	-18.2	-27.2	-13.4	-17.0	-75.8
2002	40.7	42.5	27.7	39.9	150.8	-9.7	-7.0	-26.6	4.0	-39.3
2003	36.9	35.4				5.0	5.1			

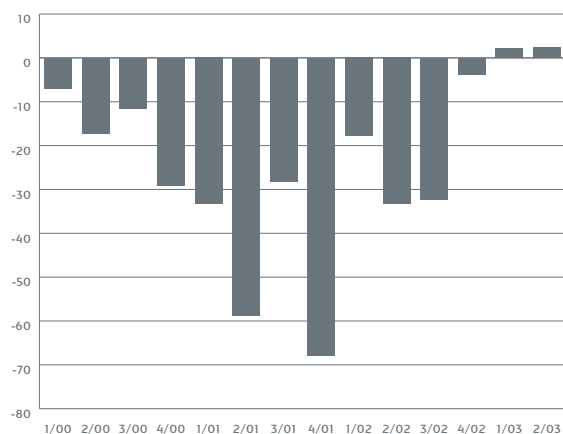
Sales per quarter and rolling 12-month period, SEK millions



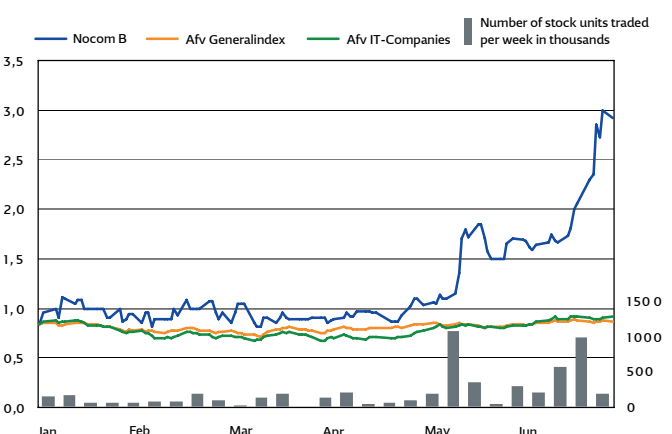
Operating profit/loss before depreciation, SEK millions



Profit/loss after financial items, SEK millions



Stock price trend



Next Financial Report:

Interim Report January-September 2003

November 4, 2003

For further information, please contact

Stefan Skarin, CEO, +46 708 65 10 05

Stefan Ström, CFO, +46 708 65 10 68

This report is available in Swedish and English. The English version is virtually the same as the Swedish report. If deviations between the Swedish and the English version occur, the Swedish version should apply.

Nocom AB (publ) is an IT company which sells software and qualified operational support and training to facilitate and increase operating efficiency of companies in Scandinavia. The service range comprises five business areas – integration, security, analysis, development tools and infrastructure.

Nocom has 80 employees and is represented in Sweden, Norway and Finland. The company was founded in 1985 and has been listed on the Stockholm Stock Exchange O-list (NOCM B) since 1999

Nocom AB (publ)

Corporate identity number:
556400-7200
Kristallen
SE-754 51 Uppsala
SWEDEN
Street address:
Axel Johanssons gata 4
Tel: +46 18 65 55 00
Fax: +46 18 65 55 55
E-mail: info@nocom.se
www.nocom.se

Nocom e-channel center AB

Nocom Travelutions AB

Box 57
SE-171 74 Solna
SWEDEN
Street address:
Anderstorpsvägen 22
Tel: +46 8 705 18 00
Fax: +46 8 705 18 55

Nocom AS

PB 404
N-1323 Høvik
NORWAY
Street address:
Kirkeveien 59c
Tel: +47 671 01 800
Fax: +47 675 81 560
www.nocom.no

Nocom OY

Äyritie 12 A
F-01510 Vantaa
FINLAND
Tel: +358 9 7749 2263
Fax: +358 9 7749 2264
www.nocom.fi