



Nocom offers to purchase all remaining shares in IAR Systems

IAR Systems can concentrate on core activities and profitability

Nocom AB (publ), (Nocom), listed on the Stockholm Stock Exchange O List company announced its bid to acquire all remaining shares in IAR Systems AB (publ), (IAR Systems), as outlined in the terms below (the Offer). Nocom simultaneously announced its bid to acquire all outstanding shares and warrants in TurnIT AB (TurnIT, listed on the Stockholm Stock Exchange O List). TurnIT owns approximately 75 percent of IAR Systems and has agreed to retain these shares in the Offer. If the bids are accepted, IAR Systems will become a subsidiary of Nocom.

- The New Group resulting from the merger of Nocom, TurnIT and IAR Systems will be a significant player in software distribution and sales support services, as well as development and sale of proprietary software, system development and hosting services.
- Acquiring IAR Systems is expected to bring immediate cost savings. The financial standing of The New Group is expected to be strengthened through newly issued stock purchased through Nocom warrants obtained by TurnIT warrant holders in accordance with the Offer.
- The Offer proposes that every share in IAR Systems entitles the holder to a newly issued Series B in Nocom.
- IAR Systems, quoted on the Stockholm Stock Exchange O List, has a workforce of around 100 with sales of approximately SEK 78 million for the first nine months of 2004.

Background and motive

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.

The merger of Nocom, TurnIT and IAR Systems, will create a company with three business areas including IAR Systems with its own software development and sales in the New Group:

- Distribution, consisting of TurnIT's two subsidiaries, SweDeltaco and Network Innovation, and with Nocom's distribution operations in the Nordic area and the Baltic States.
- Software Consulting, Services with Arete, providing a broad range of IT services, Nocom Drift, and Travelutions.
- Software, consisting of IAR Systems providing proprietary and distributing software tools for developing embedded systems.

IAR Systems is being acquired so that all the companies and business units in The New Group will be wholly owned subsidiaries. IAR Systems operations will then be more efficient, and its management will be able to focus on vital marketing and sales activities. IAR Systems' products are sold in a highly competitive international market. The company has reported operating losses since 2000. This has led to a restructuring program involving disposal of loss-making units and products, as well as management changes.

"With IAR Systems as a wholly owned subsidiary, its management can focus entirely on their core business. Savings will include eliminating the cost of stock exchange listing. This will provide IAR Systems the opportunity to succeed against its international competitors," says Nocom CEO, Stefan Skarin.

"Through the merger we can make financial and operative resources available to IAR Systems faster and more simply. As well, current stockholders in IAR Systems will benefit from the expected growth and the synergy effects generated by the merger."

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.

Significant savings will be achieved immediately for central Group functions and costs related to Stock exchange listing, creating excellent conditions 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 stockholders in IAR Systems in order to acquire all remaining shares. Nocom currently owns no shares in IAR Systems.

- Every share in IAR Systems will entitle the holder to a newly issued Series B share in Nocom.

No brokerage will be charged. 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.

Support for the Offer

TurnIT owns approximately 75 percent of all outstanding shares in IAR Systems. Its Board of Directors views the Offer positively, but has affirmed in writing it will not be accepting the Offer. Nocom stockholders, owning 30 percent of voting rights and 11 percent of equity, will back the Offer at the extraordinary stockholders meeting scheduled for January 27, 2005.

Offer premium and Offer value

The average latest price recorded at the Stockholm Stock Exchange for Nocom and IAR Systems Series B shares over the most recent 30 trading days was SEK 4.21 for Nocom and SEK 3.72 for IAR Systems. On this basis, the Offer includes a premium of approximately 13 percent. Based on the latest price recorded at The Stockholm Stock Exchange for Nocom and IAR System on Tuesday December 21, 2004 (SEK 4.25 and SEK 3.48, respectively), the Offer includes a premium of 22 percent. The Offer is for approximately SEK 24 million based on the latest price for Nocom Series B shares (SEK 4.25) on December 21.

Complete acceptance of The Offer will result in the issue of 5,744,824 new Series B Nocom shares. So stockholders in IAR Systems, excluding TurnIT, will acquire around 7.4 percent of equity and 6.6 percent of voting rights in Nocom. With full utilization of the Nocom warrants offered to TurnIT warrant holders, the current shareholders of IAR Systems will obtain 4.9 percent of equity and 4.6 percent of voting rights in Nocom.

On completion of The Offer to owners of both TurnIT and IAR Systems, Nocom's current stockholders will represent 41.4 percent of equity and 47.5 percent of voting rights in The New Group. Fully diluted considering exercise of the warrants included in the Offer, Nocom's current stockholders will retain 27.4 percent of equity and 32.6 percent of voting rights in The New Group.

Pro forma financial information

Nocom has also announced an offer to TurnIT's stock and warrant holders. TurnIT owns 75 per cent of the equity and voting rights in IAR Systems, a subsidiary of TurnIT. The following financial information reflects the financial effect of a merger between TurnIT (New Group 1), and the acquisition of the remaining 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 of the Offer

The Offer is subject to the following terms and conditions:

- a. That the Offer is accepted to such an extent that Nocom and TurnIT together obtain ownership of more than 90 percent of the total capital stock and voting rights in IAR Systems;
- b. That the Offer to the shareholders and warrant holders in TurnIT is declared unconditional;
- c. That the extraordinary shareholders' meeting in Nocom makes the necessary resolutions to facilitate the issue of new shares as the basis of the Offer to the shareholders of IAR Systems;
- d. That no third party announces an offer to acquire the shares in IAR Systems on more favourable terms for the stockholders of IAR Systems than the Offer provides;
- e. That, prior to publication of the completed Offer, Nocom does not become aware that any information provided by IAR Systems was false or misleading or involves material information that IAR Systems did not present but should have made public; and
- f. 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 rulings of governmental authorities or such, 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 significance to Nocom's acquisition of IAR Systems.

Schedule for the Offer

The information memorandum for the Offer is anticipated to be distributed to stockholders in IAR Systems by 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 who request it. The application period for the Offer is anticipated to run February 7 to and including February 28, 2005. If Nocom carries out the Offer no later than by March 4, 2005, payment terms should be accounted to shareholders who have accepted the Offer by March 15. 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 planned for January 27, 2005 and annual income information for 2004 for Nocom 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)

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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