



Nocom and TurnIT merge to form a new strong IT Group

Nocom AB (publ), and TurnIT AB (publ), (Nocom and TurnIT, respectively), announce their merger in order to build a strong Scandinavian information technology distribution, services and software business (referred to as the New Group). Both companies are currently listed on the Stockholm Stock Exchange O List. The merger formally involves Nocom making the public offer described below to all stock and warrant holders in TurnIT.

“After several years of focused effort we have turned Nocom into a profitable growth company. Now we want to go on the offensive to achieve greater expansion,” says Nocom CEO, Stefan Skarin.

“The merger with TurnIT will create an important player in the Scandinavian information technology market. The New Group has significant commercial potential with a strong product offering and substantial resources in IT distribution and services. This lays the foundation for greater profitability and further expansion.”

- The New Group will be a significant distributor of software products to Scandinavia and the Baltic States. Software sales operations are backed by a broad range of service products for support, as well as system development and hosting.
- An expected annual cost savings of up to SEK 12 million will result from the merger. The Group's financial standing is also expected to be strengthened through newly issued stock purchased through Nocom warrants obtained by TurnIT warrant holders who select to exchange their warrants for Nocom warrants in accordance with the Offer as described below.
- The Offer proposes that every four Series A and B shares in TurnIT entitle the holder to one new Series B share in Nocom. Every outstanding warrant in TurnIT entitles the holder to choose between subscribing to Nocom shares and obtaining warrants in Nocom, or only receiving warrants in Nocom.
- Shareholders representing approximately 22 percent of equity and 23 percent of voting rights in TurnIT are positive to the merger.
- In addition to its wholly owned subsidiaries, TurnIT owns nearly 75 percent of equity and voting rights in IAR Systems AB (publ), (IAR Systems), also listed on the Stockholm Stock Exchange O List. Nocom is also offering to acquire all outstanding shares in IAR Systems:
- With a total of 250 employees, TurnIT generated SEK 443 million in sales the first nine months of 2004. Approximately SEK 350 million is operating earnings from current operations, excluding extraordinary items such as those related to the sale of the CityData subsidiary in December 2004.
- Nocom has a workforce of around 90 and sales of SEK 142 million the first nine months of this year.

Background

Nocom is a value-adding distributor of software products from global industry leaders. The company has a Nordic organization providing system support and training as well as hosting services. Nocom has successfully tailored its product offering and skills to the evolving needs of the market.

Nocom has shown a profit with good operating margins since Q4 of 2002. And for 2003, the company had its highest earnings ever. This positive trend has continued through 2004, establishing Nocom as a profitable growth company. Sales for distribution operations have increased significantly, creating a solid ground for further expansion. Part of Nocom's growth strategy was the 2004 acquisition and integration of Tempest A/S, the profitable Danish distributor.

Like Nocom, TurnIT has restructured its operations to focus on core businesses to achieve both profitability and stability. TurnIT currently has two business areas:

- Distribution – organized into two companies: SweDeltaco and Network Innovation, with product offerings that fit well with Nocom's.
- Software and Consulting Services with Arete, providing a broad range of IT services, and listed IAR Systems, a proprietary software provider. TurnIT owns approximately 75 percent of IAR Systems.

This merger will create a significant player in software distribution. These operations in The New Group will benefit from both its larger size and synergies in system, logistics and infrastructure. The expanded product assortment will bring flexibility and reduce risk, facilitating taking advantage of new business opportunities.

The merger also creates the preconditions for increased profitability and growth in hosting services. The hosting products provided through TurnIT subsidiary Arete fit well with those provided by Nocom. Both companies have invested significantly in training and infrastructure. Through jointly developing their offerings and infrastructure, Nocom and Arete can increase business opportunities with both current and prospective customers.

Financial benefits with the merger also provide advantages. Significant savings will be achieved immediately for central

Group functions and costs related to Stock exchange listing, creating excellent preconditions for greater profitability. Additionally, financials will improve with the new shares issued in Nocom through the warrants offered to TurnIT warrant holders.

The Offer

Nocom's Board of Directors has decided to make the following public offer (the Offer) to stock and warrant holders (2004/2005) in TurnIT in order to acquire all outstanding shares and warrants. Nocom does not currently own any shares or warrants in TurnIT.

- A newly issued Series B share in Nocom will be offered for every four Series A shares in TurnIT.
- A newly issued Series B share in Nocom will be offered for every four Series B shares in TurnIT.
- For each ten 2004/2005 Series A or Series B warrants or 2004/2005 Series B warrants issued by TurnIT there are two alternatives:
Alternative I) One warrant in Nocom to subscribe to a new Nocom Series B share at the price of SEK 3.00 no later than December 20, 2006 on condition that the holder subscribes to a Nocom Series B share at the price of SEK 3.00 kronor when Nocom unconditionally declares The Offer;
or
Alternative II) Two warrants in Nocom where each entitles the holder to subscribe to a new Series B share in Nocom at the price of SEK 3.00 kronor no later than June 30, 2005.

No brokerage is charged. Fractions of shares or warrants in Nocom will not be issued as payment in the Offer. Fractions to shares or warrants issued by TurnIT will be paid for in cash for the value of that fraction. Further information will be available in the prospectus. The Offer complies with the regulations of The Swedish Industry and Commerce Stock Exchange Committee concerning public offers for the acquisition of shares, and The Swedish Securities Council's rulings concerning the interpretation and application thereof.

Recommendation from TurnIT's Board of Directors

The TurnIT Board of Directors issued the following statement in reference to The Offer:

"TurnIT has undergone successful restructuring and implemented significant cost savings under the management of former CEO Kent Karlsson who died in October 2004. This restructuring has resulted TurnIT enjoying a solid financial position. Through The Offer and building the New Group, the cost of stock exchange listing and certain Group functions will be spread to more business units. The overall assessment of the Board of Directors of TurnIT considers the Offer to be reasonable and therefore unanimously recommend TurnIT's shareholders and warrant holders to accept The Offer."

Support for the Offer

Stockholders representing 22 percent of equity and 23 percent of voting rights in TurnIT are positive to the proposed merger with Nocom. These shareholders intend to accept the offer to exchange shares as well as Alternative I in the Offer for warrants (that is for each ten warrants in TurnIT to subscribe to a new share in Nocom and therewith receive a warrant in Nocom that runs up to December 20 2006). Nocom stockholders representing approximately 30 percent of voting rights and 11 percent of equity in Nocom, intend to vote for the Offer at the extraordinary stockholder's meeting for Nocom scheduled for January 27, 2005.

Offer premium and Offer value

The average latest price recorded at the Stockholm Stock Exchange for Nocom and TurnIT Series B shares over the most recent 30 trading days was SEK 4.21 for Nocom and SEK 0.85 for TurnIT. On this basis, the Offer includes a premium of approximately 24 percent. Based on the latest price recorded at the Stockholm Stock Exchange for Nocom and TurnIT Series B shares on Tuesday December 21, 2004 (SEK 4.25 and SEK 0.83 respectively), the Offer includes a premium of approximately 28 percent.

The Offer is approximately SEK 287 million based on the latest price for Nocom Series B shares (SEK 4.25) on December 21, the market value of.

Complete acceptance of The Offer will result in the issue of 39,623,378 new Series B Nocom shares, so that shareholders in TurnIT will acquire around 55 percent of equity and 49 percent of the voting rights in Nocom. With full utilization of the stock options included in the Offer, corresponding to 39,623,018 Series B shares in Nocom, TurnIT warrant holders will acquire approximately 36 percent of equity and 33 percent of voting rights in Nocom.

On completion of The Offer, Nocom's current shareholders will represent around 45 percent of equity and 51 percent of the voting rights in The New Group and 29 per cent of the equity and 34 per cent of the voting rights after full dilution.

Pro forma financial information

In addition to the Offer to the shareholders and warrant holders in TurnIT, Nocom is also making an offer to the shareholders of IAR Systems, a subsidiary of TurnIT. TurnIT owns approximately 75 per cent of equity and voting rights in IAR Systems. The following financial information reflects the financial effect of a merger between TurnIT; New Group 1, and in step two the acquisition of the minority of IAR Systems; New Group 2.

Pro forma Income Statement for January – September 2004

MSEK	Nocom	TurnIT	New Group 1	New Group 2	
Net Sales		142	443	585	585
Operating profit/loss		7	-40	-38	-40
Profit/loss after tax		4	13	12	8

Pro forma Balance Sheet for September 30, 2004

MSEK	Nocom	TurnIT	New Group 1	New Group 2	
Goodwill		23	141	232	251
Other Tangible assets		14	81	95	95
Current assets		42	173	215	215
Liquid funds		9	25	88	85
Total assets		88	420	630	646
Equity		44	158	324	346
Minority		-	6	6	-
Provisions		-	9	9	9
Interest-bearing liabilities		4	100	104	104
Non-interest-bearing liabilities		40	147	187	187
Total liabilities & equity		88	420	630	646
	Nocom	TurnIT	New Group 1	New Group 2	
Total employees		94	276	370	370
Equity/assets ratio, %		50	38	51	54

The pro forma financial information is based on full acceptance of the Offer by TurnIT's warrant holders according to Alternative I) where shares in Nocom are issued equivalent to around SEK 60 million. This involves only the immediate new issue of shares in Nocom.

The merger will lead to immediate cost savings. Synergy benefits have not been accounted for in the pro forma Income Statement. The pro forma Income Statement includes CityData, a subsidiary with net sales of SEK 76 million and an operating profit of SEK 1 million, which was sold by TurnIT in December 2004.

Additional Group goodwill is estimated at around SEK 73 million for TurnIT and around SEK 21 million for IAR Systems, a total of around SEK 94 million. Depreciation of additional goodwill in the pro forma Income Statement is based on ten years.

The pro forma financial position of The New Group on September 30, 2004 shows an equity/assets ratio of approximately 51 percent for New Group 1 and 54 percent for New Group 2. The Group's pro forma net debts on September 30, 2004 were approximately SEK 16 and 19 million respectively. The number of employees in The New Group is estimated at 340 not including employees of CityData, the subsidiary sold by TurnIT in December 2004.

Terms and Conditions for The Offer

The Offer is subject to the following terms and conditions:

- a. that The Offer is accepted to such an extent that Nocom becomes owner of shares and warrants representing more than 90 per cent of the total number of shares and more than 90 per cent of the voting rights for all shares in TurnIT, calculated both before and after full utilization of warrants;
- b. that an extraordinary shareholders' meeting in Nocom makes the necessary resolutions to facilitate the issue of new shares and warrants as the basis of The Offer;
- c. that no third party announces an offer to acquire the shares and warrants in TurnIT on more favourable conditions for the shareholders of TurnIT than the Offer provides;
- d. that TurnIT's current loan terms with its main creditor is maintained on the same terms and conditions;
- e. that the owners of Series A shares in TurnIT irrevocably relinquish their redemption rights in accordance with the pre-emption clause of the Articles of Association;
- f. that prior to publication of the completed Offer, Nocom does not become aware that any information provided by TurnIT was false or misleading or involves material information that TurnIT did not present but should have made public; and

- g. that the acquisition, prior to publication of the completed Offer, is wholly or in part rendered impossible or significantly hindered due to laws, court rulings, existing or expected authority ruling or similar in Sweden or abroad, or other circumstance beyond the control of Nocom.

Nocom reserves the right to waive wholly or in part the conditions of the Offer and, with respect to the above conditions, to implement the Offer even with less than full acceptance. The Offer may only be revoked in accordance with the above conditions if the lack of compliance with any of the above conditions is of material significant for Nocom's acquisition of TurnIT.

Schedule for The Offer

The information memorandum for the Offer is anticipated to be distributed to share and warrant holders in TurnIT on or near February 4, 2005. A complete prospectus will be available from Nocom and on the Nocom website. The prospectus will be sent free of charge to any shareholders requesting it. The application period for the Offer is anticipated to run from February 7 to and including February 28, 2005. If Nocom carries out the Offer no later than March 4, 2005, payment terms should be accounted to the warrant and shareholders in TurnIT who have accepted the Offer as of March 15 2005. Nocom reserves the right to extend the acceptance period and thereby delay the time for which payment terms are announced. An extraordinary meeting of stockholders in Nocom is scheduled for January 27, 2005 and the Year-End Report for 2004 for Nocom's will be released on January 26, 2005.

Financial advisor

Nocom's financial advisor for The Offer is Kaupthing Bank.

Uppsala, Sweden, December 22, 2004
Nocom AB (publ)

This material is not an offer for selling or acquiring shares in Nocom or a recommendation for selling or acquiring any such shares or other stocks. This material and The Offer thereof could be the subject of legal restrictions in certain judicial areas. Persons taking due note of this material must inform themselves of, and observe, any such restrictions.

This material does not constitute an offer to sell stocks or other securities in the United States of America. Stocks and other securities may not be offered or sold in the United States of America unless registered at the United States Securities Exchange Commission or is exempt from registration, and Nocom does not intend to sell stocks and securities in the United States of America in connection with The Offer.

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Nocom AB (publ) is a Swedish IT company providing software and highly qualified support and training to facilitate operations and improve efficiency of companies in Scandinavia. The focus is on five selected technology areas – integration, security, analysis, development tools, and infrastructure. Nocom Drift provides operational and hosting services and advanced services for business-critical IT solutions. Nocom has a workforce of around 95 and is represented in Sweden, Norway, Denmark, Finland and the Baltic States. The company was founded in 1985 and has been listed on the Stockholm Stock Exchange O List (NOCM B) since 1999. Read more at www.nocom.se

TurnIT AB (publ) is an IT group listed on the Stockholm Stock Exchange O List. TurnIT's business concept is to improve and develop successful IT related companies. The Group's four subsidiaries are divided into two business areas: Distribution includes SweDeltaco and Network Innovation. The Companies provide software and computer accessories and have a strong position in their respective market niches. Software and Consultancy Services includes Arete and IAR Systems and focuses on the consultancy and software market. TurnIT's consultants are renowned for their experience and quality combined with expertise in priority areas. Read more at: www.turnit.se