

# Q2

## Nocom AB (publ) Interim report January - June 2007

### Upward earnings trend in second quarter – effects of sales and marketing investments starting to emerge

- **Northern** reported powerful sales growth and strong earnings. Sales of Northern Storage Suite software for the new NetApp and EMC storage platforms increased during the quarter.
- **IAR Systems** is expanding in the USA and posted its highest ever quarterly sales of software in the ARM segment.
- **Deltaco's** strategy to successively increase sales of products under its own brand is progressing according to plan – the goal is to launch 1,000 own-branded products before the end of 2007.
- Consolidated profit for the first half of 2007 was charged with investments of approximately SEK 10 million to increase sales and marketing resources.
- Net sales amounted to SEK 378.4 million (378.9) for the first half of the year and SEK 175.1 million (173.1) for the second quarter.
- Profit before amortization of intangible assets (EBITA) was SEK 24.0 million (26.0) for the first half of the year and SEK 10.9 million (10.3) for the second quarter.
- Profit after tax is reported at SEK 15.5 million (15.8) for the first half of the year and SEK 6.9 million (5.6) for the second quarter.
- Earnings per share were SEK 0.13 (0.16) for the first half of the year and SEK 0.06 (0.06) for the second quarter.

Key ratios	6 mths January-June		3 mths April-June		Full year
	2007	2006	2007	2006	2006
Net sales, SEK M	378.4	378.9	175.1	173.1	771.5
Profit (EBITA), SEK M	24.0	26.0	10.9	10.3	58.5
Margin (EBITA), %	6.3	6.9	6.2	6.0	7.6
Operating profit (EBIT), SEK M	21.8	24.0	9.8	9.1	54.6
Margin (EBIT), %	5.8	6.3	5.6	5.3	7.1
Profit after tax, SEK M	15.5	15.8	6.9	5.6	53.4
Earnings per share, SEK M	0.13	0.16	0.06	0.06	0.55
Cash flow from operating activities, SEK M	-1.5	22.9	4.1	5.0	44.4

**nocom**<sup>TM</sup>

Nocom AB (publ) is an IT group that was founded in 1985 and listed on the stock exchange in 1999. Nocom's mission is to develop and distribute IT products and services through independent, profitable and growth-oriented subsidiaries. Business is conducted in subsidiaries operating under their own names and business concepts - Deltaco, IAR Systems, Network Innovation, Northern, Nocom Security, Nocom Software and Nocom Drift. Read more at [www.nocom.se](http://www.nocom.se)

# Comments from the CEO

“Upward earnings trend in the second quarter – investments starting to have effect”

Nocom's operations showed continued positive development and an increase in consolidated profit compared to the second quarter of 2006. Several of the subsidiaries delivered a strong quarter, which is reflected in an improved operating profit both for individual companies and for the Group as a whole. The strategic focus on proprietary products has been successful and the outlook is bright for all companies in this sector – IAR Systems, Northern and Deltaco – which not only lie behind the Group's impressive earnings performance, but also growth and future potential.

Northern has taken further steps in the establishment of an international sales organization. Aside from hiring additional sales staff, Northern acquired its distributor in France after the end of the period in order to more quickly reach the market and boost sales. In the second quarter, Northern received its first order for Northern Storage Suite for the new NetApp and EMC platforms. The company is creating solid profitability through a high share of license revenue with a strong gross margin.

Deltaco is continuing to build a range of products under its own brand and aims to launch 1,000 own-branded products before the end of 2007. The brand strategy will improve Deltaco's competitiveness as brands become an increasingly important factor in end-user sales. The computer accessories market is changing and expanding into the retail trade and cash-and-carry outlets.

IAR Systems' sales of licenses for 32-bit technology are rising steadily and the company recorded its highest ever quarterly sales in this seg-

ment. The increase was driven mainly by ARM technology, but also the launch of new products based on 32-bit technology during the quarter. The recruitment of new sales staff had a positive impact in the second quarter and is expected to generate further effects throughout the remainder of the year. IAR Systems' development revenue has decreased during the year as a direct result of ongoing consolidation in the market.

In the Distribution business area, increased profitability remains the top priority. Nocom Security has taken decisive action to reduce volume-related sales with low gross margins, including the wind-up of operations in Finland and the Baltic countries and adjustments in the product mix, which has led to weaker sales but higher margins in Nocom Security. The intensive process of change in Distribution is expected to be completed before year-end.

The year is continuing with a high level of activity – investments in increased global presence, marketing initiatives and the launch of new products. The goal is to increase our long-term profitability and our chosen path is a sustained focus on the company's proprietary products together with an enhanced offering in Distribution.

Stockholm, Tuesday, August 21, 2007

Stefan Ström, President and CEO  
Nocom AB (publ)

## Group

“Stable earnings, marketing investments and solid financial position”

Consolidated sales reached SEK 378.4 million (378.9) for the first half of 2007 and SEK 175.1 million (173.1) for the second quarter. Overall, the Group reported stable sales with some variation within the respective areas of operation compared to the preceding year. Both Northern and Deltaco showed growth, while distribution operations accounted for a declining share of total group sales following a decision to reduce volume-related sales mainly in Nocom Security.

Profit before amortization of intangible assets increased to SEK 24.0 million (26.0) for the first half of 2007 and SEK 10.9 million (10.3) for the second quarter. Operating margin was 5.8 percent (6.3) for the first half of 2007 and 5.6 percent (5.3) for the second quarter. Strong profitability was noted in all of the subsidiaries with proprietary products – IAR Systems, Northern and Deltaco and the distribution company Nocom Software. In the second quarter, the most significant earnings growth was achieved by Deltaco and Northern. The earnings trend is in line with the Group's pursuit of stable long-term profitability.

The Group's investments in sales and marketing resources were charged to profit for the first quarter of 2007 in an amount of approximately SEK 10 million.

Profit for the first half of the prior year included two one-time items amounting to SEK 3 million – a SEK 2 million gain on the first quarter sale of the shareholding in ContactorArete and additional purchase consideration of SEK 1 million for the sale of Arete and Arete Datastöd in the second quarter of 2006.

Cash flow from operating activities was SEK -1.5 million (22.9) for the first six months of the year and SEK 4.1 million (5.0) for the second quarter.

In the second quarter Nocom paid stockholder dividends of SEK 0.30 per share, for a total of SEK 35.1 million. Nocom also carried out a buy-back of 439,000 treasury shares for a total price of SEK 2.9 million

during the period. In April Nocom paid additional cash consideration of SEK 5.0 million for the acquisition of Northern. These items were charged to second quarter cash flow and net cash in a total amount of SEK 43 million. Net cash at June 30, 2007, was SEK 33.9 million (51.6)

Nocom has a solid financial position with total available cash and cash equivalents of SEK 60.9 million (115.9) at June 30, 2007. The equity/assets ratio improved further during the period and amounted to 79 percent (72) at June 30, 2007.

GROUP SEK M	6 mths 2007	Jan-June 2006	3 mths 2007	April-June 2006	Full year 2006
<b>NET SALES</b>					
IAR Systems	71.2	69.8	35.8	35.6	139.5
Northern	10.5	3.8	5.7	3.8	15.1
Deltaco	139.5	122.4	64.9	58.9	267.9
Distribution	157.2	182.9	68.7	74.8	349.0
<b>Total net sales</b>	<b>378.4</b>	<b>378.9</b>	<b>175.1</b>	<b>173.1</b>	<b>771.5</b>
<b>Profit (EBITA)</b>					
IAR Systems	11.6	13.6	5.7	7.5	29.6
Northern	3.3	-0.2	2.3	-0.2	2.5
Deltaco	15.5	12.4	7.3	4.7	26.8
Distribution	0.0	3.9	-1.3	0.8	9.3
Central	-6.4	-6.7	-3.1	-3.5	-12.7
Other revenue	-	3.0	-	1.0	3.0
<b>EBITA</b>	<b>24.0</b>	<b>26.0</b>	<b>10.9</b>	<b>10.3</b>	<b>58.5</b>
Margin (EBITA), %	6.3	6.9	6.2	6.0	7.6
Amortization of intangible assets	-2.2	-2.0	-1.1	-1.2	-3.9
<b>Operating profit</b>	<b>21.8</b>	<b>24.0</b>	<b>9.8</b>	<b>9.1</b>	<b>54.6</b>
Operating margin, %	5.8	6.3	5.6	5.3	7.1
Result from financial investments	0.6	-1.3	0.3	-1.2	-0.7
<b>Profit after financial items</b>	<b>22.4</b>	<b>22.7</b>	<b>10.1</b>	<b>7.9</b>	<b>53.9</b>

# IAR Systems

“Strong growth in the USA and rising demand for 32-bit chip architecture”

IAR Systems is specialized in software and development tools for programming of microprocessors in embedded systems.

Net sales are reported at SEK 71.2 million (69.8) for the first half of 2007 and SEK 35.8 million (35.6) for the second quarter. Software in the market for wireless applications, which is largely built on 32-bit technology, accounted for nearly half of total license sales. ARM technology is the leading chip architecture in the 32-bit segment, where IAR Systems has maintained its strong position and license sales. In the second quarter, the company's sales of ARM licenses reached an all-time high. Hiring of additional sales staff is starting to pay off – primarily in the USA, which reported growth of around 45 percent in local currency for the first six months of the year and now accounts for nearly half of total sales. The marketing investments are not yet generating results to the same extent as in Europe and Asia.

Support revenues rose to SEK 12.7 million (10.9) for the first half of the year and SEK 5.9 million (5.5) for the second quarter, as a direct effect of increased license sales in 2006.

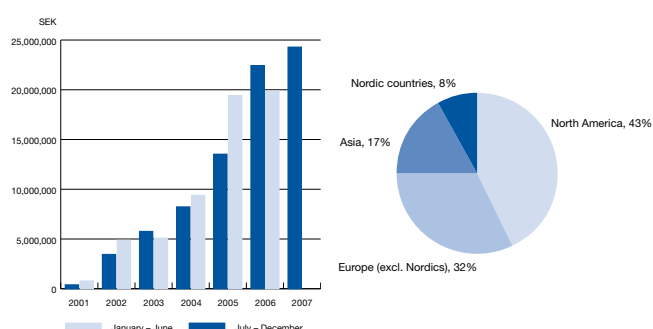
IAR Systems' development revenues fell to SEK 1.3 million (4.4) in the second quarter, leading to a decrease of SEK 3.9 million (6.6) for the first half of the year. This was due partly to final delivery on certain development contracts and partly to industry consolidation effects such as the cancellation of a major contract following a buyout of the customer. Revenue from development contracts is not expected to decrease at the same rate in the second half of 2007.

Profit before amortization of intangible assets was SEK 11.6 million (13.6) for the first half of 2007 and SEK 5.7 million (7.5) for the second quarter. Operating margin was 14.6 percent (18.3) for the first half of 2007 and 14.8 percent (17.8) for the second quarter. The level of investment, primarily in international sales and marketing resources, was high compared to the prior year.

More than 90 percent of IAR Systems' sales go to the international market and are denominated in local currency. North America and Europe are the largest markets, while Asia remains an important growth market. Compared to the preceding year, both sales and profit were negatively affected by exchange rate movements. Foreign exchange effects had an impact of SEK -2.9 million on sales and SEK -1.4 million on profit for the first half of 2007 and of SEK -1.8 million on sales and SEK -0.6 million on profit for the second quarter.

SEK M	6 mths Jan-June		3 mths April-June		Full year
	2007	2006	2007	2006	2006
<b>NET SALES</b>					
License revenue	54.6	52.3	28.6	25.7	102.0
Support revenue	12.7	10.9	5.9	5.5	23.3
Development revenue	3.9	6.6	1.3	4.4	14.2
<b>Total revenue</b>	<b>71.2</b>	<b>69.8</b>	<b>35.8</b>	<b>35.6</b>	<b>139.5</b>
Operating expenses	-59.2	-55.8	-29.9	-27.9	-109.2
Depreciation of tangible assets	-0.4	-0.4	-0.2	-0.2	-0.7
<b>Profit (EBITA)</b>	<b>11.6</b>	<b>13.6</b>	<b>5.7</b>	<b>7.5</b>	<b>29.6</b>
Margin (EBITA), %	16.3	19.5	15.9	21.1	21.2
Amortization of intangible assets	-0.8	-0.8	-0.4	-0.4	-1.8
<b>Operating profit/loss</b>	<b>10.8</b>	<b>12.8</b>	<b>5.3</b>	<b>7.1</b>	<b>27.8</b>
Operating margin, %	14.6	18.3	14.8	19.9	19.9

License sales for 32-bit technology Sales by geographical area 2001-2007



# Northern

“Powerful growth and increased license sales on new platforms”

Northern is a leading provider of software solutions for Storage Resource Management (SRM).

Net sales are reported at SEK 10.5 million (3.8) for the first half of 2007 and SEK 5.7 million (3.8) for the second quarter.

Because Northern was acquired in April 2006, the comparative figures for the prior year refer to the period from April 6 to June 30. Both license and support revenue rose sharply in the second quarter, mainly through continued sales successes in the North American market.

The past year's determined efforts to strengthen the international sales organization are starting to have visible effect and are expected to result in additional sales growth ahead. Northern has intensified its partnership with the global hardware supplier NetApps. Northern's software has been adapted to NetApps storage platform and the first licenses have been sold. The partnership with EMC Corporation, the leading supplier of storage hardware, generated a significant order in the second quarter of 2007.

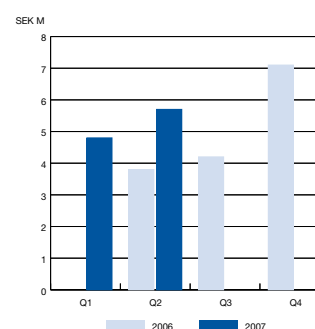
Northern retained its focus on internationalization and improved sales channels in Europe. In the first half of the year, new sales representatives were hired in Sweden and the UK. After the end of the period, on July 1, 2007, Northern established a subsidiary in France by acquiring the customer base and expertise of Copernet, which has served as a distributor of Northern's software for more than ten years. The company has a customer base of approximately 19,000 contacts. Copernet sells products from Northern for SEK 5 million annually, of which SEK 2 million consists of annual revenue from support and maintenance. The purchase price was SEK 2 million with a possible additional purchase price of not more than SEK 3 million to be paid in one year. The acquisition is expected to have a positive impact on profit already in the third quarter.

Profit before amortization of intangible assets was SEK 3.3 million (-0.2) for the first half of 2007 and SEK 2.3 million (-0.2) for the second quarter. Operating margin was 27.6 percent (-15.8) for the first half of 2007 and 36.8 percent (-15.8) for the second quarter. The dramatic improvement in profitability mainly reflects increased sales and high gross margins.

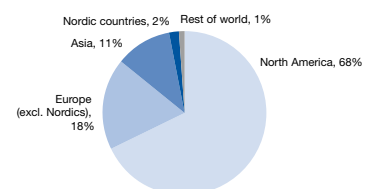
SEK M	6 mths Jan-June		3 mths April-June		Full year
	2007	2006	2007	2006	2006
<b>Sales</b>					
License revenue	6.3	2.5	3.7	2.5	8.6
Support revenue	4.2	1.3	2.0	1.3	6.5
<b>Total revenue</b>	<b>10.5</b>	<b>3.8</b>	<b>5.7</b>	<b>3.8</b>	<b>15.1</b>
Operating expenses	-7.1	-4.0	-3.3	-4.0	-12.5
Depreciation of tangible assets	-0.1	-0.0	-0.1	-0.0	-0.1
<b>Profit (EBITA)</b>	<b>3.3</b>	<b>-0.2</b>	<b>2.3</b>	<b>-0.2</b>	<b>2.5</b>
Margin (EBITA), %	31.4	-5.3	40.4	-5.3	16.6
Amortization of intangible assets	-0.4	-0.4	-0.2	-0.4	-0.5
<b>Operating profit/loss</b>	<b>2.9</b>	<b>-0.6</b>	<b>2.1</b>	<b>-0.6</b>	<b>2.0</b>
Operating margin, %	27.6	-15.8	36.8	-15.8	13.2

Northern was acquired on April 6, 2006

Sales by quarter



Sales by geographical area



# Deltaco

“Launch of own-branded products according to plan”

DDeltaco is one of the Nordic region's leading niche distributors of IT accessories. Deltaco offers a wide range of computer accessories, cables, network products and multimedia products. The customers consist of resellers, independent computer retailers, industrial clients, PC builders and mail order companies.

Net sales continued to rise, reaching SEK 139.5 million (122.4) for the first half of 2007 and SEK 64.9 million (58.9) for the second quarter.

Deltaco reported sustained growth for the second quarter, albeit at a somewhat slower pace than in the first quarter of the year. This was mainly due to normal seasonal variations but also to weaker sales in April. Deltaco's success has been achieved through a consistent and determined focus on long-term supplier relationships, high quality products and a flexible purchasing and delivery organization. This has been supplemented by targeted measures in the sales area, enabling Deltaco to expand its market share both among existing customers and in new customer segments.

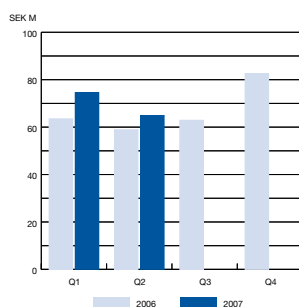
Profit before amortization of intangible assets rose to SEK 15.5 (12.4) for the first half of 2007 and SEK 7.3 (4.7) for the second quarter. Operating margin was 10.7 percent (9.5) for the first half of 2007 10.8 percent (7.5) for the second quarter.

The computer accessories market is changing as customers increasingly buy large volumes and demand a more store-specific product range. Consequently, Deltaco is progressively increasing the number of products sold under its own brand with specially adapted packaging and a higher level of service. In order to meet rising demand, investments are being made in increased inventories to handle larger volumes and ensure fast delivery. This will give Deltaco opportunities to further strengthen its customer relationships and competitiveness.

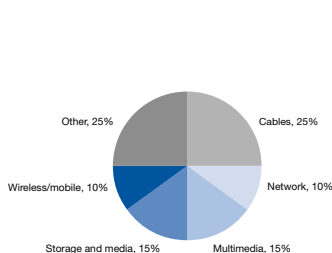
In 2007 Deltaco will launch 1,000 products under its own brand. In this effort, Deltaco will be aided by its market-leading position in the Nordic region and long-term relationships with more than 5,000 resellers. In addition to enhanced competitiveness, the brand strategy will give Deltaco increased control over its product offering, greater freedom and flexibility in pricing, and higher gross margins and profitability.

SEK M	6 mths Jan-June		3 mths April-June		Full year
	2007	2006	2007	2006	2006
<b>Net sales</b>	<b>139.5</b>	<b>122.4</b>	<b>64.9</b>	<b>58.9</b>	<b>267.9</b>
Operating expenses	-123.2	-109.3	-57.2	-53.8	-239.8
Depreciation of tangible assets	-0.8	-0.7	-0.4	-0.4	-1.3
<b>Profit (EBITA)</b>	<b>15.5</b>	<b>12.4</b>	<b>7.3</b>	<b>4.7</b>	<b>26.8</b>
Margin (EBITA), %	11.1	10.1	11.2	8.0	10.0
Amortization of intangible assets	-0.6	-0.6	-0.3	-0.3	-1.2
<b>Operating profit</b>	<b>14.9</b>	<b>11.8</b>	<b>7.0</b>	<b>4.4</b>	<b>25.6</b>
Operating margin, %	10.7	9.6	10.8	7.5	9.6

Sales by quarter



Sales by product category



# Distribution

“Ongoing adjustment of the product offering during the year”

The Distribution business area is made up of Network Innovation, Nocom Security, Nocom Software and, as of January 1, 2007, also Nocom Drift. The companies are active in distribution of software and IT products via resellers and partners in the Nordic region. Nocom Drift is a provider of operating and hosting services.

Net sales decreased to SEK 157.2 million (182.9) for the first half of 2007 and to SEK 68.7 million (74.8) for the second quarter. The drop in sales is a direct result of the forceful measures taken by Nocom to limit volume-related sales with a low gross margin. In the second quarter Nocom Security wound up operations in Finland and the Baltic countries, which were dominated by volume distribution. Although volume-related sales in other markets are being successively replaced by an expanded range of advanced security and storage solutions, Nocom Security has not resolved all of its profitability problems. Network Innovation is also undergoing a process to reduce volume distribution and increase the knowledge and service content of its offering.

Profit before amortization of intangible assets was SEK 0.0 million (3.9) for the first half of 2007 and SEK -1.3 million (0.8) for the second quarter. Operating margin was -0.3 percent (2.0) for the first half of 2007 and -2.2 percent (0.9) for the second quarter.

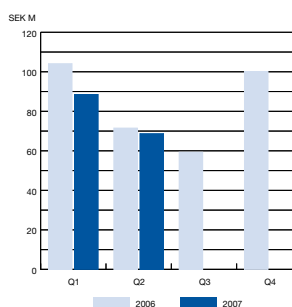
In the second quarter of the year, Nocom Software recorded brisk growth with stable and robust profitability.

The ongoing process of change in distribution operations is expected to be completed before the end of the year.

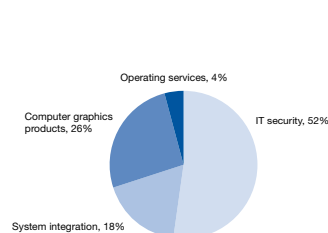
SEK M	6 mths Jan-June		3 mths April-June		Full year
	2007	2006	2007	2006	2006
<b>Net sales</b>	<b>157.2</b>	<b>182.9</b>	<b>68.7</b>	<b>74.8</b>	<b>349.0</b>
Operating expenses	-155.7	-177.5	-69.1	-73.3	-336.5
Depreciation of tangible assets	-1.5	-1.5	-0.9	-0.7	-3.2
<b>Profit (EBITA)</b>	<b>0.0</b>	<b>3.9</b>	<b>-1.3</b>	<b>0.8</b>	<b>9.3</b>
Margin (EBITA), %	0.0	2.1	-1.9	1.1	2.7
Amortization of intangible assets	-0.4	-0.2	-0.2	-0.1	-0.5
<b>Operating profit/loss</b>	<b>-0.4</b>	<b>3.7</b>	<b>-1.5</b>	<b>0.7</b>	<b>8.8</b>
Operating margin, %	-0.3	2.0	-2.2	0.9	2.5

Webcontrol was sold on January 1, 2007, and is included in the comparative figures for 2006.

Sales by quarter



Sales by market segment



# Financial information

## Cash flow, cash and cash equivalents

SEK M	6 mths Jan-June		3 mths April-June		Full year
	2007	2006	2007	2006	2006
Cash flow from operating activities	-1.5	22.9	4.1	5.0	44.4
Cash flow from investing activities	-14.4	-18.5	-9.4	-18.4	-26.9
Cash flow from financing activities	-42.7	-7.5	-38.6	-0.4	1.1
<b>Total cash flow</b>	<b>-58.6</b>	<b>-3.1</b>	<b>-43.9</b>	<b>-13.8</b>	<b>18.6</b>
<b>Total available cash and cash equivalents</b>	<b>60.9</b>	<b>115.9</b>	<b>60.9</b>	<b>115.9</b>	<b>118.4</b>

Net cash at June 30, 2007, was SEK 33.9 million (51.6). Cash flow from operating activities was SEK -1.5 million (22.9) for the first six months of the year and SEK 4.1 million (5.0) for the second quarter. Cash flow from operating activities was affected by sizeable investments in sales and marketing resources and an inventory buildup in Deltaco during the year.

Cash flow from investing activities amounted to SEK -14.4 million (-18.5) for the first six months of the year and to SEK -9.4 million (-18.4) for the second quarter. In the second quarter of 2007, cash flow from investing activities was negatively affected by an additional cash payment of SEK 5.0 million on the acquisition of Northern.

Cash flow from financing activities was SEK -42.7 million (-7.5) for the first six months of the year and SEK -38.6 million (-0.4) for the second quarter. In the second quarter, stockholder dividends were paid in an amount of SEK 0.30 per share, for a total of SEK 35.1 million. During the period from May 4 to 15, 2007, Nocom carried out a buy-back of 439,000 treasury shares at an average price of SEK 6.69 each and a total purchase price of SEK 2.9 million. Cash flow from financing operations was burdened by stockholder dividends and the buy-back of treasury shares.

Cash and cash equivalents at the end of the period totaled SEK 49.5 million (86.4) in addition to unutilized bank overdraft facilities of SEK 15.0 million (34.2). In connection with advance access to the shares in TurnIT, an amount of SEK 3.6 million has been deposited in a blocked bank account during 2007. In connection with advance access to the shares in IAR Systems, an amount of SEK 4.7 million was correspondingly deposited in the prior year. The Group's total available cash and cash equivalents at June 30, 2007, thus amounted to SEK 60.9 (115.9).

## Goodwill

Värdet av goodwill är hänförligt till de förvärvade verksamheternas lönsamhet samt de synergieffekter som förväntas uppstå efter koncernens förvärv av TurnIT, IAR Systems och Mtrust år 2005 samt vid förvärvet av Northern år 2006. Förvärvsanalyserna baseras på bedömningar vid respektive förvärvstidpunkt.

Förvärvsanalysen vid förvärvet av Northern har rättats med avseende på bedömt verkligt värde av coop-åtagande till Northern distributörer. Rättelsen innebär att övriga kortfristiga skulder i förvärvsbalansen har justeras upp med 3,0 MSEK. Goodwillvärdet i förvärvsbalansen justeras upp med motsvarande värde. I enlighet med IAS 8 får en sådan rättelse av fel genomslag på tidigare kvartals balansposter "övriga kortfristiga skulder" och "goodwill". Korrigeringen av felet har inte haft någon påverkan på tidigare perioders resultat.

Samtliga förvärvsanalyser har fastställts vid halvårsskiftet och kommer inte att justeras framöver. Goodwill uppgick per den 30 juni 2007 till 302,8 MSEK.

## Deferred tax asset

The deferred tax asset attributable to loss carryforwards is recognized only to the extent that it is probable that these loss carryforwards can be offset against future taxable profits. At June 30, 2007, the Group had cumulative loss carryforwards of approximately SEK 459 million. In the balance sheet, the current estimated value of these losses is SEK 62.6 million (54.3). This item consists of capitalized temporary differences and acquired loss carryforwards.

## Minority interest

Nocom's public offer to the stockholders in TurnIT was completed in June 2006. At the end of the acceptance period, Nocom's offer had been accepted by stockholders representing approximately 99.5 percent of the share capital and around 99.6 per cent of the votes.

Minority interest in TurnIT is unchanged and was equal to 0.5 percent of the share capital and 0.4 percent of the votes at June 30, 2007.

Total minority interests at June 30, 2007, amounted to SEK 1.2 million (0.8) and are reported in equity.

## Mandatory redemption of TurnIT

A request for mandatory redemption of the outstanding shares in TurnIT was made on June 20, 2006. The arbitration procedure was recently started and is expected to be completed in the third quarter of 2007. In July 2007, Nocom obtained advanced access to the shares in TurnIT.

## Investments and financing

Net expenditure on tangible assets in the first six months of the year amounted to SEK 3.3 million (5.4). The equity/assets ratio improved further and was 79 percent (72) at June 30, 2007.

Pledged assets increased by SEK 2.0 million during the first six months and amounted to SEK 34.7 million (98.1) at June 30, 2007. No changes in reported contingent liabilities took place.

## Employees

The number of employees in continuing operations at the end of the period was 278 (265). In the first half of 2007, additional sales representatives were hired primarily by IAR Systems and Northern.

## Parent Company

The operations of the Parent Company consist of group management and PR/IR functions. The Parent Company's net sales are reported at SEK 5.2 million (5.5) for the first six months of the year and SEK 2.7 million (5.3) for the second quarter. Profit after financial items was SEK -2.3 million (25.3) for the first six months of the year and SEK -1.4 million (28.3) for the second quarter.

Changes were made in the Group structure during the second quarter of 2006. Second quarter profit in the Parent Company was positively affected by these intra-group share transfers.

Central reported an operating profit of SEK -6.4 million (-3.7) for the first six months of the year and SEK -3.1 million (-2.5) for the second quarter. Net expenditure on tangible assets amounted to SEK -0.1 million (1.8). Cash and cash equivalents at June 30, 2007, amounted to SEK 3.6 million (10.0) and unutilized overdraft facilities totaled SEK 13.6 million (15.0). In connection with advance access to the shares in TurnIT, an amount of SEK 3.6 million was deposited in a blocked bank account during 2007. For advance access to the shares in IAR Systems, an amount of SEK 4.7 million was correspondingly deposited in the prior year. The Parent Company's available cash and cash equivalents thus amounted to SEK 13.6 million (20.3). The number of employees in the Parent Company at the end of the period was 4 (6).

## Subsequent events

Northern has established a subsidiary in France by acquiring the customer base and expertise of Copernet, which has served as a distributor of Northern's software for more than ten years. The individuals who will staff Northern's French subsidiary have longstanding experience and knowledge of the SRM market and Northern Storage Suite. Initially, the office will consist of two sales representatives and one marketing executive.

The acquisition took place on July 1, 2007, and included the company's approximately 19,000 customer contacts. Copernet sells products from Northern for SEK 5 million annually, of which SEK 2 million corresponds to annual revenue from support and maintenance.

The purchase price is SEK 2 million with a possible additional purchase price of not more than SEK 3 million to be paid in one year. The acquisition is expected to have a positive earnings effect in the third quarter.

## Accounting policies

This consolidated interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, which is consistent with the requirements in the Swedish Financial Accounting Standards Council's (FASC) recommendation RR31, Interim Reporting for Groups. The consolidated accounts are presented in accordance with the accounting standards endorsed by the European Commission for application in the EU.

The accounts of the Parent Company are presented in accordance with RR 32. As of January 1, 2007, the Group changed its basis for segmentation, which according to IAS 8 constitutes a change of accounting standard. In light of this, all comparative financial information has been restated. The motive for the change is that the current segments more accurately reflect the Group's internal management and control of operations, partly due to the Group's increased focus on development of proprietary products.

Aside from changes within the segments, this has not had any impact on the Group's profit or financial position. Excluding the change of accounting standard, the accounting policies are the same as those applied in the most recent annual report.

The following should be taken into account when making a comparison between years. The figures for 2005 do not include the TurnIT companies Arete and Arete Datastöd or operations in Arete Affärssystem, all of which were sold in the second quarter of 2005. The sales and profits of other acquired companies are consolidated from their respective acquisition dates - TurnIT and IAR Systems as of March 22, 2005, UNC Systems as of July 1, 2005, Mtrust Solutions as of August 23, 2005, and Northern as of April 6, 2006. Nocom Networks and UNC Systems are reported as discontinued operations in 2006 and are therefore not included in net sales and operating profit. Webcontrol, which was sold on January 1, 2007, is not included in sales and profit for 2007.

## The Nocom share

Nocom's class B share is quoted on the Small Cap list of the OMX Nordic Stock Exchange. The share price during the first six months of the year varied from a low of SEK 6.10 (7.00) to a high of SEK 8.50 (11.60). The share price at June 30, 2007, was SEK 6.25 (10.30). Nocom's market capitalization on the same date was SEK 722 million (1,098).

The number of stockholders in Nocom at June 30, 2007, was 15,189 (19,582), of whom 839 (1,476) held more than 10,000 shares each. Foreign stockholders held around 18.4 percent (9.3) of the share capital and 24.3 percent (8.6) of the votes. The largest increase in foreign ownership is explained by the fact that Board Chairman Stefan Skarin transferred his holding, corresponding to 2.8 percent of the share capital and 9.7 percent of the votes, to his own company Boda Invest A/S, which is registered in Norway.

In the second quarter Nocom repurchased a total of 439,000 class B treasury shares for a combined value of SEK 2.9 million. These shares are not included in the share data at June 30, 2007.

Nocom's issued share capital consists of 1,000,000 class A shares and 115,855,614 class B shares. Upon full exercise of the warrants subscribed to so far in series TO3B (see below), the number of class B shares in Nocom will amount to 116,610,114.

## Warrant series TO3B

The Annual General Meeting on May 3, 2006, authorized the implementation of a share-based incentive scheme. The offer to acquire subscription warrants at a market premium was directed to all employees in the Nocom Group. The warrant series Nocom TO3B was listed on the Stockholm Stock Exchange in July 2006. Remium was appointed as liquidity guarantor for the subscription warrant.

A total of 1,750,000 warrants were issued, of which 923,500 were exercised in June 2006. In March 2007, an additional 240,000 warrants were subscribed for by senior executives in the subsidiaries at a market-based premium. The premium, computed according to the Black and Scholes valuation model, was set at SEK 0.35 per warrant.

Each warrant of series TO3B grants the right to subscribe for one new Nocom class B share at a price of SEK 11.66 during May 2008. The number of outstanding warrants at June 30, 2007, was 586,500.

## Annual General Meeting on May 3

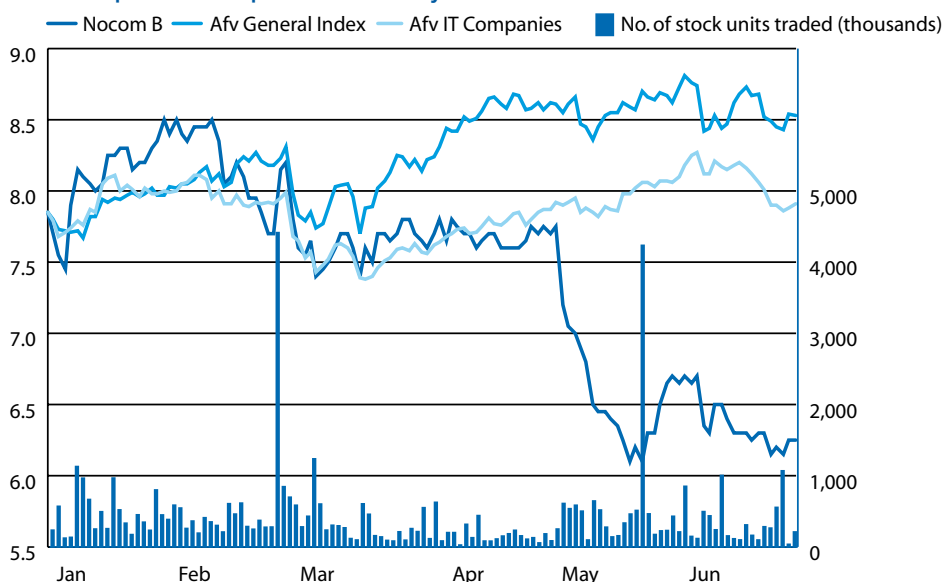
The AGM held on May 3, 2007, re-elected all Board members – Trygve Angell, Lisbeth Gustafsson, Alexander Oker-Blom and Stefan Skarin. The AGM appointed Stefan Skarin as Board Chairman. As members of the Nominations Committee, the AGM re-elected Alexander Oker-Blom, (Alted), Ulf Strömsten (Catella) and Stefan Skarin (Nocom).

The Board of Directors was authorized, during the period until the next AGM, to decide on

- the issuance of class B shares with preferential rights for the existing stockholders
- the issuance of a maximum of 8,500,000 class B shares in exchange for cash payment and/or capital contributed in kind or through set-off of claims against the company or otherwise according to specific conditions, and to thereby have the option of excluding the stockholders' pre-emptive rights. The authorization may be used in connection with the acquisition of companies or operations, or in preferential rights issues in the capital market aimed at raising capital for the company.

The Board of Directors was also authorized to repurchase a maximum number of class B shares whereby the holding of treasury shares at

## Share price development in January-June 2007



no time exceeds 10 per cent of all registered shares in the company. The shares will be repurchased on the OMX Nordic Stock Exchange. The motive for the authorization is to give the Board greater freedom of action in optimizing the company's capital structure.

The Annual General Meeting resolved to approve the sale of Webcontrol Sweden AB.

### Future outlook

Nocom expects a continued positive climate for IT investments in 2007, providing the Group with a strong market position and momentum for sustained positive development.

The Group's long-term goal is to grow faster than the IT market in general. This will be achieved by stepping up its investments in sales resources, product development and global presence.

Nocom's robust earnings, strategic focus and market development are creating new scope to enhance the Group's portfolio and business.

The financial priorities for the Group are to maintain stable long-term profitability, to increase growth for the Group's proprietary products and to boost profitability in Distribution.

### Significant risks and uncertainties

Changes in the IT industry are often rapid, and future development forecasts are therefore associated with a higher degree of uncertainty for a corporate group like Nocom. The risks Nocom is exposed to vary with respect to the activities of the respective subsidiaries. Nocom's significant risks and uncertainties are described in the administration report section of the 2006 annual report under the heading "Business risks" on pages 18-19 and in Note 3 on pages 37-38. No significant changes have arisen since that time.

### Statement of assurance

The Board of Directors and the CEO hereby give their assurance that this interim report provides a true and fair picture of the business operations, financial position and operating results of the Parent Company and the Group, and presents the significant risks and uncertainties to which the Parent Company and the companies in the Group are exposed.

Stockholm, August 21, 2007

Stefan Ström            Stefan Skarin  
President and CEO      Chairman

Trygve Angell        Lisbeth Gustafsson    Alexander Oker-Blom  
Board member        Board member        Board member

### Review report

We have reviewed the year-end report for Nocom AB (publ) for the period from January 1 to June 30, 2007. The Board of Directors and CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material aspects, prepared in accordance with IAS 34 and the Swedish Annual Accounts Act.

Stockholm, August 21, 2007

Örhlings PricewaterhouseCoopers AB

Leonard Daun  
Authorized Public Accountant

Lars Kylberg  
Authorized Public Accountant

INCOME STATEMENTS, GROUP		6 mths Jan-June		3 mths April-June		12 mths July-June		Full year
SEK M		2007	2006	2007	2006	06/07	05/06	2006
<b>Continuing operations</b>								
Net sales		378.4	378.9	175.1	173.1	771.0	777.0	771.5
Operating expenses		-351.1	-353.3	-162.4	-162.4	-708.5	-719.7	-710.7
Depreciation of tangible assets		-3.3	-2.6	-1.8	-1.4	-6.0	-6.7	-5.3
Amortization of intangible assets		-2.2	-2.0	-1.1	-1.2	-4.1	-4.0	-3.9
Other income		-	3.0	-	1.0	-	6.4	3.0
<b>Operating profit</b>		<b>21.8</b>	<b>24.0</b>	<b>9.8</b>	<b>9.1</b>	<b>52.4</b>	<b>53.0</b>	<b>54.6</b>
Result from financial investments		0.6	-1.3	0.3	-1.2	1.2	-1.2	-0.7
<b>Profit after financial items</b>		<b>22.4</b>	<b>22.7</b>	<b>10.1</b>	<b>7.9</b>	<b>53.6</b>	<b>51.8</b>	<b>53.9</b>
Taxes		-6.9	-6.9	-3.2	-2.3	3.4	17.0	3.4
<b>Profit for the period from continuing operations</b>		<b>15.5</b>	<b>15.8</b>	<b>6.9</b>	<b>5.6</b>	<b>57.0</b>	<b>68.8</b>	<b>57.3</b>
Profit for the period from discontinued operations		-	-0.3	-	-0.8	-3.6	-0.3	-3.9
<b>Profit for the period</b>		<b>15.5</b>	<b>15.5</b>	<b>6.9</b>	<b>4.8</b>	<b>53.4</b>	<b>68.5</b>	<b>53.4</b>

Profit for the period attributable to:								
Equity holders in the Parent Company		15.4	15.4	6.8	4.8	53.1	68.2	53.2
Minority interest		0.1	0.1	0.1	0.0	0.3	0.3	0.2

Earnings per share based on profit from continuing operations attributable to equity holders in the Parent Company during the period, SEK								
- before dilution		0.13	0.16	0.06	0.06	0.51	0.69	0.55
- after dilution		0.13	0.14	0.06	0.05	0.51	0.62	0.55
Earnings per share based on profit from discontinued operations attributable to equity holders in the Parent Company during the period, SEK								
- before dilution		0.00	-0.00	0.00	-0.01	-0.03	-0.00	-0.04
- after dilution		0.00	-0.00	0.00	-0.01	-0.03	-0.00	-0.04

BALANCE SHEETS, GROUP		June 30, 2007		June 30, 2006	Dec 31, 2006
SEK M					
<b>ASSETS</b>					
<b>Fixed assets</b>					
Goodwill			302.8	306.6	302.8
Other intangible assets			37.4	41.9	37.9
Tangible assets			43.6	48.3	43.6
Financial assets			67.5	54.6	74.3
<b>Total fixed assets</b>			<b>451.3</b>	<b>451.4</b>	<b>458.6</b>
<b>Current assets</b>					
Inventories			81.2	58.6	72.2
Other current assets			44.2	31.6	31.7
Accounts receivable			94.4	101.8	137.1
Cash and bank balances			49.5	86.4	108.1
<b>Total current assets</b>			<b>269.3</b>	<b>278.4</b>	<b>349.1</b>
<b>TOTAL ASSETS</b>			<b>720.6</b>	<b>729.8</b>	<b>807.7</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Total equity</b>			<b>569.8</b>	<b>523.4</b>	<b>592.3</b>
<b>Long-term liabilities</b>					
Long-term interest-bearing liabilities			14.1	22.7	16.8
Provisions			9.8	13.6	12.6
<b>Total long-term liabilities</b>			<b>23.9</b>	<b>36.3</b>	<b>29.4</b>
<b>Current liabilities</b>					
Accounts payable			47.1	51.4	84.9
Interest-bearing liabilities			1.5	12.1	2.1
Provisions			2.0	8.7	5.4
Other current liabilities			76.3	97.9	93.6
<b>Total current liabilities</b>			<b>126.9</b>	<b>170.1</b>	<b>186.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>720.6</b>	<b>729.8</b>	<b>807.7</b>
Pledged assets			34.7	98.1	32.7
Contingent liabilities			-	-	-
Equity per share, SEK			4.89	4.91	5.07
Equity per share adjusted for full exercise of warrants, SEK			4.89	4.80	5.07

CHANGES IN EQUITY, GROUP		6 mths Jan-June		3 mths April-June		12 mths July-June		Full year
SEK M		2007	2006	2007	2006	06/07	05/06	2006
Equity at beginning of period		592.3	448.9	601.6	460.1	523.4	392.8	448.9
New stock issues		0.0	59.6	0.0	59.2	30.8	63.5	90.4
Repurchase of shares		-2.9	-	-2.9	-	-2.9	-	-
Exchange rate differences		0.0	-0.6	-0.7	-0.7	0.2	-1.4	-0.4
Dividends		-35.1	-	-35.1	-	-35.1	-	-
Profit for the period		15.5	15.5	6.9	4.8	53.4	68.5	53.4
<b>Equity at end of period</b>		<b>569.8</b>	<b>523.4</b>	<b>569.8</b>	<b>523.4</b>	<b>569.8</b>	<b>523.4</b>	<b>592.3</b>
- of which, minority interest in equity		1.2	0.8	1.2	0.8	1.2	0.8	1.1



CASH FLOWS, GROUP SEK M	6 mths Jan-June		3 mths April-June		12 mths July-June		Full year 2006
	2007	2006	2007	2006	06/07	05/06	
Payments from customers	417.6	449.5	202.3	214.6	776.6	800.9	808.5
Payments to suppliers and employees	-411.8	-424.3	-195.8	-208.0	-754.9	-758.7	-767.4
Interest received	1.2	0.8	0.5	0.5	2.2	1.5	1.8
Interest paid	-0.6	-1.1	-0.2	-0.7	-2.0	-1.8	-2.5
Income tax paid	-7.9	-2.0	-2.7	-1.4	-1.9	0.2	4.0
<b>Cash flow from operating activities</b>	<b>-1.5</b>	<b>22.9</b>	<b>4.1</b>	<b>5.0</b>	<b>20.0</b>	<b>42.1</b>	<b>44.4</b>
<b>Cash flow from investing activities</b>	<b>-14.4</b>	<b>-18.5</b>	<b>-9.4</b>	<b>-18.4</b>	<b>-22.8</b>	<b>-27.6</b>	<b>-26.9</b>
<b>Cash flow from financing activities</b>	<b>-42.7</b>	<b>-7.5</b>	<b>-38.6</b>	<b>-0.4</b>	<b>-34.1</b>	<b>-5.8</b>	<b>1.1</b>
<b>Cash flow for the period</b>	<b>-58.6</b>	<b>-3.1</b>	<b>-43.9</b>	<b>-13.8</b>	<b>-36.9</b>	<b>8.7</b>	<b>18.6</b>
Liquid assets at beginning of period	108.1	89.5	93.4	100.2	86.4	77.7	89.5
Liquid assets at end of period	49.5	86.4	49.5	86.4	49.5	86.4	108.1
Blocked bank accounts	-3.6	-4.7	-3.6	-4.7	-3.6	-4.7	-4.7
Unutilized overdraft facilities	15.0	34.2	15.0	34.2	15.0	34.2	15.0
<b>Total available cash and cash equivalents</b>	<b>60.9</b>	<b>115.9</b>	<b>60.9</b>	<b>115.9</b>	<b>60.9</b>	<b>115.9</b>	<b>118.4</b>

KEY RATIOS, GROUP	6 mths Jan-June		3 mths April-June		12 mths July-June		Full year 2006
	2007	2006	2007	2006	06/07	05/06	
Gross margin, %	7.2	6.8	7.3	6.2	8.1	7.3	7.9
Operating margin, %	5.8	6.3	5.6	5.3	6.8	6.8	7.1
Profit margin, %	5.9	6.0	5.8	4.6	7.0	6.7	7.0
Cash flow, %	-0.4	6.0	2.3	2.9	2.6	5.4	5.8
Equity/assets ratio, %	79.1	71.7					73.3
Return on equity, %	2.7	3.2	1.2	1.0	9.8	15.0	10.3
Return on capital employed, %	3.8	5.0	1.7	1.8	9.5	10.9	10.2
Interest coverage ratio	38.3	11.8	51.5	5.9	57.2	19.5	22.6
Capital employed, SEK million	585.4	558.2					611.2
Net interest-bearing liabilities, SEK million	-33.9	-51.6					-89.2
Net debt/equity ratio	-0.06	-0.1					-0.15
Number of employees at year-end	278	265					261
Average number of employees	267	243	272	254	276	239	264
Sales per employee, SEK million	1.4	1.6	0.6	0.7	2.8	3.3	2.9

SHARE DATA	6 mths Jan-June		3 mths April-June		12 mths July-June		Full year 2006
	2007	2006	2007	2006	06/07	05/06	
Equity per share, SEK	4.89	4.91					5.07
Equity per share adjusted for outstanding warrants, SEK	4.89	4.80					5.07
Equity per share adjusted for full exercise of outstanding offers and warrants, SEK	4.89	4.83					5.06
Number of shares at end of period, millions	116.4	106.5					116.9
Number of shares at end of period adjusted for outstanding warrants, millions	117.6	117.9					117.8
Number of shares at end of period adjusted for full exercise of outstanding offers and warrants, millions	117.9	118.9					118.7
Average number of shares, millions	116.8	100.1	116.7	100.4	111.7	99.7	103.4
Average number of shares adjusted for outstanding warrants, millions	117.0	110.8	117.9	111.2	117.5	110.5	114.4
Average number of shares adjusted for full exercise of outstanding offers and warrants, millions	117.3	117.7	118.2	118.0	118.0	117.5	118.2
Cash flow from operating activities per share, SEK	-0.01	0.23	0.04	0.05	0.19	0.42	0.43
Cash flow from operating activities per share adjusted for full exercise of outstanding offers and warrants, SEK	-0.01	0.19	0.03	0.04	0.17	0.36	0.38
Earnings per share, SEK	0.13	0.16	0.06	0.06	0.51	0.69	0.55
Earnings per share adjusted for outstanding warrants, SEK	0.13	0.14	0.06	0.05	0.51	0.62	0.55
Earnings per share adjusted for full exercise of outstanding offers and warrants, SEK	0.13	0.14	0.06	0.05	0.48	0.58	0.49

The 439,000 class B treasury shares repurchased by Nocom during the year are not included in the data above. The shares were repurchased during the period May 4-15, 2007, at an average price of SEK 6.69 each. These repurchased shares correspond to an average number of approximately 123,000 during the first half of the year and approximately 246,000 during the second quarter.

GROUP SEK M	Sales by quarter					Operating profit by quarter				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
2005	60.5	176.7	164.4	234.0	<b>635.6</b>	-3.0	8.8	10.3	18.7	<b>34.8</b>
2006	205.8	173.1	163.6	229.0	<b>771.5</b>	14.9	9.1	11.1	19.5	<b>54.6</b>
2007	203.3	175.1				12.0	9.8			

INCOME STATEMENTS, PARENT COMPANY SEK M	6 mths Jan-June		Full year 2006
	2007	2006	
Net sales	5.2	5.5	12.1
Operating expenses	-7.1	-7.8	-14.0
Depreciation of tangible assets	-0.4	-0.4	-0.7
<b>Operating profit/loss</b>	<b>-2.3</b>	<b>-2.7</b>	<b>-2.6</b>
Result from financial investments	-0.0	28.0	93.3
<b>Profit after financial items</b>	<b>-2.3</b>	<b>25.3</b>	<b>90.7</b>
Taxes	-	-	-2.4
<b>Profit for the period</b>	<b>-2.3</b>	<b>25.3</b>	<b>88.3</b>

BALANCE SHEETS, PARENT COMPANY SEK M	June 30, 2007		June 30, 2006	Dec 31, 2007
	ASSETS			
<b>ASSETS</b>				
<b>Fixed assets</b>				
Tangible assets	3.3	3.0		3.8
Shares in subsidiaries	459.4	405.9		459.3
Other financial assets	15.5	-		15.4
<b>Total fixed assets</b>	<b>478.2</b>	<b>408.9</b>		<b>478.5</b>
<b>Current assets</b>				
Receivables from subsidiaries	20.9	19.8		16.7
Other current assets	5.7	1.2		1.7
Cash and bank balances	3.6	10.0		49.8
<b>Total current assets</b>	<b>30.2</b>	<b>31.0</b>		<b>68.2</b>
<b>TOTAL ASSETS</b>	<b>508.4</b>	<b>439.9</b>		<b>546.7</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Total equity</b>	<b>457.7</b>	<b>397.2</b>		<b>498.3</b>
<b>Long-term liabilities</b>				
Interest-bearing liabilities	-	10.0		-
Provisions	1.0	2.0		2.0
<b>Total long-term liabilities</b>	<b>1.0</b>	<b>12.0</b>		<b>2.0</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	1.4	10.0		
Accounts payable	1.3	1.4		2.0
Liabilities to subsidiaries	44.7	7.3		34.1
Provisions	1.0	5.4		5.4
Other current liabilities	1.3	6.6		6.9
<b>Total current liabilities</b>	<b>49.7</b>	<b>30.7</b>		<b>46.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>508.4</b>	<b>439.9</b>		<b>546.7</b>

## Financial calendar

Interim report January-September 2007  
Year-end report 2007

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