

# Q1

## Nocom AB (publ)

Interim Report January – March 2006

### Strong start to 2006 for the new and bigger Nocom

- Organic growth was 40 percent – net sales reached SEK 211.8 million
- Operating profit up by over SEK 19 million – reported at SEK 15.4 million
- Net cash rose by 48 percent in the first quarter – cash and cash equivalents amounted to SEK 100.2 million

#### January - March 2006

- Net sales amounted to SEK 211.8 (60.5) million.
- Operating profit was SEK 15.4 (-2.9) million.
- Profit after financial items was SEK 15.3 (-3.1) million.
- Profit after tax totaled SEK 10.7 (-3.2) million.
- Earnings per share were SEK 0.09 (-0.08) million.
- Cash flow from operating activities was SEK 17.9 (-2.9) million.
- Available cash and cash equivalents amounted to SEK 129.7 (130.3) million.
- Equity at March 31 is reported at SEK 460.1 (327.5) million.
- Equity per share at March 31 was SEK 4.61 (3.82).
- IAR Systems won two major license contracts, worth around SEK 3.7 million, from leading Japanese electronics manufacturers.
- IAR Systems signed a sizeable development contract with one of the world's foremost manufacturers of microprocessors. The contract is an extension of a longstanding partnership between the companies and is valued at approximately SEK 3.5 million.
- In March, Nocom Software was awarded a three-year contract worth close to SEK 15 million from one of its largest Swedish customers to supply products and services for host computer access.
- In February, operations in Nocom Distribution were divided into three companies – Nocom Security, Nocom Software and Webcontrol. The companies are specialized in the areas of information security, IT infrastructure and web analytics, respectively.
- As of 2006 the Nocom share is quoted on Attract 40 – Stockholm Stock Exchange's segment for the most actively traded shares on the O list.

#### Subsequent events

- **Northern Parklife – strategic acquisition strengthens software business**

At the beginning of April Nocom acquired the Swedish software company Northern Parklife, a leading provider of proprietary software for Storage Resource Management (SRM). Northern has annual sales of around SEK 20 million and 22 employees, of whom seven are based in the USA. The initial purchase price was SEK 17 million, with additional purchase consideration of SEK 7 million payable over a period of three years.

## Comments from the CEO

After an intensive year marked by large-scale acquisitions and dramatic expansion, Nocom entered 2006 as a strong IT group. The new and bigger Nocom Group has made a fantastic start to the new year. Net sales have risen sharply – primarily through the past year's acquisitions but also thanks to impressive performance in the market – and organic growth for the first quarter of 2006 reached 43 percent. Parallel to this, we have strengthened our profitability – turning the past year's negative first quarter earnings into an operating surplus of over SEK 15 million.

A renewed sense of optimism in the IT market has stimulated an upswing in business ventures and investments, which has naturally also benefited Nocom. Nonetheless, our growth has outpaced the market and several of our subsidiaries showed a substantial increase in sales for the first quarter. The past year's swift and decisive integration and development process has borne fruit and provided a solid platform from which to continue building for the future. Our focus in 2006 will be on identifying and tapping into the potential still available in the individual subsidiaries and the Group as a whole.

Our largest business area, **Distribution**, began the year with a sharp rise in sales and profitability over the previous year. In February Nocom Distribution, the Nocom Group's original software distribution business, was divided into three companies specializing in different technical areas – information security, web analytics and IT infrastructure. The expansive and fiercely competitive information security segment is the main area where focusing of resources and expertise is needed to establish a leading market position. After restructuring, the newly formed Nocom Security has widened its product range with information security products and dramatically improved its sales over the relatively weak first quarter of 2005. The other new units, Nocom Software (IT infrastructure) and Webcontrol (web analytics), are primarily active in the Swedish market and have well established products, longstanding supplier partnerships and stable profitability.

The Group's **Software** business area started the year with a quarter that was both eventful and rewarding. IAR Systems is continuing to gain ground in the international market and the past year's strategic realignment – with a stronger emphasis on software sales and a lower share of consulting services – has yielded tangible improvement in both sales and profit. In the first quarter, IAR Systems signed two major license contracts with leading Japanese electronics manufacturers. One of these contracts refers to the fast-growing ARM technology, where IAR Systems has a technological and market lead. IAR Systems was early to identify the major potential of ARM technology, and this is starting to visible results. We will increase our focus and investments in this area and see the ARM segment as a key growth area for IAR Systems. In addition, IAR Systems has won a significant development contract from a world-leading supplier of microprocessors to whom IAR Systems will deliver a development tool for the company's new 32-bit chip architecture. The new contract has strengthened IAR Systems' position as the foremost supplier of development tools to Japanese chip makers. These orders are good examples of IAR Systems' strategy to pursue long-term growth by achieving a profitable balance between pure software sales and development contracts.

In early April, Nocom's Software business area was enlarged through the acquisition of Northern Parklife, a successful Swedish provider of proprietary software for *Storage Resource Management (SRM)*. Northern has many of the qualities we seek in an acquisition. It is a stable and profitable company with a leading position and unique knowhow in its segment. Furthermore, the company has a strong and driven management and has been very successful internationally. Over half of the Global Fortune 100 companies have chosen software from Northern for their enterprise storage solutions. Customers who have standardized on solutions from Northern include world-leaders like Microsoft, Nokia, Boeing, Nike, Siemens and Bank of America. Northern will now operate as an independent company in the Nocom Group and we see promising opportunities for synergies with our other subsidiaries. Among other things, Nocom Security has supplemented its product portfolio with solutions from Northern. Just a few weeks after the acquisition, Northern was awarded a major contract from the U.S. Army Accessions Command at Fort Knox. This strategically important contract covers the purchase of multiple licenses for immediate deployment of *Northern Storage Suite* for efficient and secure management of enterprise storage resources.

In the **Services** business area, growth was more limited and the operating margin was lower than in the rest of the Group. The industry is still being held back by aggressive price pressure and competition for both operating and Internet-based services. The business area's two companies, Nocom Drift and Nocom Networks, are continuing to move towards a more integrated offering.

Today we are a group with considerable resources and tremendous potential. Our financial position is excellent – with cash and cash equivalents of SEK 100 million and stable cash flows from operations. This naturally gives us financial security, but also the means to seize new business opportunities and lay a foundation for the Group's long-term development.

Nocom has successfully served the Nordic IT distribution market for many years, and our subsidiaries in software operations have now broadened their horizons to enter the global arena. Both IAR Systems and Northern Parklife are internationally established and sell mainly to major overseas markets like North America and Japan. But our market is not only growing in geographical terms. Nocom's software companies market and sell proprietary products, and this is an area where we can leverage both our longstanding experience in distribution of external products and the knowledge and sales resources of our other subsidiaries.

We believe that 2006 will be the year when we demonstrate our potential and highlight what we have to offer and where we are headed. The Group has a great deal of untapped potential. We see opportunities to enhance efficiency and profitability in Distribution and to increase growth in Software, not least after IAR Systems' strong start to the year and the spring's acquisition of Northern Parklife. We also see scope to realize additional cost and income synergies in Services.

Looking ahead, we expect continued robust sales and earnings growth through the rest of 2006, with certain variations between quarters. The IT market is growing, and we anticipate even more positive development for the Nocom Group. We have sustainably profitable subsidiaries with the means and momentum to continue moving forward. Nocom has never been stronger nor had such enormous long-term potential. Stable profitability will remain our top priority – at the same time that we step up the pace of strategic development in the Group.

Solna, Thursday, April 27, 2006



Stefan Skarin  
Chief Executive Officer  
Nocom AB (publ)

## Sales

Sales for the first three months of 2006 are reported at SEK 211.8 (60.5) million. The Distribution business area accounted for the bulk of sales, 80 percent, while the remainder is divided between Software, with 15 percent, and Services, with 5 percent.

Compared with pro forma sales for the corresponding period of 2005, organic growth in the first quarter of 2006 was 43 percent. Measured over the past 12-month period, organic growth was 30 percent. In addition, sales have risen as a direct consequence of the acquisitions carried out in 2005.

### Reported sales by business area

Sales	3 months, Jan-Mar 2006		Full year	Pro forma,
SEK million	2006	2005	2005	3 months Jan-Mar 2005
Distribution	168,7	53,1	509,7	115,6
Programvara	34,2	3,1	93,9	23,1
Tjänster	8,9	4,3	32,0	9,2
<b>Koncern</b>	<b>211,8</b>	<b>60,5</b>	<b>635,6</b>	<b>147,9</b>

### Distribution

The Distribution business area is made up of SweDeltaco, Network Innovation, Nocom Security, Nocom Software and Webcontrol, and is focused on distribution of IT products via resellers and partners in the Nordic and Baltic countries.

Sales for the first three months of the year amounted to SEK 168.7 (53.1) million.

The business area reported continued strong organic growth, at 46 percent, compared with pro forma sales for the same period of 2005. Measured over the past 12-month period, organic growth was 33 percent. The past year has seen a significantly higher rate of growth for Nocom Security. First quarter growth in Nocom Security reached 85 percent, and should be seen in light of the company's weak sales for the same quarter of last year.

In March, Nocom Software won a contract from a major Swedish customer to supply products and services for host computer access. The contract, which runs for three years, also includes support services and is an extension of a close and longstanding partnership between the companies. The covered product is AttachmateWRQ Reflection, represented by Nocom on the Swedish market for 20 years, and the contract is valued at close to SEK 15 million.

### Software

The Software business area consists of IAR Systems, which is specialized in development tools for embedded systems. After the end of the reporting period Nocom acquired Northern Parklife, which is now part of the business area.

Sales for the first three months of the year amounted to SEK 34.2 (3.0) million.

IAR Systems has continued its positive development trend and reported organic growth of 48 percent in the first quarter, compared with pro forma sales for the year-earlier quarter. Measured over the past 12-month period, organic growth was 25 percent.

The period's growth is mainly due to the streamlining process that was started by IAR Systems in 2004 and has resulted in increased software revenue, both in absolute terms and as a percentage of sales. The rise in sales was primarily linked to embedded chips based on the increasingly widespread ARM technology. These sales were up for the fifth consecutive year and ARM technology now accounts for the largest share of software sold by IAR Systems. Revenue related to development contracts also improved substantially over the previous year. Aside from the revenue generated by these contracts during the actual development period, there is valuable scope for higher software sales in coming years when the chip is introduced to end-users.

IAR Systems was successful in many markets at the beginning of the year and sales have risen, primarily in Japan. During the quarter IAR Systems signed two major license contracts, valued at approximately SEK 3.7 million, with leading Japanese electronics manufacturers. The company was also awarded a significant development contract by a world-leading manufacturer of microprocessors. The contract is an extension of a longstanding partnership between the companies and is valued at approximately SEK 3.5 million.

IAR Systems enjoyed sustained growth in several geographical markets. Sales continued to rise in the USA, IAR Systems' largest market, while the quarter's strongest growth figures were noted in Europe and Japan.

### Geographical spread of revenue, first quarter of 2006

	Nordic region	Europe (excl. Nordic)	Asia	USA
Share of revenue, %	6	37	24	33
Quarterly growth, %	33	54	44	31

### Services

The Services business area consists of Nocom Drift and Nocom Networks. The market offering includes advanced IT hosting services and a wide range of communication solutions, such as IP telephony and web portal solutions.

Sales for the first three months of the year totaled SEK 8.9 (4.3) million. The increase is a direct consequence of the previous year's acquisitions of Nocom Networks (formerly Arete Internet) and UNC Systems AB.

## Operating profit

Operating profit for the first quarter of 2006 was SEK 15.4 (-2.9) million, up by SEK 19.3 million over the pro forma figure for the same quarter of 2005.

All business areas reported an operating surplus for the first quarter of the year and overall operating margin was 7.3 (-4.8) percent.

### Reported operating profit by business area

Operating profit	3 months, Jan-Mar		Full year	Pro forma,
SEK million	2006	2005	2005	3 months Jan-Mar 2005
Distribution	10,8	0,0	26,1	7,3
Software	5,7	0,3	13,0	-1,8
Services	0,1	-1,2	-1,9	-1,4
Central	-1,2	-2,0	-2,4	-8,0
<b>Group</b>	<b>15,4</b>	<b>-2,9</b>	<b>34,8</b>	<b>-3,9</b>
Operating margin, %	7,3	-4,8	5,5	-2,6

### Distribution

Operating profit for the first three months of 2006 was SEK 10.8 (0.0) million, an improvement of SEK 2.5 million over the pro forma figure for the corresponding period of 2005.

For the first quarter of the year, all companies reported an operating surplus. Operating margin for the business area was 6.4 percent.

In the first quarter of 2006, SweDeltaco, Nocom Software and Webcontrol achieved an operating margin above average for the business area.

SEK million	3 months Jan-Mar		Full year
	2006	2005	2005
<b>Sales</b>	<b>168,7</b>	<b>53,1</b>	<b>509,7</b>
Operating expenses	-156,8	-52,4	-478,8
Depreciation of tangible assets	-0,8	-0,6	-3,6
Amortization of intangible assets	-0,3	-0,1	-1,2
<b>Operating profit</b>	<b>10,8</b>	<b>0,0</b>	<b>26,1</b>
Operating margin, %	6,4	0,0	5,1

## Software

Operating profit for the first three months of 2006 was SEK 5.7 (0.3) million, up by SEK 7.5 million over the pro forma figure for the corresponding period of 2005.

Operating margin for the first quarter was 16.4 percent.

The focus on boosting software sales, which offer a generally higher margin, has been successful. A dramatic surge in sales during the first quarter of 2006 generated significant improvement in earnings.

SEK million	3 months Jan-Mar		Full year 2005
	2006	2005	
Sales	34.8	3.1	93.9
Operating expenses	-28.5	-2.7	-78.7
Depreciation of tangible assets	-0.2	-0.1	-0.9
Amortization of intangible assets	-0.4	-0.0	-1.3
Operating profit	5.7	0.3	13.0
Operating margin, %	16.4	9.7	13.8

## Services

Operating profit for the first three months of 2006 was SEK 0.1 (-1.2) million. The increase of SEK 1.5 million over the pro forma figure for the corresponding period of 2005 is a direct result of the cost synergies achieved through co-location of companies in the business area.

SEK million	3 months Jan-Mar		Full year 2005
	2006	2005	
Sales	8.9	4.3	32.0
Operating expenses	-7.9	-5.2	-30.5
Depreciation of tangible assets	-0.8	-0.3	-3.1
Amortization of intangible assets	-0.1	-	-0.3
Operating profit	0.1	-1.2	-1.9
Operating margin, %	1.1	-27.9	-5.9

Central includes costs for the Executive Management, Board of Directors, IR/PR and market listing. Operating profit for the first three months of 2006 was SEK 1.2 (-2.0) million, an improvement of SEK 6.8 million over the pro forma figure for the corresponding period of 2005. The increase is largely explained by the cost-savings realized in connection with the acquisitions of TurnIT and IAR Systems.

In February, the shareholding in ContactorArete Gruppen AB was sold for a price of SEK 3 million. The sale had a positive effect of SEK 2 million on operating profit. The above item is included in the business area "Central" for the first quarter of 2006 and also generated a cash inflow of SEK 3 million during the quarter.

## Goodwill

The acquisition analyses prepared in conjunction with Nocom's acquisitions of TurnIT, IAR Systems, UNC Systems and Mtrust Solutions were based on assessments at the respective acquisition dates. According to IFRS, a preliminary acquisition analysis may be adjusted during the twelve months following acquisition if the assessments made at the time of acquisition prove to be incorrect. TurnIT and IAR Systems were acquired on March 22, 2005, which means that these acquisition analyses have been finalized and that no future corrections are possible. However, the acquisition analyses for UNC Systems and Mtrust Solutions may still be subject to adjustment until July 1, 2006. Such adjustments to the preliminary acquisition analysis may affect goodwill identified in conjunction with the acquisition.

If the current minority stockholders in TurnIT accept Nocom's extended offer, the goodwill value may be subject to correction.

Goodwill is attributable to profitability in the acquired operations and the expected synergy effects of the Group's acquisitions of TurnIT, IAR Systems, UNC Systems and Mtrust Solutions.

The fair value of issued shares and warrants is based on their quoted market prices. In cases where no quoted warrant price was available at the time of issue, the change in fair value of Nocom stock was used as a basis for calculating historical cost until the date on which a quoted price became available.

Goodwill rose by SEK 5.6 million during the first quarter and amounted to SEK 233.2 million at March 31, 2006. The increase in goodwill is mainly explained by the fact that Nocom has been registered as owner of the outstanding shares in IAR Systems (see "Minority interest" below).

## Deferred tax asset

Deferred tax assets attributable to loss carryforwards are recognized only to the extent that it is probable that these can be offset against future taxable profits. At March 31, 2006, the Group had cumulative loss carryforwards of approximately SEK 442 million. In the balance sheet, the current estimated value of these losses is SEK 57.0 (19.6) million. This item consists of capitalized temporary differences and acquired loss carryforwards.

## Minority interest

On November 1, 2005, Nocom's public offer to the stockholders in TurnIT was extended until February 6, 2006. At the end of the extended acceptance period, Nocom's offer had been accepted by stockholders representing approximately 86.5 percent of the share capital and 87.6 percent of the votes. The Board of Nocom has therefore decided to further extend the offer until April 28, 2006.

In connection with compulsory redemption of the remaining shares in IAR Systems, the arbitration board ruled in January 2006 that Nocom has the right to redeem the shares in IAR Systems not currently held by Nocom. Furthermore, the arbitration board approved the collateral furnished for future redemption amounts through pledged deposits of SEK 4.7 million on account in Swedish commercial banks. Subsequent to approval of this collateral, Nocom has been registered as the holder of the outstanding shares.

Minority interest in TurnIT at March 31, 2006, was 13.5 percent of the share capital and 12.4 percent of the votes.

Minority interest at March 31 amounted to SEK 11.7 million and is recognized in equity.

## Investments and financing

Net investments in tangible assets during the first three months of the year amounted to SEK 1.9 (38.8) million. At the central level, investments have been made in joint IT platform for future rationalization of administrative routines in the Group.

Investments in fixed assets	3 months Jan-Mar		Full year 2005
	2006	2005	
SEK million			
Distribution	0.3	30.5	32.9
Software	0.3	2.3	2.7
Services	0.6	6.0	7.2
Central	0.7	0.0	1.3
Total	1.9	38.8	44.1

The equity/assets ratio at March 31 was 66 (53) percent. No additional assets were pledged during the quarter. However, pledged assets have been adjusted upwards due to an increase in the fair value of the Group's shares in subsidiaries with respect to profits reported by the companies. Pledged assets were thus increased by SEK 13.8 million and amounted to SEK 83.5 (217.4) million at March 31, 2006.

No changes in reported contingent liabilities have taken place.

## Cash flow, cash and cash equivalents

SEK million	3 months Jan-Mar		Full year 2005
	2006	2005	
Cash flow from operating activities	17.9	-2.9	7.4
Cash flow from investing activities	-0.1	19.3	32.9
Cash flow from financing activities	-7.1	31.0	35.5
Total cash flow	10.7	47.4	75.8
Total available cash and cash equivalents	129.7	130.3	119.1

The company's financial position was further strengthened in the first three months of 2006. Interest-bearing liabilities decreased during the quarter and net liquidity at March 31 was SEK 59.1 million, up by SEK 19.2 million since year-end. More efficient management of the fast-growing net liquidity is expected to further improve the Group's net financial items during the year.

**Cash flow from operating activities** for the first three months of the year was SEK 17.9 (-2.9) million. Cash flow for the quarter was strengthened by SEK 7 million arising from the bankruptcy liquidation of a former TurnIT subsidiary. The Group's termination of a lease contract generated a cash outflow of SEK 3 million.

Capital tied up in inventories and accounts receivable decreased by more than SEK 20 million during the quarter. At the same time, financing of operations via supplier credits was reduced by a corresponding amount. These movements follow a normal seasonal pattern. The net effect of these changes had a marginal impact on cash flow for the quarter.

**Cash flow from investing activities** amounted to SEK -0.1 (19.3) million. In February, the stockholding in ContactorArete Gruppen AB was sold for a price of SEK 3 million. The sale had a positive effect on cash flow of SEK 3 million during the quarter.

**Cash flow from financing activities** was SEK -7.1 (31.0) million, where the change is due to reduced utilization of bank overdraft facilities and amortization of property loans.

Cash and cash equivalents at the end of the period totaled SEK 100.2 (61.1) million, in addition to unutilized bank overdraft facilities of SEK 34.2 (69.2) million. In connection with advance access to the shares in IAR Systems, an amount of SEK 4.7 million has been deposited in a blocked bank account. The Group's available cash and cash equivalents thus amounted to SEK 129.7 (130.3) million.

## Personnel

The number of employees in continuing operations at the end of the period was 254 (255).

No. of employees	March 31, 2006	March 31, 2005
Distribution	135	137
Software	96	92
Services	18	19
Central	5	7
Total	254	255

## The Nocom share

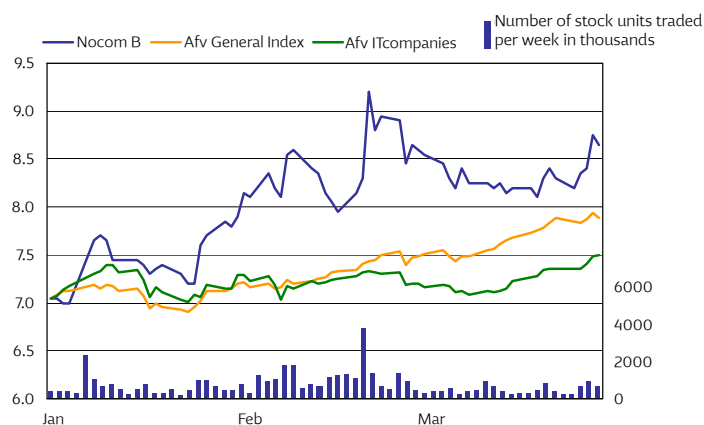
Nocom's Class B share is quoted on Attract 40 – the Stockholm Stock Exchange's segment for the most actively traded shares on the O list. In the first three months of the year, the share price has varied from a low of SEK 7.00 (3.73) to a high of SEK 9.20 (4.79). The share price on March 31 was SEK 8.65 (4.58). Nocom's market capitalization at March 31, 2006, was SEK 864 (393) million.

The number of stockholders in Nocom at March 31, 2006, was 20,108 (6,101), of whom 1,169 (333) held more than 10,000 shares each. Foreign stockholders held around 12 (10) percent of the share capital and 11 (8) percent of the votes.

The number of shares in Nocom amounts to 1,000,000 class A shares and 98,833,827 class B shares. All shares grant equal rights to the company's assets and profits. Class A shares carry ten votes each and class B shares one vote each at general stockholder meetings, where each holder of voting stock is entitled to exercise the full number of votes held directly or by proxy without restriction.

Upon full exercise of the 10,763,626 outstanding warrants, Nocom will raise additional capital of approximately SEK 32.3 million by December 20, 2006, at the latest. Nocom had no outstanding share-based incentive schemes as of March 31, 2006, which was also the case at the start of the year.

## Share price trend January – March 2006



## 2006 Annual General Meeting

The Annual General Meeting will be held at 6:00 p.m. on Wednesday, May 3, 2006, at Ingenjörshuset – Citykonferensen, Malmskillnadsgatan 46, in Stockholm. Starting in early April, Nocom's complete annual report will be available at the company's head office at Anderstorpsvägen 22 in Solna, Sweden.

## Parent Company

Operations in the Parent Company consist of group management and PR/IR functions.

The Parent Company's net sales for the period January-March are reported at SEK 0.2 (0.2) million. Profit after financial items was SEK -3.0 (-2.2) million. Investments in tangible fixed assets totaled SEK 0.8 (0.0) million. Cash and cash equivalents at March 31, 2006, amounted to SEK 25.2 (30.7) million and unutilized bank overdraft facilities to SEK 15.0 (-) million. In connection with advance access to the shares in IAR Systems, a sum of SEK 4.7 million has been deposited in a blocked bank account. The Parent Company's available cash and cash equivalents thus amounted to SEK 35.5 (30.7) million.

The number of employees in the Parent Company at the end of the period was 4 (3).

## Accounting principles

This consolidated interim report has been prepared according to IAS 34, Interim Financial Reporting, which is consistent with the requirements in the Swedish Financial Accounting Standards Council's (FASC) recommendation RR 31, Interim Reporting for Groups. In the case of the Parent Company, FASC recommendation RR 32 has been applied in the preparation of this interim report. The accounting standards applied in this interim report are described in the Group's 2005 annual report. International Financial Reporting Standards (IFRS) are applied with effect from January 1, 2005, and the comparative information for 2004 has been restated in compliance with the new standards.

## Key events after the end of the reporting period

Nocom has acquired 100 percent of the Swedish software company Northern Parklife AB (Northern). The acquisition, which was carried out on April 6, was financed with an initial cash payment and the issuance of 546,125 new class B shares in Nocom AB. Furthermore, additional cash consideration of SEK 7 million is payable over a period of three years.

Historical cost is estimated at SEK 25.2 million, based on the number of issued shares in Nocom, the fair value of these, purchase consideration in cash and expenses arising from the acquisition. The company is consolidated as of April 6, 2006. At the publication of this interim report, efforts are underway to establish an acquisition balance.

Northern is a leading provider of proprietary software for Storage Resource Management (SRM), comprehensive solutions for enterprise storage resources. Northern has annual sales of approximately SEK

20 million and 22 employees, of whom seven are based in the USA. Northern will operate as an independent company within Nocom's Software business area. Northern's software will also be a valuable complement to the sister company Nocom Security's product portfolio in the Nordic and Baltic countries. Through Nocom Security, Northern will have immediate access to a large and established network of resellers and end-users.

## Outlook for 2006

In 2005 Nocom grew through acquisitions and successful sales. The focus now is on developing the Group's subsidiaries and we will be investing in all of the business areas to maximize the individual subsidiaries' capacity for expansion and earnings growth.

In the **Distribution** business area, the shrinking margins of recent years have leveled out and stabilized. Nocom Distribution, the Nocom Group's original software distribution business, was divided into three separate companies in February 2006. Through more efficient resource utilization and greater specialization in their respective areas, we can better capture new business opportunities and enhance profitability.

SweDeltaco has a strong position in the computer accessories market and is showing stable profitability. Network Innovation is well positioned in Sweden and will seek increased growth and profitability through expansion to new Nordic markets. We expect the entire business area to continue growing in 2006 and see potential for profitability gains relative to 2005.

The goal for distribution operations in 2006 is to deliver an operating margin of at least 10 percent, depending on the trend for sales of volume-related products. These have a lower margin than other products in business area and account for periodically high sales.

IAR Systems, which makes up the **Software** business area, operates in an expansive international market. After recent years' successful shedding of non-core activities, leading to a lower proportion of consulting services, we believe the company is excellently poised to increase software sales in markets such as the USA and Asia. IAR Systems has a leading position in its market and in-depth knowledge in its field. We see major sales potential in the increasingly widespread ARM technology, which is already used by many world-leading chip makers.

In 2006 IAR Systems will continue working according to the changed business model with a strong focus on software sales. At the same time, IAR Systems will exploit the opportunities for growth in existing and new markets and to capitalize on accelerating demand for ARM products. The goal for IAR Systems in 2006 is to achieve additional growth and an operating margin of 10-15 percent.

The **Services** business area has now attained profitability, despite persistent aggressive competition and tight margins. In 2006 we see potential for additional synergies in Services, where a broader and more integrated offering is improving the scope for earnings growth.

Nocom Networks will continue its efforts to create a comprehensive offering and a joint organization. Earnings will be successively improved as the company's customer contracts grow in both number and size. For service operations, the goal is to reach an operating margin of 5-7 percent at the end of the year.

Today Nocom is a strong and stable IT group. Our priority in 2006 is to leverage the potential still available – to boost earnings in Distribution, achieve growth in Software and realize additional synergies in Services – but we will do so without straying from our focus on long-term performance and profitability. The stability of our business, financial position and earnings gives us a solid platform on which to continue building the new Nocom Group.

Stockholm, Thursday, April 27, 2006



Stefan Skarin  
Chief Executive Officer

## Audit

This interim report has not been subject to special review by the company's auditors.

INCOME STATEMENTS, GROUP					
SEK million	3 months Jan-Mar		12 months Apr-Mar		Full year
	2006	2005	05/06	04/05	2005
<b>Continuing operations</b>					
Net sales	211.8	60.5	786.9	223.2	635.6
Operating expenses	-195.7	-62.0	-732.5	-212.3	-598.8
Depreciation of tangible assets	-1.8	-1.3	-8.1	-4.3	-7.6
Amortization of intangible assets	-0.9	-0.1	-3.6	-0.3	-2.8
Other income	2.0	-	10.4	-	8.4
<b>Operating profit</b>	<b>15.4</b>	<b>-2.9</b>	<b>53.1</b>	<b>7.8</b>	<b>34.8</b>
Result from financial investments	-0.1	-0.2	-0.7	0.3	-0.8
<b>Profit after financial items</b>	<b>15.3</b>	<b>-3.1</b>	<b>52.4</b>	<b>8.1</b>	<b>34.0</b>
Taxes	-4.6	-0.1	17.8	-2.9	22.3
<b>Profit for the period from continuing operations</b>	<b>10.7</b>	<b>-3.2</b>	<b>70.2</b>	<b>5.2</b>	<b>56.3</b>
Profit for the period from discontinued operations	-	-	0.7	-	0.7
<b>Profit for the period</b>	<b>10.7</b>	<b>-3.2</b>	<b>70.9</b>	<b>5.2</b>	<b>57.0</b>
<b>Profit for the period attributable to:</b>					
Equity holders in the Parent Company	9.4	-3.2	64.0	5.2	51.4
Minority interest	1.3	-0.0	6.9	-	5.6
<b>Earnings per share based on profit from continuing operations attributable to equity holders in the Parent Company during the period, SEK</b>					
- before dilution	0.09	-0.08	0.66	0.16	0.63
- after dilution	0.09	-0.08	0.59	0.15	0.57
<b>Earnings per share based on profit from discontinued operations attributable to equity holders in the Parent Company during the period, SEK</b>					
- before dilution	-	-0.00	0.01	-0.00	0.01
- after dilution	-	-0.00	0.01	-0.00	0.01

SALES BY SEGMENT, GROUP					
SEK million	3 months Jan-Mar		12 months Apr-Mar		Full year
	2006	2005	05/06	04/05	2005
Distribution	168.7	53.1	625.3	203.4	509.7
Software	34.2	3.1	125.0	3.1	93.9
Services	8.9	4.3	36.6	16.7	32.0
<b>Total</b>	<b>211.8</b>	<b>60.5</b>	<b>786.9</b>	<b>223.2</b>	<b>635.6</b>

SALES BY SEGMENT, GROUP			
SEK million	March 31, 2006	March 31, 2005	December 31, 2005
<b>ASSETS</b>			
<b>Fixed assets</b>			
Goodwill	233.2	200.8	227.6
Other intangible assets	37.4	38.0	38.3
Tangible assets	46.4	48.0	46.3
Financial assets	57.4	39.0	63.3
<b>Total fixed assets</b>	<b>374.4</b>	<b>325.8</b>	<b>375.5</b>
<b>Current assets</b>			
Inventories	62.0	38.7	66.7
Other current assets	22.9	31.2	27.3
Accounts receivable	133.5	108.5	150.4
Cash and bank balances	100.2	61.1	89.5
<b>Total current assets</b>	<b>318.6</b>	<b>239.5</b>	<b>333.9</b>
<b>Non-current assets held for sale</b>	<b>-</b>	<b>48.1</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>693.0</b>	<b>613.4</b>	<b>709.4</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>460.1</b>	<b>327.5</b>	<b>448.9</b>
<b>Long-term liabilities</b>			
Long-term interest-bearing liabilities	29.7	86.2	32.2
Provisions	14.8	15.1	16.6
Other long-term liabilities	-	0.1	-
<b>Total long-term liabilities</b>	<b>44.5</b>	<b>101.4</b>	<b>48.8</b>
<b>Current liabilities</b>			
Accounts payable	60.3	39.2	81.1
Interest-bearing liabilities	11.4	10.0	17.4
Provisions	2.4	11.5	2.4
Other current liabilities	114.3	97.6	110.8
<b>Total current liabilities</b>	<b>188.4</b>	<b>158.3</b>	<b>211.7</b>
Liabilities tied to non-current assets held for sale	-	26.2	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>693.0</b>	<b>613.4</b>	<b>709.4</b>
<b>Pledged assets</b>	<b>83.5</b>	<b>217.4</b>	<b>69.7</b>
<b>Contingent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
Equity per share, SEK	4.61	3.82	4.50
Equity per share adjusted for full exercise of outstanding offers and warrants, SEK	4.45	3.64	4.35

CHANGES IN EQUITY, GROUP SEK million	3 months Jan-Mar		12 months Apr-Mar		Full year 2005
	2006	2005	05/06	04/05	
Equity at beginning of period	448.9	65.7	327.5	26.4	65.7
New stock issues	0.4	264.8	61.6	281.6	326.0
Exchange rate differences	0.1	0.2	0.1	0.2	0.2
Profit for the period	10.7	-3.2	70.9	19.3	57.0
<b>Equity at end of period</b>	<b>460.1</b>	<b>327.5</b>	<b>460.1</b>	<b>327.5</b>	<b>448.9</b>
- of which, minority interest in equity	11.7	2.1	11.7	2.1	14.0

CASH FLOWS, GROUP SEK million	3 months Jan-Mar		12 months Apr-Mar		Full year 2005
	2006	2005	05/06	04/05	
Payments for customers	234.9	56.1	818.0	200.7	639.2
Payments to suppliers and employees	-216.3	-58.0	-789.3	204.8	-631.0
Interest received	0.3	0.1	1.1	0.5	0.9
Interest paid	-0.4	-0.3	-1.9	-1.0	-1.8
Income tax paid	-0.6	-0.8	0.3	-0.6	0.1
<b>Cash flow from operating activities</b>	<b>17.9</b>	<b>-2.9</b>	<b>28.2</b>	<b>-5.2</b>	<b>7.4</b>
<b>Cash flow from investing activities</b>	<b>-0.1</b>	<b>19.3</b>	<b>13.5</b>	<b>6.0</b>	<b>32.9</b>
<b>Cash flow from financing activities</b>	<b>-7.1</b>	<b>31.0</b>	<b>-2.6</b>	<b>47.8</b>	<b>35.5</b>
<b>Cash flow for the period</b>	<b>10.7</b>	<b>47.4</b>	<b>39.1</b>	<b>48.6</b>	<b>75.8</b>
Liquid assets at beginning of period	89.5	13.7	61.1	12.5	13.7
Liquid assets at end of period	100.2	61.1	100.2	61.1	89.5
Blocked bank accounts	-4.7	-	-4.7	-	-
Unutilized overdraft facilities	34.2	69.2	34.2	69.2	29.6
<b>Total available liquid assets</b>	<b>129.7</b>	<b>130.3</b>	<b>129.7</b>	<b>130.3</b>	<b>119.1</b>

KEY RATIOS, GROUP	3 months Jan-Mar		12 months Apr-Mar		Full year 2005
	2006	2005	05/06	04/05	
Gross margin, %	7.6	-2.5	6.9	4.8	5.8
Operating margin, %	7.3	-4.8	6.7	2.8	5.5
Profit margin, %	7.2	-5.3	6.7	2.5	5.3
Cash flow, %	8.5	-4.8	3.6	-2.3	1.2
Equity/assets ratio, %	66.4	53.4			63.3
Return on equity, % <sup>1)</sup>	2.4	-1.6	17.8	10.9	22.2
Return on capital employed, % <sup>1)</sup>	3.2	-1.1	11.4	8.5	12.6
Interest coverage ratio	32.7	-9.7	27.2	18.5	20.0
Capital employed, SEK million	501.2	449.9			498.5
Net interest-bearing liabilities, SEK million	-59.1	35.1			-39.9
Net debt/equity ratio	-0.13	0.11			-0.09
Number of employees at year-end	254	255			250
Average number of employees	245	109	246	95	212
Sales per employee, SEK million	0.9	0.6	3.2	2.3	3.0

<sup>1)</sup> Return for the quarter refers only to three months, and has not been extrapolated for the full year.

SHARE DATA	3 months Jan-Mar		12 months Apr-Mar		Full year 2005
	2006	2005	05/06	04/05	
Equity per share, SEK	4.61	3.82			4.50
Equity per share adjusted for outstanding warrants, SEK	4.45	3.64			4.35
Equity per share adjusted for full exercise of outstanding offers and warrants, SEK	4.58	3.53			4.41
Number of shares at end of period, millions	99.8	85.7			99.8
Number of shares at end of period, adjusted for outstanding warrants, millions	110.5	109.2			110.5
Number of shares at end of period adjusted for full exercise of outstanding offers and warrants, millions	117.4	117.0			117.4
Average number of shares, millions	99.8	38.0	96.0	32.9	80.6
Average number of shares adjusted for outstanding warrants, millions	110.5	40.6	106.5	33.6	89.0
Average number of shares adjusted for full exercise of outstanding offers and warrants, millions	117.4	41.5	113.3	33.8	94.3
Cash flow from operating activities per share, SEK	0.18	-0.08	0.29	-0.16	0.09
Cash flow from operating activities per share adjusted for full exercise of outstanding offers and warrants, SEK	0.15	-0.07	0.25	-0.15	0.08
Earnings per share, SEK	0.09	-0.08	0.66	0.16	0.63
Earnings per share adjusted for outstanding warrants, SEK	0.09	-0.08	0.59	0.15	0.57
Earnings per share adjusted for full exercise of outstanding offers and warrants, SEK	0.08	-0.08	0.56	0.15	0.54

GROUP SEK million	Sales by quarter					Operating profit by quarter				
	Q I	Q II	Q III	Q IV	Full year	Q I	Q II	Q III	Q IV	Full year
2004	51.5	49.8	40.8	72.1	214.2	4.7	3.1	1.9	4.2	13.9
2005	60.5	176.7	164.4	234.0	635.6	-3.0	8.8	10.3	18.7	34.8
2006	211.8					15.4				



**Financial calendar:**

Interim report  
Interim report

January – June 2006  
January – September 2006

August 23, 2006  
November 8, 2006

The Annual General Meeting will be held at 6:00 p.m. on May 3, 2006, at Ingenjörshuset – Citykonferensen, Malmskillnadsgatan 46, in Stockholm.

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