



NOCOM

Annual Report **1999**

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

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Annual General Meeting

The Annual General Meeting for Nocom AB (publ) will be held on Tuesday April 11, 2000 at 6 P.M. at Folkets Hus, Dragarbrunnsgatan 46, Uppsala, Sweden.

Notification

Shareholders who wish to take part in the Annual General Meeting shall:

- be registered in the VPC AB ("VPC") Shareholders' Register as of March 31, 2000.
- register their intention of taking part in the Annual General Meeting no later than April 6, 2000 at the address: Nocom AB (publ), Kristallen, SE-754 51 Uppsala, Sweden or by telephone +46-18-65 55 00 or by fax +46-18-65 55 55 or via the Internet at www.nocom.com. Upon registration, please state name, address, telephone number, personal identity number or corporate identity number and holdings.

Shareholders who are nominee shareholders should, in good time before March 31, 2000, through the agency of the nominee, temporarily register their shares in their own name in order to have the right to take part in the Annual General Meeting.

Documents of authorization, such as powers of attorney and registration certificates, should, where appropriate, be sent in before the Annual General Meeting.

Shareholders who wish to bring one or two assistants shall make notification of this within the period of time and in the manner that applies to shareholders.

Dividend

The Board of Directors proposes that no dividend is paid for the financial year 1999.

Financial Information

Interim Report	January-March	April 27, 2000
Half-year Report	January-June	August 18, 2000
Interim Report	January-September	October 26, 2000

1999 in Review

Continued growth

- Turnover for 1999 was 187.5 (159.8) MSEK, an increase of 27.7 MSEK or 17 percent.
- The total number of employees during 1999 increased by 50 percent, from 97 to 146.
- Profits before taxes were 1.0 (10.6) MSEK.
- Expansion of the organization and the considerable resources devoted to development of the mobile Internet burdened profits.

Increased focus on mobile Internet

- Nocom developed into a provider of comprehensive solutions for electronic-commerce over the Internet and wireless networks.
- During 1999, as a direct result of collaboration with Nokia and Europolitan, Nocom has taken a leading position in the rapidly expanding market for wireless solutions. Several strategic WAP agreements have been signed with customers, primarily within the travel and financial branches.
- WAP Direct[®], a service for quick and secure WAP operations, has been developed in collaboration with Europolitan.
- The build-up of consultancy activities and deployment services, which complement previously established software activities, continues to receive high priority.

Stock market introduction and acquisitions

- Nocom's B-shares were noted on the Stockholm Stock Exchanges O-list on January 4, 1999 and by the end of the year the total number of shareholders was 3,387.
- The operating service company Bizit AB was acquired on July 1, along with its subsidiary Bizit Integration Group, a provider of consulting services.
- Acquisition of a minority post in the newly started company Pharmapoint AB, a vertical portal for prescription-issuing physicians.
- Acquisition of 70 percent of the newly started company Mobile Commerce Solutions AB, specialists in wireless services for the travel industry.

Important events after the end of the fiscal year

- In February 2000, a directed new issue of stocks for 240 MSEK was made to institutional investors so as to secure continued rapid expansion.
- In March 2000, all shares were acquired in Hera AB, a highly reputable firm in industrial market communications.
- In March 2000, Nocom signed a Letter of Intent for the acquisition of all shares in Interactive-TM AB in Gothenburg. ITM is a specialist company working with images and new media.

Investments lay the groundwork for a mobile direction

1999 has been a year of building for Nocom. Turnover increased by 17 percent to 187.5 MSEK during the year. The total number of employees increased by 50 percent to 146 persons. Our new share issue was directed to the market in conjunction with our stock market introduction on January 4, 1999, which has made possible investments and acquisitions. The acquisition of Bizit AB paved the way for our new orientation as a comprehensive provider of deployment and consulting services for electronic-commerce over the Internet and wireless networks. The establishment of new operations has burdened the year's profits.

A large portion of investments have gone into the establishment of Nocom.net, which together with Europolitan, developed WAP Direct® - a quick and secure operating service for wireless applications. The wireless distribution platform developed by Nocom provides the prerequisites for leading development within wireless Internet technology - Nocom is one of the world's first independent providers of deployment services for WAP applications. The first applications based on WAP Direct® entered service during the year. The solutions for SEB Enskilda Banken and Scandic Hotels were among the first of their kind.

Expanding consulting activities

The growth of the third-generation Internet places new demands on us. We must understand how traditional business processes can be integrated with new systems, and understand market communications and relation marketing. The increasing number of business transactions via networks places demands on security and high accessibility. Our consulting activities - that in collaboration with our other activities will meet these demands - have expanded during the year. This expansion shall continue, both organically and through strategic acquisitions.

During the first quarter of 2000, Hera AB, one of the country's most reputable firms for market communications, was acquired. Additionally, a Letter of Intent was signed for the acquisition of ITM Interactive in Gothenburg. Through these acquisitions and a growing number of customer projects, we are continually improving Nocom's knowledge-base and the company's capacity to provide competitive and innovative solutions to the market.

Leader in mobile Internet

Nocom has identified several branches where vertical wireless solutions can make rapid break-throughs; examples can be found in the banking, financial and travel branches. Through acquisitions, we intend to become partners in companies having potential for attaining leading positions within in these branches. The acquisition of Mobile Commerce Solutions, developers and distributors of wireless services for the travel industry, is an example of this. Collaboration with Nokia Wireless Software Solutions as their primary business development partner in Sweden and Norway for mobile Internet solutions, has also contributed to our leading position.

A directed, new emission of shares to international and Swedish institutional investors was made on February 25, 2000. This gives us the resources to grow quickly, as well as to launch and further develop Nocom's wireless platforms. We intend to take full advantage of our expertise in mobile Internet technology on the international market.

*Uppsala, March 2000
Anders Jonson, CEO Nocom*



Nocoms targets third-generation Internet with a mobile focus

To strengthen its position within the growing IT market, Nocom has invested considerable resources into developing into a comprehensive provider of solutions for the third-generation Internet.

The information technology branch is one of the quickest growing of all branches, both globally and in Europe. Within the areas where Nocom has invested most heavily - the Internet, electronic-commerce and the mobile Internet - growth is even faster. The analysis firm of IDC (International Data Corporation) forecasts that the global electronic-economy - meaning commerce over the Internet, and infrastructures for the Internet - will increase from 1,000 billion dollars in the year 2001 to 2,800 billion dollars by the year 2003. The same analysis firm estimates that the total number of WAP subscribers in Europe will increase rapidly until 2003. In 1999, WAP subscribers in Europe numbered over 3 million. By the year 2003, IDC estimates that 30 million people will be using WAP. Until now, the availability of WAP-compatible terminals has been a limiting factor, but during the year 2000, delivery of terminals is expected to increase dramatically.

IT - Decisive factor for competitive capabilities

A company's capabilities in communicating via its IT system with customers, suppliers, employees and others, is becoming a decisive competitive factor. Companies' business and IT development are being interwoven more and more. The development of new standards, quicker and safer communications, and the ability to communicate in real-time with business-critical systems provide new opportunities for companies and organizations to enhance their operations. At the same time, demands on security and accessibility are increasing.

Commercial Internet solutions place stringent demands on supporting technologies and operating environments. Companies are increasingly expected to offer their services around the clock with high security and short response times. Because of this high rate of development, many companies cannot maintain the needed expertise and operating environments without assistance. Instead, these companies are turning to partners who can run their systems for them. Nocom is such a partner and a strong one at that.

The Internet and mobility are important driving forces

1999 was characterized by continued strong growth for the Internet. Business opportunities through electronic-commerce via the Internet have propelled development, and today's Internet solutions are becoming larger and more

FOUR TECHNOLOGICAL WAVES



In the Nordic countries, Nocom was early to both identify and take the lead within several of the technological waves that have been revolutionary for information technology.

complex. At the same time, development within WAP has been influential during the year. Nocom is working to become a leading supplier of comprehensive solutions for electronic-commerce on the Internet and wireless networks. Usage of the wireless Internet will increase strongly during the next years. The first phase in this development is WAP (Wireless Application Protocol) technology, which was introduced in 1999. The complexity of WAP solutions is not in the actual WAP technology but rather in understanding the underlying infrastructures and systems. It is within this area that Nocom has its roots.

Third-generation Internet systems

The Internet has become a channel for many companies and organization to distribute information about their activities, services and products. The Internet has now developed into an integrated part of many companies' business processes, thus creating entirely new demands. Nocom helps companies and organizations to implement third-generation Internet technology.

The third-generation Internet is characterized by interaction between the Internet, a company's business activities and existing IT systems. Third-generation Internet systems are flexible and can automatically adapt their behavior to each user's specific needs and interests, bringing increased levels of personalization to the Internet. It is important that a Web page has the feeling of being unique for each individual user. To accomplish this, business know-how and considerable knowledge of relation marketing are needed, supplemented, of course, with the latest technology.

Third-generation systems must also be able to handle business transactions such as orders and confirmations, as well as secure, guaranteed payment based on various payment models. All delivery and logistical procedures must be integrated parts of the systems.

Because the third-generation Internet is a part of the business process, it's important that the underlying technical solutions meet the specified demands. Many electronic-commerce sites are accessible around the clock. This places very high demands on operations for third-generation Internet systems. Each minute that a system is inaccessible entails considerable risks for lost income. Experience has shown that it is very difficult to estimate the total number of users and their purchasing behavior. Systems must be sufficiently flexible that they can handle many users without encountering problems.

For several years, the key to success for many Web sites has been the content of the presented information. But it is no longer enough to merely present information. To be successful, the information must be enhanced in some way. Presenting a digital map, for example, isn't enough. A service must be linked to the information. If the link is to a location service, a user could find out his or her exact position and ask the way to the nearest McDonald's. A map would then be displayed with all the necessary information.

The third-generation Internet must manage more than today's PC-based Web browsers. Among other things, it must also be able to handle various types of mobile units, such as cell phones and handheld computers, as well as new types of Web browsers for various devices - devices such as refrigerators, automobiles and even devices with other interface modes, such as speech.

To provide solutions for the third-generation Internet, advanced technologi- ➔

- ➔ cal knowledge is naturally a basic prerequisite. But an understanding of how businesses communicate with their customers is also a necessity, as well as an understanding of a company's activities and business processes.

WAP is the first step towards the mobile Internet

Primarily because of the widespread use of cellular phones, wireless solutions have now made their break-through. Integration of the Internet, telecommunications and data communications via wireless terminals has become an important driving force in the present development wave – the wireless Internet - in the form of, among other things, WAP. With the appearance of WAP-compliant terminals on the market, beginning in 1999, all the pre-conditions exist for these terminals to become a new important interface for company information systems, alongside personal computers.

Pacing the rapid acceptance of mobile Internet technology made possible by WAP, manufacturers are making use of this technology to develop new products. New concepts, such as Bluetooth (for wireless short-range transmissions) and GPRS, will substantially enhance the usefulness of WAP technology.

GPRS is a technology that makes possible wireless data transmissions at considerably higher speeds than what is now possible. GPRS was introduced in the year 2000 and is expected to make its big break-through during the year 2001.

The potential for the Nordic market to lead development in mobile Internet technology is great. The widespread usage of both cellular telephony and the Internet, as well as the presence of leading cell phone manufacturers and cellular operators, all provide excellent conditions for development.

Growing dependence on electronic-commerce, WAP and handheld computers means that new solutions and services will be in focus from the year 2000 and onward. With a wireless infrastructure and individual smart cards, a safe and simple structure can be created to which companies can link their products, applications and services. These systems will permit companies' services to be accessed by customers at any time and from any location. Businesses will move closer to their customers.

WAP Direct® developed to retain leading position

To fully utilize the potential that Nocom and its customers saw in WAP technology, Nocom understood at an early stage that not all of the necessary components were available on the market and that they would have to be developed. To meet these needs, WAP Direct® was created in collaboration with Europolitan. WAP Direct® is one of the world's first commercial solutions for secure WAP infrastructures. Because the needs of our customers are evolving, we shall retain our leading position through continual, further-development of WAP Direct®, as well as other solutions and platforms for mobile services.

Nocom's operations – electronic-commerce over the Internet and wireless networks

Solutions – Nocom takes long-term responsibility for customers' projects, systems and business functions by providing comprehensive business-developing consulting services, project management, software components and operating services.

Nocom's business concept is to provide businesses and organizations with solutions for electronic-commerce over the Internet and wireless networks. The solutions are based on Nocom's integrated expertise within market communications, business processes and technology.

Since its inception in 1985, Nocom has introduced and served as a representative for software solutions based on innovative technology and new perspectives within information technology. Nocom's customer base consists primarily of large and medium-sized companies, as well as public agencies in the Nordic countries. One of the company's primary success factors through the years has been its ability to identify new trends with substantial market potential at an early stage. Nocom was one of the companies behind the client/server wave at the beginning of the 1990s and was also early in providing solutions for the Internet. Among other things, Nocom was Netscape's first business partner outside of the United States. A few years ago, a new market segment was identified with strong potential – the mobile Internet – and Nocom is now one of the companies that has come furthest in the implementation of WAP and mobile Internet in commercial projects.

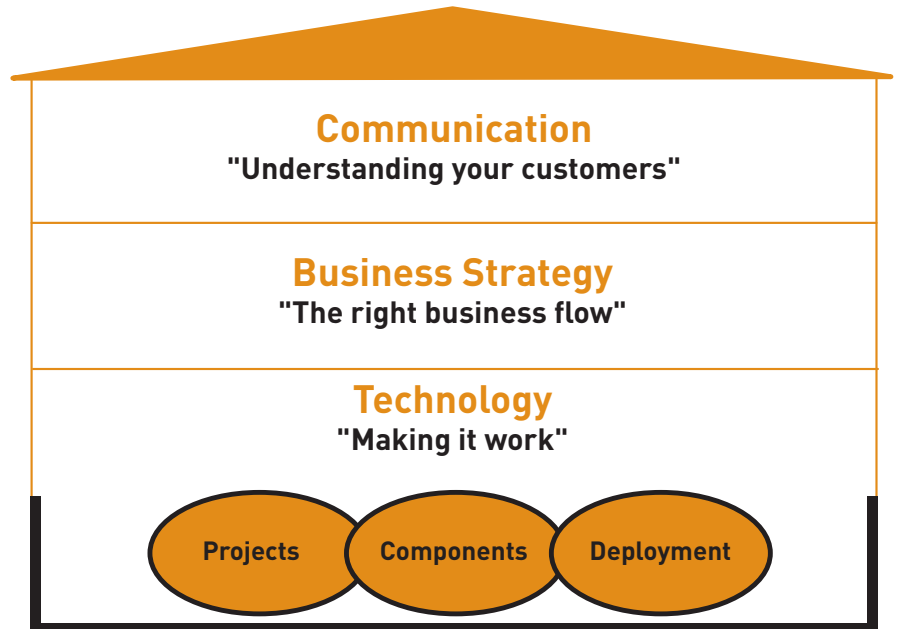
Strategic service establishment during 1999

On January 4, 1999, Nocom's B-shares were noted on the Stockholm Stock Exchange's O-list (NOCM-B). The stock market introduction, together with the simultaneous new share issue, has created the financial base and prerequisites that were required for the expansion that took place during 1999. For the most part, this has been a year of building, with priority given to consulting activities and deployment service. Major efforts and considerable resources have been put into reaching the position that Nocom has attained in the wireless Internet and WAP fields. The total number of employees within the Nocom group has increased by 50 percent during the year, from 97 to 146.

To become a provider of solutions based on the third-generation Internet, during 1999 Nocom has focused on the strategic establishment of a number of services for electronic-commerce over the Internet and wireless networks. A first important step in these efforts was the acquisition of Bizit AB, along with its subsidiary Bizit Integration Group. The two were consolidated on July 1, 1999 and their names changed to Nocom.net and Nocom Integration. Through this acquisition, Nocom's software component solutions have been complemented with a consulting organization oriented to e-commerce, and an organization with expertise in secure solutions for the Internet and wireless networks. An additional step in this direction was made at the end of 1999 when Nocom acquired 70 percent of the newly started Mobile Commerce Solutions AB, specializing in wireless services for the travel industry.

Besides the above-mentioned acquisitions, a minority interest was acquired in the newly started Pharmapoint AB, a vertical portal for prescription-issuing physicians.





A solid foundation for third-generation Internet solutions.

➔ **Acquisitions complement Nocom's comprehensive offerings**

In March 2000, all shares were acquired in Hera AB, one of Sweden's oldest and most well-known firms for industrial market analysis and communications. This acquisition provided Nocom with experience and expertise with-in market analysis and communications.

In March 2000, Nocom signed a Letter of Intent for the acquisition of all shares in Interactive-TM AB in Gothenburg. ITM is a specialist company working within images and new media.

Nocom is now well-prepared for handling its customers' comprehensive assignments - from the idea stage, all the way to profitable, operating e-systems based on the Internet or on wireless networks.

Focus on the wireless Internet

During the year, Nokia Wireless Software Solutions named Nocom as its first business development partner in Sweden and Norway for Nokia's open WAP server software and the wireless Internet. Additionally, Nocom has developed WAP Direct® in collaboration with Europolitan and the first strategic customer agreement has been reached. WAP Direct® is a quick, secure operating service for wireless applications and is the first component for Nocom's general platform for wireless solutions. Nocom has applied for registration of WAP Direct® as a trademark in all EU countries, Norway, Switzerland, the US and Canada.

The financial and travel branches are among those that have come furthest in implementing the new technology surrounding the wireless Internet. During 1999, Nocom attained several strategic assignments for project management, development, installation and commissioning of WAP services.

Examples of these are the agreements with SEB Enskilda Banken and the travel agency, Interjet.

Important business events during the year 2000

In January 2000, a far-reaching agreement with Scandic Hotels was reached. In the solution for Scandic Hotels, WAP Direct® was further-developed so that customer telephones can now be configured and updated over the GSM network. This innovative solution means that later WAP telephone adaptations can be very easily made.

Several major agreements have also been reached during the year in regard to special adaptations for Nordic and international Internet service providers (ISP). An example of this is Utfors' appointment of Nocom as its supplier of technology, consulting services, software and support services for the development of their communication platform for 75,000 users.

Build-up lays the foundation for international expansion

The conditions for further expansion of operations on the Nordic market are seen as favorable. Nocom also intends to expand internationally. Nocom plans to fully exploit the opportunities that have arisen in conjunction of the growth of the wireless Internet, and to further-develop the position that Nocom has attained within this area. Nocom is also planning general growth within Internet-related operations. The new emission of shares made in February 2000 provided the prerequisites for implementing these plans. International expansion is planned to take place jointly with Nocom's Nordic partners, primarily Nokia, Ericsson and Europolitan (Vodafone), as well as with other internationally active customers. Nocom plans to expand both through strategic acquisitions and organically.

Continued growth one of the long-term goals

Within Nocom's strategic areas of operations - consulting activities and deployment service with integrated expertise relating to market communications, business processes and technology - Nocom's goal is an annual growth rate of 50 to 100 percent. The profit goal for these segments is to attain a sustainable profit margin of 12 percent within two to three years, calculated as an average over business cycles.

The long-term goals for software activities is to achieve an annual growth rate, excluding acquisitions, of at least 20 percent and a profit margin of 10 percent. These goals are expected to be achieved within a two-year period.



Nocom's three areas of activity provide joint solutions to customers.

Solutions for future electronic-commerce

Projects – Project management and system integration are Nocom Integration's part in Nocom's comprehensive solutions.

With Nocom's acquisition of Bizit AB, a new organization was created with consultants from both of the companies. Nocom Integration takes customers' business ideas and strategies, and enhances them by suggesting and developing suitable solutions incorporating Nocom Integration's expertise in technology and security. This technological expertise makes Nocom Integration well-prepared for third-generation Internet solutions.

Project leaders with broad experience

Nocom Integration presently has more than 30 consultants with expertise in project management, IT security, business development, development of electronic-commerce, and wireless communications.

Within the business unit *Development and System Architecture*, solutions are provided for electronic commerce and system integration, architecture and the design of business-critical systems. The business unit *Business Development* provides analyses of business concepts and prepares implementation plans, as well as performing fact-finding tasks within IT and e-commerce. The consultants at *Security and Communications* can, among other things, evaluate, measure performance and analyze various types of networks, perform security analyses and implement secure solutions for access to companies' systems.

Customer projects often entail the involvement of more than one of these business units. Nocom Integration has project leaders with experience in security, telecom, business systems, development, WAP, portals and CRM (Customer Relations Management).

WAP development and security projects important

During 1999, Nocom Integration and Nocom.net invested considerable resources into creating a quick and safe infrastructure for wireless communications with WAP Direct®. An important project during the year was the assignment from SEB Enskilda Banken to create a solution to provide the bank's customers with stock market quotations in real-time via cellular phones. Nocom was among the first in the market to deliver a functioning WAP solution. Several important security projects for larger customers have also been carried out during the year.

Following a working model ensures good returns on customer investments

Nocom Integration uses a project-oriented approach based on a project model developed especially for the services the company provides and the needs expressed by customers. This project model is called Dirigenten ("the Conductor").

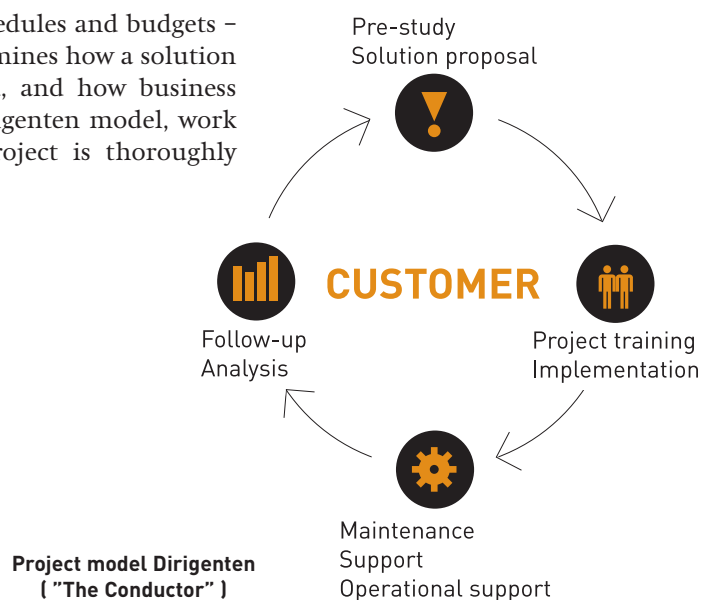
Work begins with an analysis of the customer's business idea. During the analysis phase, the idea is developed using Nocom Integration's expertise within electronic-commerce and Internet projects. Based on this analysis, a pre-study is made with specifications on how the idea is to be transformed into a solution. The pre-study lays the groundwork for the implementation phase. After implementation, and when the customer has accepted delivery of the solution, the operation is turned over to either the customer or to Nocom.net.



Mathias Båth,
Managing Director, Nocom Integration AB.



Besides customary project model content – such as schedules and budgets – Dirigenten also includes a quality document that determines how a solution will be constructed, how security will be guaranteed, and how business development is to be accomplished. Following the Dirigenten model, work can progress quickly, quality is assured, and the project is thoroughly checked and documented.



The right software at the right time – the strength of Nocom's business offerings

Components – Extensive experience of software from leading producers and associated services such as training and support, provide Nocom's customers with added-value. With Nocom, software producers have an expert partner in the Nordic market.

When Nocom organized operations into specialized subsidiaries in 1999, the old core operations for software-related sales and associated services were collected under the name Nocom Software. Since Nocom's founding in 1985, the company has introduced and supported program solutions based on innovative technology within information technology. Customers receive added-value through Nocom's knowledge of combining software and associated services such as support, training, installation and deployment.

A characteristic of Nocom is its ability to find the software that is, or will be, market-leading within the respective application areas. Nocom was Netscape's first collaborating partner outside of the US, for example. Until now, software products have mainly been from leading American producers. But because of the Nordic countries' strong position in wireless Internet technology, a larger role will be played by software from the Nordic countries; WAP Server software from Nokia is just one example.

The software components and associated services provided by Nocom are characterized by their contributions to open and flexible IT structures, primarily within the area of e-commerce and the Internet. Nocom Software has representatives in Sweden, Norway and Finland.

Software activities to split into two sections during the year 2000 for increased focus

Nocom Software's activities will be divided into two sections during the first quarter of the year 2000. One section, with about 80 percent of operations, will handle software and services that are sold and delivered as component parts in Nocom's customer solutions. The other section, with about 20 percent of operations, will be completely oriented to sales and services via partners. The reason for this division is partially to increase focus for both sections, which work under different business models, and partially to increase overall growth and profits for Nocom.

Income from software operations

Income during 1999 was distributed between software licenses (54 percent), program service and maintenance (38 percent), and expert support (8 percent). Program service and maintenance were provided in accordance with agreements that are often renewed over a period of years and are related to previously sold software licenses to current customers.

Software for more effective information management

Nocom's software unit enables Nordic companies and organizations to develop their operations by providing a range of innovative programs and services for more effective information management. Nocom Software will continue to introduce new concepts and products at the appropriate time; maintain a neutral and independent role by offering products from various suppliers; and serve as a specialist for Nocom's customers in the selection of tools and products.



Leif Jarnmo
Managing Director, Nocom Software AB.

Customers are primarily large and medium-sized companies, and public institutions in the Nordic countries. Among the more important customers are AstraZeneca, Ericsson, Föreningssparbanken, Gjensidige, MeritaNordbanken, Nokia, Norsk Hydro, Pharmacia Upjohn, the Swedish Postal Service, Pripps Ringnes, Scania, SEB, Sonera, Telia, Utfors and Volvo.

The software unit's own service organization - Nocom Professional Services (NPS) - provides installation, configuration and deployment services. NPS also handles support and training tasks related to the products.

Leading software for the ever-changing IT world

The software unit consists of several solution areas: System Integration, System Development, Document Processing, Information management and Security. Nocom provides leading software solutions in all the areas mentioned.

An important new cooperative agreement reached during 1999 has resulted in Nocom Software becoming a representative for Celo's security software, which is used to safeguard Svenska Spel's online gaming site, among others.

Nocom cooperates with several leading suppliers within the above-mentioned solution areas, including Nokia, WRQ, Celo, Centura, Hummingbird, iPlanet (the Sun-Netscape Alliance), Real Networks, NetManage, Verity and Vignette.

Strong WAP influences during 1999

During 1999, close collaboration with Nokia was initiated involving the application software Nokia WAP Server, an open platform for creating wireless services based on WAP. Due to Nocom's expertise and experience in introducing new software on the Nordic market, Nokia chose Nocom as its first collaborating partner for this software. Nokia WAP Server is an important component in Nocom's solution for secure WAP infrastructure, WAP Direct®. The demand for Nokia WAP Server is great. Many new pilot projects are presently underway that can result in substantial sales volumes as they become actual applications for end-users.

Partner in the Nordic marketplace

Nocom's software unit often performs as a local representative for suppliers, offering customers training and support in Swedish, Norwegian or Finnish, and with an understanding of the local market requirements. Investments in packaged software from various suppliers will increase.

More and more solutions will be created by Nocom, based on the company's expertise in projects, software components and deployment services. At the same time, cooperation with system partners will continue so that sales volumes increase.

Secure deployment solutions for the Internet and wireless networks

Deployment – When it's time to put a project online, Nocom.net can handle operations for both stationary and wireless networks.

Nocom.net provides highly secure operation, monitoring, hosting and communication for service networks. The service network SafeNet was Bizit's core activity. SafeNet and related expertise were transferred to Nocom through the acquisition of Bizit in July 1999. During 1999, Nocom has invested in the establishment of a platform for the distribution of wireless services based on the WAP Direct® solution. Nocom.net is one of the world's first independent providers of deployment services for WAP applications.

Regardless of how good an e-commerce idea may be, a supporting infrastructure is needed to maintain standards. Capacity must be correctly calculated, and service and availability secured. At the same time, security is of the utmost importance. Nocom.net's business concept is to offer customers safe and worry-free IT operations, thus releasing customers' time and resources for concentration on core activities and business development.

Nocom.net provides secure service around the clock

At the center of operations is a service network that fulfills the highest security requirements. With this network, companies can receive help with operations, monitoring, Internet connections, modem pools and secure transactions. The physical infrastructure is designed to achieve the highest possible accessibility levels, 24 hours a day. The facility is temperature-regulated, and protected against power outages and fire hazards. The infrastructure for Nocom.net has been a prerequisite for development of the wireless distribution platform.

The customer base is comprised of approximately 40 customers. Among them are Swedish Volkswagen, ASG, SEB, Grand Hôtel, Snowdrops and Beedo. During 1999, the total number of customers doubled, not the least because of business generated through cooperation with other Nocom companies. Nocom.net works with long-term customer undertakings, which provides stability to both Nocom.net and its customers.

Among the services that Nocom.net provides are deployment services and hosting, meaning that Nocom.net handles all tasks related to operation of customers' hardware and software from Nocom's computer center. These services can also be provided when customers choose to maintain computers at their own sites.

Monitoring is another service that Nocom.net can provide. Through advanced monitoring systems, equipment statuses are checked continually. Within the framework of monitoring, Nocom.net can also make prognoses for future loads and suggest necessary corrective actions in ample time, before business critical systems must be expanded.

Nocom.net also functions as an administrator of Web and e-mail services for several customers.

Leading position with secure infrastructure for wireless distribution

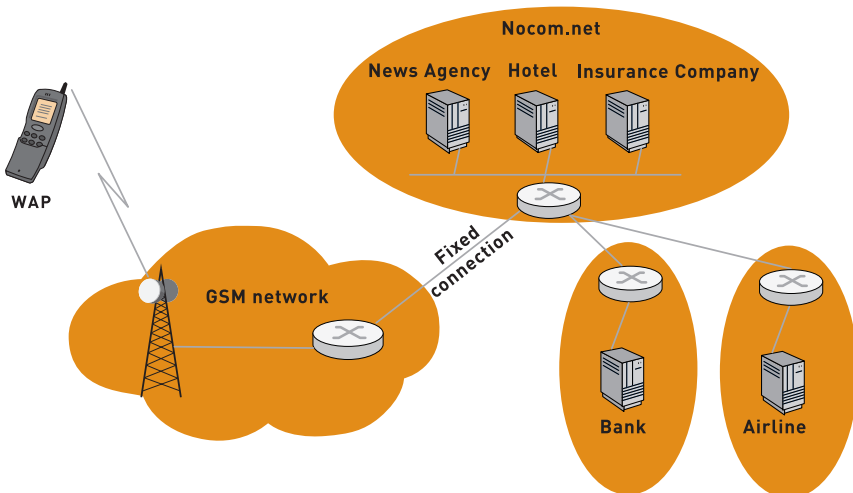
During 1999, large investments were made in creating one of the world's first operational, commercial products for the WAP infrastructure - WAP Direct®. Through collaboration with Europolitan, Nocom has constructed a safe infra-



Stefan Skarin,
Managing Director, Nocom.net.



structure for the operation of wireless services with high accessibility. This means that the response delays involved in transporting applications over the Internet, via the intermediate stations and modem pools, are eliminated. Additionally, the Internet's security problems are avoided.



WAP Direct® is a secure network for wireless services. Due to the wireless connection with all GSM networks in the world through Euro-politan, transactions do not need to be detoured via the Internet. With WAP Direct®, intermediate stations and modem pools on the Internet are avoided, which results in shorter connection times. Using WAP Direct® as the platform for wireless services, Nocom can guarantee that communications with supporting systems function as intended - systems such as those used by airlines, news agency databases and banks. Because the entire infrastructure is at Nocom's facilities, new services can be quickly added.

MCS provides wireless services for travelers

Mobile Commerce Solutions' goal is to apply its expertise in travel distribution to become a leader in wireless services for the travel industry.

In November 1999, Nocom became the majority shareholder in the newly started company, Mobile Commerce Solutions (MCS). The company has specialized in wireless services - primarily for the travel industry - and has five employees in Stockholm and London.

The travel industry has a long tradition of electronic transactions and 40 percent of all e-commerce activity is presently travel-related (Datamonitor-98). Wireless channels for these services have considerable potential for becoming preeminent in the future, not the least because wireless channels are excellent means for establishing customer relations. MCS offers added-value, wireless services based on the needs of travelers.

MCS was started by a small group of business developers and technicians at SMART/Amadeus, a travel distribution agency. They have worked together for several years with finding alternative distribution channels for the travel industry, long before the coming of WAP. Their aim has always been to provide the aids needed by the "mobile professionals".

Now that Nocom is its majority owner, MCS has gained access to advanced technological expertise. At the same time, MCS operations are a good way of demonstrating the values represented by Nocom's investments in wireless technology.

Open and scaleable mobile distribution channel

MCS provides a mobile distribution channel built on Nocom's platform for wireless services. This service platform can receive, process and transmit data in nearly any desired form. This means that it doesn't matter if the end-user is using a cell phone, handheld computer or a laptop PC - the correct format is automatically distributed from the platform. Nocom's WAP Direct® is an integrated solution component with advanced features for authorization and profile-controlled information access to safeguard security. The MCS platform is built on open standards and is completely scaleable.

Besides maintaining and operating the mobile distribution channel, MCS also offers a complete range of travel information for mobile portals with information on travel planning, booking, destinations and flight delays, to mention a few examples. When the mobile channel platform is in place, MCS will be able to provide even more services based on the needs of end-users.

The travel industry is only the beginning

MCS's expertise in building customer relations using wireless services is not limited to the travel industry alone; it can be applied to many other areas as well, such as finance and logistics.



Jan Lundin
Managing Director, Mobile Commerce Solutions AB.

Stock market quotations in real-time – directly to WAP-phones



Malin Wemnell
SEB Enskilda Banken

Since the autumn of 1999, SEB Enskilda Banken has provided selected customers with a wireless service for receiving stock market, interest and index information in real-time directly to their WAP phones. The service is based on Nocom's secure communications solution WAP Direct®.

Malin Wemnell is leading the project at SEB Enskilda Banken and she says that the bank began to take an interest in wireless services about a year and a half ago.

"We started by creating an SMS service for our stock-trading customers, where brokers and advisors could communicate with their customers. When we wanted to enhance this much-appreciated service, WAP had made its entry," she says.

Not far into the summer of 1999, the decision was made to use a WAP application to complement the SMS system. After surveying the market, it was decided to engage Nocom to provide the solution. Project work began in August.

Quick information a must

SEB Enskilda Banken, a part of the SEB Group, is the division for private banking, providing banking services for many affluent customers. Intensive stock trading is common within this group and there is heavy reliance on uninterrupted access to up-to-date stock market quotations.

"Many customers sit and monitor the market via text TV while others use the Reuters service, which is very expensive. Our solution provides information with a one to two minute delay. When we launched the service for selected customers in Malmö, more than 30 persons showed up.

Each was equipped with a WAP-compatible phone and their reactions were incredibly positive," Malin Wemnell says.

Service's simplicity important

She emphasizes that simplicity has been a guiding principle on the project. Everyone should be able to use the service and the interface should be easy to understand.

"During the presentation, no one asked what they should do. It was a good indication that we had succeeded. They were able to use the WAP phones without problems. We'd thought through the entire chain - operators, information providers, operation of the service and the actual telephones, which are delivered pre-configured. Everything was done with the intention of retaining simplicity in the service," she says.

Anna Engholm is Nocom's project manager and she explains how the service was developed and how the technology works.

"We receive stock market information via a parabola antenna from Ecovision to a server at the Nocom.net computer center. The server stores the continually updated information in an SQL Base database. On the same machine is our in-house developed software, programmed in Java. Nokia's WAP Server is installed in a third server. The technical solution is based on Nocom's WAP Direct®, a complete WAP architecture in a controlled network, and SEB Enskilda Banken is one of the first to use it," she says.

Individualized information is the next step

The project has been divided into two phases, with the first beginning during the autumn of 1999. During this initial phase, all customers have received the same general information. In the next phase, which will be ready during the first half of 2000, individualized information will be offered. The customer will then be able to enter ten stocks for monitoring, for example, and receive an alarm if stock prices pass a specified level.

Malin Wemnell is very pleased with the collaboration with both Nocom and Anna Engholm. The many contacts between the two project managers since August have had positive results.

"Close communication has enabled us to have control over all details. The open contact channels between Nocom and us have meant that all the misunderstandings that could have arisen were avoided. Our vision for the WAP service is that we will be able to provide access to all of our 35,000 customers by the middle of the year 2000," she says.

The right personnel – a key to success

Systematic competence development and making sure that employees enjoy their work – these are two examples of how Nocom strives to retain its present staff and recruit new qualified personnel.

Despite the evolvement of systems such as business-to-business, human contact is still the most important aspect of doing business. It is vital that individual Nocom employees are able to establish trust and well-functioning business relationships with the customers. Customers' perceptions of quality are not formed by advanced technology alone, but also by the way of doing business and in communication with Nocom's staff.

Nocom's duties as an employer are to ensure that personnel are given the opportunities to develop their levels of competence, and to provide a stimulating work environment. The first is achieved by continual development through interesting assignments, training, exchanges with colleagues and independent study. The second is about feeling a sense of participation in the company's development, about enjoying being with fellow employees and benefits such as supplemental healthcare.

System for quality and follow-up

It is important that quality is maintained, project after project. Nocom works systematically with business planning and uses the LOTS® model to ensure a common language and approach for the company. Nocom methodically develops staff competence and during 1999, introduced a method and a system for strategic expertise development. This entails the goal-oriented administration, development and guidance of expertise, both for the individual and the organization, so as to provide the company with the know-how needed to meet established goals.

Mentors and leadership development

An important duty for Nocom's management personnel is to make sure that the personnel-related values are maintained and developed. Besides being capable business people, management staff must also be good "coaches".

Levels of education for personnel in percent
December 31, 1999



More than 70% of Nocom's personnel have studied at the college or other post-high school level. There are many occupational categories at Nocom.

Nocom develops management skills through the use of mentors and regular meetings dealing with leadership development. All management personnel are given the opportunity to receive special leadership training.

An important aspect of Nocom's corporate culture is to safeguard our employees' health and actively support various recreational activities.

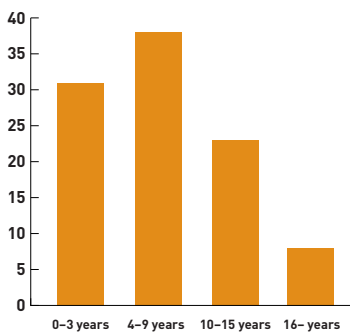
Nocom also offers its personnel shares in the company. An option program for employees was approved at the Extraordinary General Meeting on December 9, 1999. An IOU with 250,000 detachable rights of option was issued. These rights of option, corresponding to a maximum of 250,000 new series B shares, were acquired by key personnel and other employees within the Nocom group. In December, 58,500 rights of option were subscribed

Recruiting continues

Personnel turnover in 1999 was 19 percent (compared to 31 percent in 1998). The refocusing of operations is responsible for much of this turnover. After adjustments for the various restructurings made during the year - in conjunction with acquisitions, among other things - personnel turnover was 10 percent for 1999 (and 15 percent for 1998).

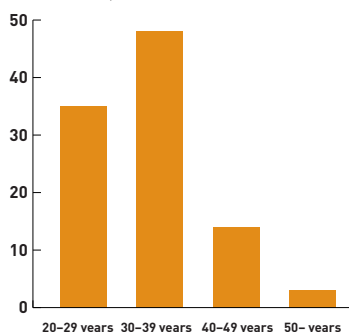
It is of the utmost importance that we both attract and retain qualified personnel. Recruiting the right staff is a key to success. Nocom receives a large number of spontaneous employment applications each year. In addition, we also recruit through advertisements in newspapers and on the Web, through recruiting firms and via the federal employment agency. But the primary sources for recruitment for Nocom are our employees' contact networks. During the year 2000, Nocom will recruit a large number of persons. In the scrupulous process of recruitment, applicants' educational backgrounds, experience and attitudes weigh equally.

Branch experience in percent



Nearly a third of Nocom employees have ten or more years of experience in the branch.
The average at the company is seven years.

**Age distribution in percent
December 31, 1999**



The average age at Nocom is 33.

"For people interested in developing, Nocom is the perfect workplace"

Exciting assignments in an evolving branch. Eva Stenvall Larsson explains how she feels about working at Nocom.

Eva Stenvall Larsson is an IT engineer at Nocom Software and has worked for the company for over six years. When she came to Nocom, it was primarily because the company needed her expertise and because she perceived Nocom to be an interesting employer.

"I'm basically a programmer and work with development tools. I've previously worked in the Stockholm area but was attracted to Uppsala, not the least for my children's sake. But when I started at Nocom, it was mainly because of the interesting work assignments," Eva explains.

At Nocom Professional Services, the service organization within Nocom Software, customers are provided with general support, training and expert support. Eva's work tasks evolve as new products are introduced and existing ones developed.

Considerable opportunities to influence work situation

"I've always felt that I have a great deal of responsibility and considerable influence in shaping my work situation. Freedom is linked to responsibility - you have to have to take the initiative. For people interested in developing, Nocom is the perfect workplace," she continues.

Offers of employment have been plentiful during Eva's time at Nocom, but none have been sufficiently attractive.

"I've been in the branch long enough to know that the grass isn't greener on the other side of the fence," explains Eva. "The opportunity to determine my work situation and my work hours, together with appealing assignments, makes a job-change of little interest to me."

Time for competence development

When it comes to competence development, Eva returns to personal responsibility:

"The greatest obstacle to further education is, of course, lack of time. But Nocom is now working with a formalized expertise development plan that will free time for personal development. Naturally, I'll be able to take the courses that I feel I need to be able to develop, but it is I and I alone, who will take the initiative."

"Just now I am working a lot with client-server solutions, and it's an area that is being complemented more and more with Web-based solutions. Here, I feel that I receive the needed support to have control over my own level of expertise in meeting the new demands."

But Nocom is not just work - there is also a social dimension to working at the company.

"The atmosphere here is pleasant and social, and I have many nice co-workers. If you feel the need to meet after working hours, there are plenty of activities," Eva concludes.



Eva Stenvall Larsson,
IT engineer at Nocom.



From 83 till 3 387 Shareholders

The Nocom B shares are listed on the Stockholm Stock Exchange O-list as of 4 January 1999. The market value at introduction was SEK 43 and the market value as of 30 December was SEK 203. The Nocom market value as of 30 December 1999 was 932 MSEK. The number of shareholders in Nocom as of 30 December 1999 was 3,387. Of these, slightly more than 200 hold more than 1,000 shares each. Foreign investors hold slightly more than 30 percent of the shares and control slightly less than 11 percent of the votes. The price as of 29 February 2000 was 479 SEK which is equivalent to a market value of 2,200 MSEK.

Share Facts

Nocom's share capital amounts to 4,593,176 SEK distributed among 4,593,176 shares, each at a nominal value of 1 SEK. Of these 943,626 are of the A series and 3,649,550 are of the B series. All shares provide an equal right to the Company's assets and profit. The A shares entitle the holder to ten votes at the Annual General Meeting. The B shares entitle the holder to one vote at the General Meeting. At the Annual General Meeting, each shareholder with the right to vote can vote for the full number of shares owned and represented by said person without any limit to the number of votes.

Subscription Options

At the Extraordinary General Meeting held on 9 December 1999 it was decided to issue an IOU with

250,000 detachable rights of option. These rights of option, representing a maximum of 250,000 new shares in the B series, have been acquired by the subsidiary company Nocom Software AB. The options, thereafter, can be acquired by persons in leading positions and other personnel in the Nocom Group. In the month of December, 58,500 rights of options were subscribed by personnel. The redemption price per option amounted to 238 SEK. Options can be called during the period beginning 1 January 2000 to 15 January 2003.

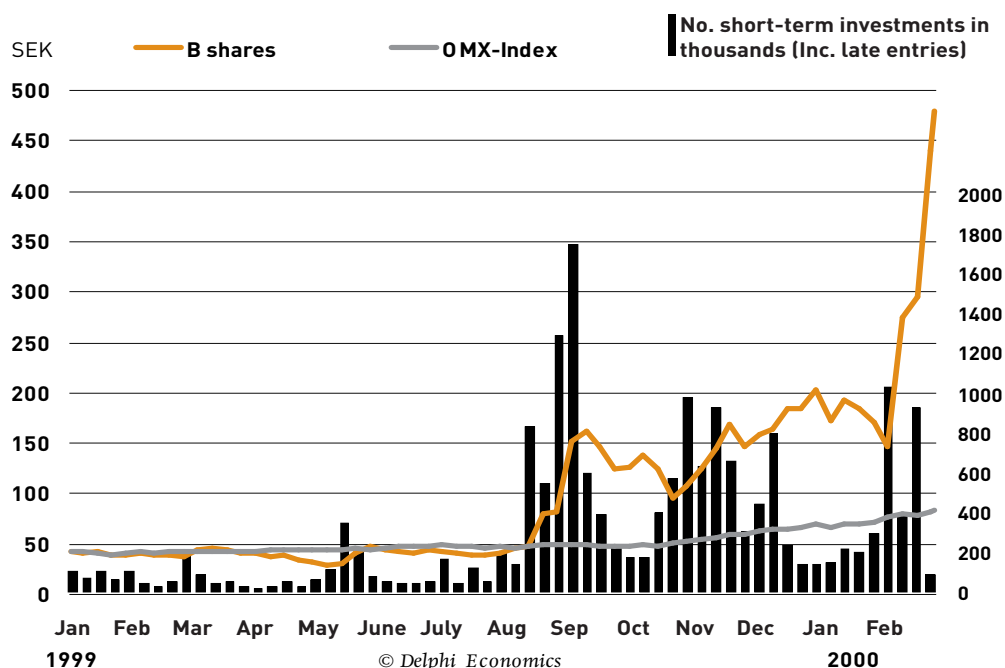
New Share Issue

With a deviation from the shareholders' preferential right, the Board of Directors was authorized, during the period until the next Annual General Meeting, to decide on a new issue of a maximum of 750,000 B shares. With the purpose of expediting the expansion in wireless Internet, a new share issue was directed to Swedish and foreign investment institutes in February 2000. The new issue, which consisted of 540,000 shares of the B series, amounted to approximately 240 MSEK.

Dividend Policy

The Board of Director's policy on dividends is that dividends shall amount to approximately 30 percent of the operating income after taxes. The Board recommends that no dividend is paid for the financial year 1999.

Nocom 4 Jan 1999-29 Feb. 2000



SHARE CAPITAL DEVELOPMENT ¹⁾

Year	Transactions	Nominal sum	Increase no. shares	Total no. shares	Increase share capital	Total share capital
1990	Company formed	100	500	500	50,000	50,000
1993	Split 100:1	1	49,500	50,000	-	50,000
1994	Bonus issue 9:1	1	450,000	500,000	450,000	500,000
1996	Bonus issue 5:1	1	2,500,000	3,000,000	2,500,000	3,000,000
1996	New issue	1	129,600	3,129,600	129,600	3,129,600
1997	New issue	1	220,920	3,350,520	220,920	3,350,520
1998	New issue	1	940,000	4,290,520	940,000	4,290,520
1999	New issue/conversion	1	31,200	4,321,720	31,200	4,321,720
1999	New issue	1	271,456	4,593,176	271,456	4,593,176

¹⁾ Business activities began in 1985 and up to February 1998 were operated by Nocom Nordic Communication AB. The current operating company was formed in 1990.

DISTRIBUTION OF SHARES 30 DEC. 1999

Shareholdings	No. shares	No. shares in %	No. shareholders	No. shareholders in %
1 -1,000	782,967	17.0	3,173	93.7
1,001 -10,000	508,727	11.1	178	5.3
10,001 -50,000	493,981	10.8	26	0.8
50,001 -100,000	355,039	7.7	5	0.1
100,001 -	2,452,462	53.4	5	0.1
Total	4,593,176	100.0	3,387	100.0

SHAREHOLDERS 30 DEC. 1999

	No. A shares	No. B shares	Total no. shares	Total no. shars	Share of capital, %	Share of votes %
Anders Jonson ¹⁾	743,626	765,186	1,508,812	8,201,446	32.8	62.7
Mindo AB	200,000	-	200,000	2,000,000	4.4	15.3
Deutsche Börse Clearing AG	-	423,390	423,390	423,390	9.2	3.2
Union Bank of Switzerland	-	164,900	164,900	164,900	3.6	1.3
Livförsäkrings AB Skandia	-	159,560	159,560	159,560	3.4	1.2
Morgan Stanley & Co Int Ltd	-	85,000	85,000	85,000	1.9	0.6
Cedel Bank	-	84,320	84,320	84,320	1.8	0.6
State Street Bank and Trust Co	-	72,719	72,719	72,719	1.6	0.6
Premier Life (Bermuda) Ltd	-	62,000	62,000	62,000	1.3	0.5
Merrill Lynch and Co Inc	-	51,000	51,000	51,000	1.1	0.4
Others	-	1,781,475	1,781,475	1,781,475	38.9	13.6
Total	943,626	3,649,550	4,593,176	13,085,810	100.0	100.0

¹⁾ Includes holdings via family. Issued call options for 145,000 B-shares. (29 Feb.2000: Issued call options for 175,000 B-shares.)

DATA PER SHARE ¹⁾

	1999	1998	1997	1996	1995
Equity per share, SEK	15.01	13.82	4.55	3.26	5.36
Equity per share adjusted for full utilization of outstanding subscription options, SEK ²⁾	27.64	13.82	4.55	3.26	5.36
No. shares at end of period	4,593,176	4,321,720	3,381,720	3,129,600	500,000
No. shares at end of period adjusted for full utilization of outstanding subscription options	4,843,176	4,321,720	3,381,720	3,129,600	500,000
Average no. shares	4,457,448	3,404,898	3,255,660	3,064,800	3,000,000
Average no. shares adjusted for full utilization of outstanding subscription options	4,458,133	3,404,898	3,255,660	3,064,800	3,000,000
Earnings per share SEK, full taxes (calculated on no. shares at end of period) ³⁾	neg	2.00	neg	neg	1.97
Earnings per share SEK, full taxes (calculated on average no. shares) ³⁾	neg	2.54	neg	neg	1.97

¹⁾ Based on Pro forma accounts for 1995–1997.

²⁾ adjusted for full utilization of outstanding subscription options equivalent to 250,000 B-shares, which upon full subscription increase equity by 65.2 MSEK. As of 31 Dec.1999, 58,500 options have been subscribed, which increases equity by 13.9 MSEK. Equity per share, adjusted for subscribed options amount to 17.74 SEK.

³⁾ Earnings per share adjusted for outstanding subscription options are negative.

Condensed Financial Statements for Five Years ^{1) 2)}

CONDENSED CONSOLIDATED INCOME STATEMENTS

MSEK	1999	1998	1997	1996	1995
Invoiced sales	187.5	159.8	209.4	183.9	138.5
Costs of goods and services sold	-123.4	-96.0	-131.4	-115.6	-83.0
Gross income	64.1	63.8	78.0	68.3	55.5
Sales and administrative costs	-63.9	-57.0	-80.2	-68.5	-46.9
Development costs	-	-	-9.8	-4.4	-1.1
Other income	0.3	3.7	8.8	-	-
Operating income	0.5	10.5	-3.2	-4.6	7.5
Income from financial investments	0.5	0.1	-0.5	-0.7	-0.7
Income before taxes	1.0	10.6	-3.7	-5.3	6.8
Taxes	-2.7	-2.0	-0.8	-0.6	-0.9
Income for the year	-1.7	8.6	-4.5	-5.9	5.9

CONDENSED CASH FLOW STATEMENT

MSEK	1999	1998	1997	1996	1995
Payments received from customers	162.7	199.4	184.6	171.1	126.4
Payments made to suppliers and employees	-173.2	-184.0	-179.0	-168.1	-118.3
Interest received	1.2	0.5	0.2	0.8	0.1
Interest paid	-0.7	-0.5	-0.6	-1.5	-0.8
Income tax paid	-1.4	0.0	-1.0	-1.3	-2.1
Cash flow from operating activities	-11.4	15.4	4.2	1.0	5.3
Cash flow from investment operations	-28.3	-3.4	-2.1	-5.7	-5.8
Cash flow from financing operations	2.3	30.9	3.3	5.5	-0.7
Cash flow for the year	-37.4	42.9	5.4	0.8	-1.2

¹⁾ Pro forma accounts for 1995-1997

Nocom's financial year-end was previously 31 August. In 1997, the financial year was changed to calendar year, and the financial year 1996/97 was extended to cover 16 months. In order to illustrate Nocom's earnings trend and financial position per calendar year, pro forma accounts have been prepared for the calendar years 1995-1997. The pro forma accounts are based on the income statements and balance sheets of the companies in the Group, and are reported in accordance with the Financial Statements Act (1995:1554).

²⁾ For comments, see page 26-27.

CONDENSED CONSOLIDATED BALANCE SHEETS

MSEK 31 Dec.99 31 Dec.98 31 Dec.97 31 Dec.96 31 Dec95

ASSETS

Fixed assets

Intangible fixed assets	25.9	0.2	1.0	1.6	1.8
Tangible assets	25.7	4.2	4.5	8.6	6.0
Financial fixed assets	3,0	-	0,1	-	-
Total fixed assets	54.6	4.4	5.6	10.2	7.8

Current assets

Stock and work in progress	5.2	3.9	4.8	3.3	3.4
Other current assets	18.2	3.1	2.8	3.8	2.5
Accounts receivable – trade	66.4	46.4	82.3	48.7	36.0
Short-term investments	-	35.0	-	-	-
Cash and bank accounts	12.3	14.7	6.8	1.4	0.6
Total current assets	102.1	103.1	96.7	57.2	42.5

Total assets	156.7	107.5	102.3	67.4	50.3
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SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Total shareholders' equity	68.6	58.9	14.5	10.2	16.1
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Minority interest	0.9	-	-	-	-
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Provisions

Provisions for estimated deferred taxes	-	1.5	1.1	1.1	1.1
Total provisions	-	1.5	1.1	1.1	1.1

Long-term liabilities

Interest-bearing liabilities	10.4	-	5.7	11.1	5.6
Total long-term liabilities	10.4	-	5.7	11.1	5.6

Short-term liabilities

Accounts payable-trade	17.2	20.4	15.5	21.7	14.5
Interest-bearing liabilities	10.0	-	1.3	-	-
Other short-term liabilities	49.6	26.7	64.2	23.3	13.0
Total short-term liabilities	76.8	47.1	81.0	45.0	27.5

Total shareholders' equity provisions and liabilities	156.7	107.5	102.3	67.4	50.3
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KEY RATIOS ¹⁾

	1999	1998	1997	1996	1995
Gross margin, %	3.9	8.9	0.7	neg	7.1
Operation margin, %	0.3	6.6	neg	neg	5.5
Profit margin, %	0.6	6.6	neg	neg	4.9
Equity/assets ratio, %	44.4	54.8	14.2	15.1	32.0
Return on equity, %	neg	43.8	neg	neg	43.0
Return on employed capital, %	2.3	47.7	neg	neg	40.1
Interest coverage ratio, times	2.5	26.6	neg	neg	9.3
Capital employed, MSEK	90.0	58.9	21.5	21.4	21.7
Net interest-bearing liabilities ²⁾ , MSEK	8.2	-49.7	0.2	9.8	5.0
Net debt/equity ratio ²⁾ , times	0.12	-0.84	0.01	0.96	0.31
Numbers of employees at year-end	146	97	101	123	96
Average number of employees	118	96	127	114	83
Turnover per employee, MSEK	1.6	1.7	1.6	1.6	1.7
Value-added per employee, MSEK	0.64	0.65	0.45	0.34	0.42

¹⁾ In accordance with the definition of the Swedish Association of Financial Analysts²⁾ A negative value means that interest-bearing assets exceed interest-bearing liabilities.DEFINITIONS ¹⁾**Gross margin**

Operating profit/loss before depreciation in percentage of invoiced sales.

Shareholders' equity

Reported shareholders' equity including 72 percent of untaxed reserves.

Shareholders' equity per share

Shareholders' equity divided by the number of shares at year-end.

Value-added per employee

Income after depreciation plus labour costs divided by the average number of employees. Labour costs are calculated as wage costs plus the 50 percent standard cost for social security payments, etc.

Net interest-bearing liabilities

Interest-bearing liabilities minus the interest-bearing assets.

Net debt/equity ratio

Net interest-bearing liabilities divided by shareholders' equity.

Return on shareholders' equity

Income after financial posts minus full taxes in percent of average adjusted shareholders' equity.

Income on employed capital

Income after financial items plus financial cost in percent of average employed capital

Interest coverage ratio

Income after financial items plus financial costs divided by financial costs.

Operating margin

Operating income after depreciation and amortization in percent of Net sales.

Solidity

Shareholders' equity in percent of the balance sheet total.

Employed capital

Balance sheet total minus non-interest-bearing liabilities.

Income per share

Net income after financial items minus full taxes in percent of number of shares. Net income per share is reported in two ways: as the number of shares at year-end; and as the average number of shares.

Profit margin

Net income after financial items in percent of invoiced sales.

¹⁾ In accordance with the definitions as put forward by the Swedish Society of Financial Analysts. The calculation has taken into consideration the time for the settlement of share issues.

CONDENSED QUARTERLY VALUES

MSEK	Net sales	Profit before taxes	Profit margin %
Quarter 1 1999	31.5	0.7	2.2%
Quarter 1 1998	35.9	1.3	3.7%
Quarter 2 1999	45.2	2.1	4.6%
Quarter 2 1998	39.5	1.2	3.0%
Quarter 3 1999	38.0	-2.5	neg
Quarter 3 1998	26.5	0.0	0.0%
Quarter 4 1999	72.8	0.7	1.0%
Quarter 4 1998	57.9	8.1	14.0%

NOTES TO CONDENSED STATEMENTS FOR FIVE YEARS

INCOME

During the period 1995 to 1997 growth was mainly organic. Income increased from 138 to 209 MSEK. In 1997, the company began focusing on Nocom's core business activities. This focus continued in 1998. Parts of the business operations were sold. The income for 1998 decreased by slightly less than 50 MSEK compared with 1997 and amounted to 160 MSEK. The income for the first half year in 1999 is due to software activities. Through the acquisition of Bizit, the Group gained access to consultancy activities and deployment service.

Of the net sales in 1999, 6 percent was organic growth in software activities, while 11 percent was due to consultancy activities and the deployment service through the acquisition of Bizit.

Net sales

MSEK	1999	1998	1997	1996	1995
Software Activities	169.7	159.8	209.4	183.9	138.5
Consultancy activities	8.5	-	-	-	-
Deployment service	9.3	-	-	-	-
TOTAL	187.5	159.8	209.4	183.9	138.5

COSTS

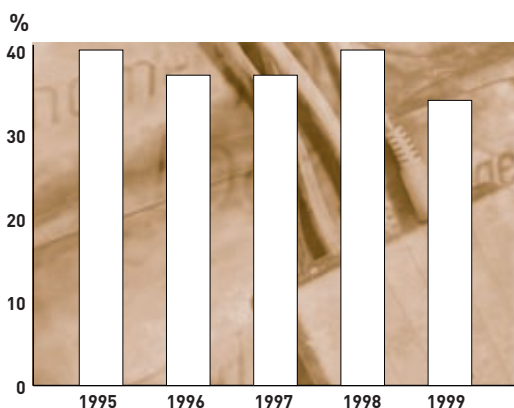
Costs for goods and services sold have, for the years 1995-1998, shifted between 60 and 63 percent of the net sales. In 1999, the corresponding figure was 66 percent.

The expansion of operations and the fact that significant resources have been allocated to the development of services and concepts for wireless Internet are the primary reasons for the increase in costs in 1999.

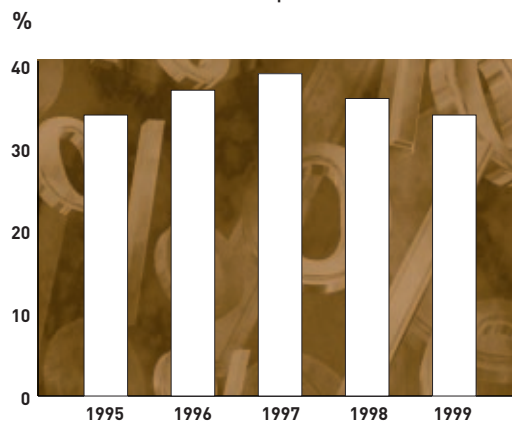
Sales and administration costs decreased between the years between 1997 and 1998 by 23 MSEK. In 1999, these costs amounted to 63.9 MSEK; an increase of 6.9 MSEK. This increase is primarily due to expansion. Sales and administration costs in 1999 amounted to 34 percent of net sales.

Costs for development amounted to approximately 10 MSEK in 1997. As part of the streamlining of operations that began in 1997 the companies that have

Gross income in percent of net sales



Sales and administration costs in percent of net sales



run self-financed development work, among other things, within Nocom have been sold. As of the fourth quarter of 1997, Nocom runs solely customer-financed development. These costs are reported as costs for goods and services sold.

OPERATING INCOME

Operating income before depreciation and additional purchase sum has shifted between -7.3 and -10.5 MSEK for the period. In 1997, operations were streamlined and focused, which chiefly explains the improvement in income in 1998. An additional purchase price for activities sold in 1997 was received during the period September 1997 up to and including January 1999.

The consultancy and deployment services, acquired in 1999, burden the operating income before depreciation with 3.3 MSEK.

Operating income and Income before taxes

MSEK	1999	1998	1997	1996	1995
Software activities*	10.3	10.5	-7.3	-1.2	9.7
Consultancy activities	0.2	-	-	-	-
Deployment services	-3.5	-	-	-	-
Operating income before depreciation and additional purchase price	7.0	10.5	-7.3	-1.2	9.7
Additional purchase price	0.3	3.7	8.8	-	-
Operating income before depreciation	7.3	14.2	1.5	-1.2	9.7
Depreciation of tangible assets	-5.4	-3.4	-4.1	-3.0	-1.8
Amortization of intangible assets	-1.4	-0.3	-0.6	-0.4	-0.4
Results of financial investments	0.5	0.1	-0.5	-0.7	-0.7
Income before taxes	1.0	10.6	-3.7	-5.3	6.8

* includes activities of the parent company.

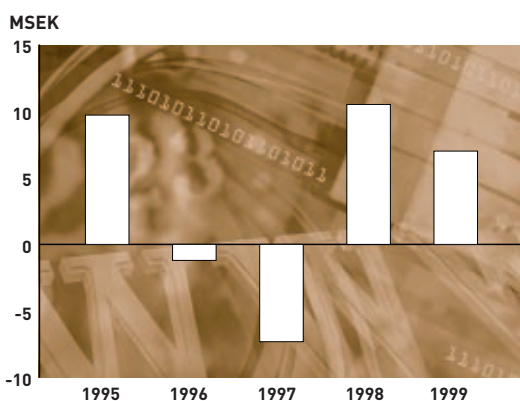
BALANCE SHEET TOTAL

Balance sheets give a quick picture of a company's collected assets, liabilities and shareholder equity on a certain date. The Nocom balance sheets may appear differently throughout the year, primarily in funds tied up in receivables - trade, and payables - trade.

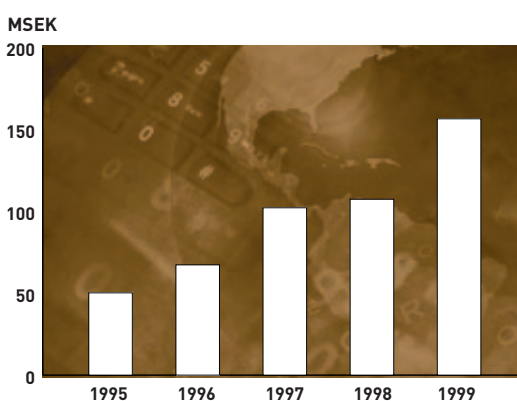
The balance sheet total has increased sharply during the five year period from 50 to 157 MSEK. Nocom's growth in sales for the period 1995 - 1997 has meant increased capital tied up in assets. To create the financial conditions for expansion, a new issue of stocks was made in December 1998 which gave Nocom 35.7 MSEK after costs for issue and listing.

Investments in the companies as well as equipment increased sharply in 1999.

Operating income before depreciation and additional purchase price



Balance sheet total



Board of Directors' Report

NOCOMS OPERATIONS AND MARKET

Nocom's business concept is to provide businesses and organizations with solutions for electronic commerce over the Internet and wireless networks based on expertise within the areas, market communications, business systems and technological development.

Nocom takes long-term responsibility for customer projects, systems and business functions from business development, consultancy services, project management, delivery of software, to deployment services.

Since the start in 1985, Nocom has introduced and represented software solutions based on innovative technology and new perspectives within the area of information technology. From having previously been exclusively a provider of software, Nocom has, in the past year, focused activities to strategically create services for electronic commerce over the Internet and wireless networks. In its software activities, Nocom has, in the past years, built up long-term relations with a thousand Nordic companies and has also supplied software to their business activities outside the Nordic countries. Nocom acquired Bizit AB, along with its subsidiary Bizit Integration Group, and they were consolidated on 1 July 1999. Their names were changed to Nocom.net and Nocom Integration AB. Through this acquisition, Nocom's leading software components have been supplemented with a consulting organization oriented to e-commerce, and an organization with expertise in secure operational solutions, primarily for the Internet and wireless networks.

In March 2000, Nocom acquired all shares in Hera AB, one of the country's oldest and best known bureaus for industrial market communication. Nocom is now well-equipped for handling customers' comprehensive undertakings. Nocom's customer platform is primarily large and medium-large companies, as well as Nordic companies owned by the public sector.

A company's ability to communicate through its IT system with customers, suppliers, employees and others is on the way to becoming a decisive competitive factor. Companies' everyday business and IT development are coalescing. Demands on security and accessibility increase as a result of this. The development of new standards, quicker and safer communications, and the ability to communicate in real-time with business-critical systems provides new opportunities for companies and organizations to enhance their operations. E-commerce – or to use a more general term, electronic affairs – is the area that shows the strongest growth within the expansive IT sector.

Commercial Internet solutions place stringent demands on supporting technologies and operating environments. Companies are increasingly expected to offer their services around the clock all year round, with high security and short response times. Because of this high rate of development, many companies cannot maintain the needed expertise and operating environments without assistance. These companies turn to partners who can take care of their operations and systems. Nocom is such a partner.

Use of the wireless Internet will rise sharply in the next few years. The first phase in this development is WAP (Wireless Application Protocol) technology, which was introduced in 1999. This year, Nokia Wireless Software Solutions appointed Nocom as its primary business development partner, in Sweden and Norway, for Nokia's open WAP server software and the wireless Internet. Additionally, Nocom has developed WAP Direct® in collaboration with Europolitan and the first customer agreements have been signed. WAP Direct®

is a quick, secure operating service for wireless applications and is the first component in Nocom's general platform for wireless solutions.

The complexity of WAP solutions is not in the actual WAP technology but rather in understanding the underlying infrastructures and systems. It is within this area that Nocom has its origins.

Nocom works towards becoming a leading supplier of solutions for electronic business on the Internet and wireless networks. Solutions for wireless Internet are expected to show strong growth in the next few years. Companies in the financial sector and in the travel branch are in the lead, but even other branches are expected to adopt this technology in the year 2000. During the year, Nocom has attained several strategic assignments for project management, development, installation and deployment of WAP services. Examples of these are the agreements with SEB Enskilda Banken and the travel bureau Interjet. In January 2000, a far-reaching agreement with Scandic Hotels was signed.

Several major agreements have also been made in regard to special adaptations for Nordic and international Internet Service Providers (ISP). An example of this is the Utfors appointment of Nocom as its supplier of technology, consulting services, software and support services.

THE PARENT COMPANY

The parent company's net sales for the year amounted to 81.6 (144.3) MSEK. Operating income was -14.0 (11.8) MSEK. In the third quarter of 1999, The Nocom Group's activities were restructured around three collaborating areas of activity; software, consultancy and deployment. The sales of software had, as of 1 September 1999, been transferred Nocom Software AB. The duty of Group Executive Committee is to respond to strategic issues of expansion, business development, co-ordination and financing. This restructuring has had an impact on the parent company's net sales and operating income.

The parent company has, in the third quarter, acquired 100 percent of Bizit AB, at a purchase price of 25.3 MSEK, of which new issues of shares comprised 8.8 MSEK. In the third quarter, a minority holding in Pharmapoint AB was acquired for 3.0 MSEK. In the fourth quarter, the parent company acquired 70 percent of Mobile Commerce Solutions AB for 3.0 MSEK.

Nocom's B-shares are listed on the Stockholm Stock Exchange O-list as of 4 January 1999. The market value of shares has varied during the year between 28 SEK at the lowest and 250 SEK at the highest.

Available liquid assets including short-term investments and the unused part of the overdraft facility, as of 31 December 1999, amounted to 18.8 (66.1) MSEK.

The number of employees in the parent company, as of 31 December 1999, amounted to 23 persons.

The following information in the Board of Directors' Report applies to the Group, unless otherwise stated.

COMMENTS TO THE INCOME STATEMENTS

Net sales

The Group's income for the year amounted to 187.5 (159.8) MSEK, an increase of 17 percent. Of the increase in net sales, 6 percent is organic growth in software activities, while 11 percent is growth in consultancy activities and deployment services through the acquisition of Bizit.

Net sales

MSEK	1999	1998
Software activities*	169.7	159.8
Consultancy activities	8.5	-
Deployment services	9.3	-
The group	187.5	159.8

*including activities of the parent company.

Income

Operating income before depreciation and additional purchase price amounted to 7.0 (10.5) MSEK and the income before taxes amounted to 1.0 (10.6) MSEK.

Major investment in recruitment, further development of Nocom.net, particularly of the concept and services for wireless Internet and WAP, and the expansion of Nocom's Nordic organisation have all affected earnings for the second half-year of 1999.

Operating income before depreciation and income before taxes

MSEK	1999	1998
Software activities*	10.3	10.5
Consultancy activities	0.2	-
Deployment services	-3.5	-
Operating income before depreciation and additional purchase price	7.0	10.5
Additional purchase price	0.3	3.7
Operating income before depreciation	7.3	14.2
Depreciation of tangible assets	-5.4	-3.4
Amortization of intangible assets	-1.4	-0.3
Results of financial investments	0.5	0.1
Income before taxes	1.0	10.6

* including activities of the parent company

Software activities

Net sales in 1999 amounted to 169.7 (159.8) MSEK, an increase of 6 percent. Net sales in Swedish activities for the year amounted to 145.6 (139.7) and net sales in Norwegian activities amounted to 19.9 (19.0) MSEK. Norwegian activities were profitable in 1999 in contrast to the previous year. During the second half-year in 1999 a branch office was registered in Finland. Net sales in Finland for the year amounted to 4.2 (1.1) MSEK.

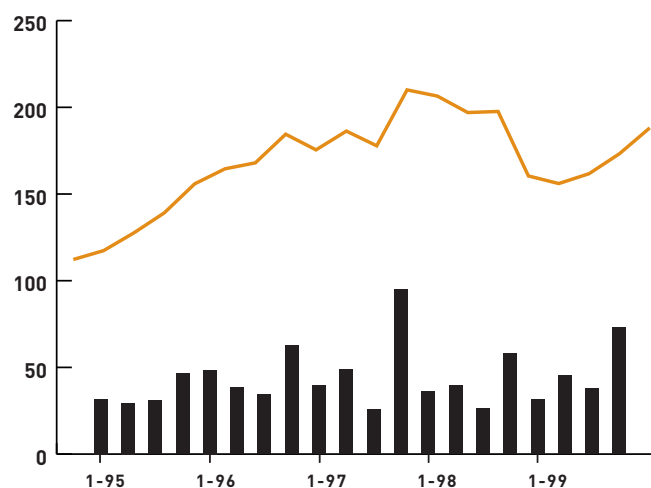
Operating income before depreciation and additional purchase price in 1999 amounted to 10.3 (10.5) MSEK.

Consultancy activities

Consultancy activities have expanded considerably in the second half-year. Net sales amounted to 8.5 MSEK for the six months in 1999 during the time when the activities were part of the Nocom Group.

Operating income before depreciation and additional purchase price for the same period amounted 0.2 MSEK. Earnings for the fourth quarter were affected negatively by the decline that could be observed throughout the industry,

Net sales per quarter and rolling 12 months
KSEK



mainly attributable to users' caution before the new millennium. The in flow of orders in the first quarter of the year 2000 shows a marked improvement.

Deployment services

The turnover amounted to 9.3 MSEK for the six months in 1999 in which the activities were part of the Nocom Group. Operating income before depreciation and additional purchase price, for the same period in 1999, amounted to -3.5 MSEK. Further development and restructuring of Nocom.net's activities and services, as well as the development of services and concepts for wireless Internet and WAP, burdened the income for the third and fourth quarters. Several new and interesting customers have been added during the second half-year.

Taxes

The expense for taxes, 2.7 MSEK, that is reported in the income statement for 1999 has two components: taxes of 1.5 MSEK that have been paid, and taxes for 1.2 MSEK that have been deferred. The amount of taxes paid in 1999 is affected partly by the fact that the losses that occurred in 1999 in acquired companies (Bizit) can be balanced against profits in other group companies in the year 2000, at the earliest. Group income has, in addition, been burdened by the amortization of goodwill, which is not deductible for tax purposes.

The deferred tax expense can be attributed to changes in deferred tax receivable for the acquired deficit in Bizit.

COMMENTS TO CASH FLOW ANALYSES

The cash flow from operating activities in 1999 was -11.4 MSEK (15.4). The positive cash flow in 1998 was affected by the adjustment, in early 1998, of the liquid assets for a major business deal made in December 1997. The deterioration in cash flow, in 1999, is the result of several factors. Operating income in 1999 was lower than in the previous year. The larger fraction of service sales has involved a higher binding of operating capital. Considerably high invoicing in software activities occurred towards the end of the fourth quarter in 1999. The effect on liquidity of this will benefit Nocom during the first quarter of the year 2000.

Cash flow from investment activities for 1999 amounted to -28.3 (-3.4) MSEK. The Group has invested in machinery and equipment during the year to the net sum of 16.3 (2.5) MSEK. During the third quarter, Nocom acquired 100 percent of Bizit AB at a purchase price of 25.3 MSEK, of which new issues of shares comprised 8.8 MSEK. During the third quarter, a minority holding in Pharmapoint AB was acquired for 3.0 MSEK. It is a vertical portal designed for physicians that write prescriptions, mainly in Europe. Furthermore, Nocom has acquired net assets worth 1.1 MSEK, including sales rights for security software, from Pronett Inform A/S in Norway.

During the fourth quarter, Nocom acquired 70 percent of Mobile Commerce Solutions AB, a company specializing in wireless services for the travel industry, for 3.0 MSEK.

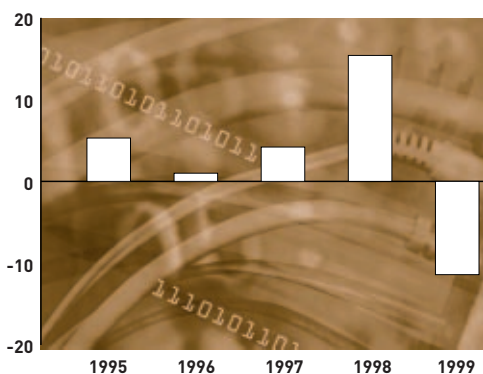
Cash flow from financing activities for 1999 amounted to 2.3 (30.9). During the year a convertible subordinated loan for 0.9 MSEK was converted to shares. A part of the purchase price for the acquisition of Bizit AB was comprised of new issues of shares. The issue, worth 8.8 MSEK, did not affect the cash flow. In the month of December, a program of options was implemented which gave Nocom 1.8 MSEK.

COMMENTS TO THE CONSOLIDATED BALANCE SHEETS

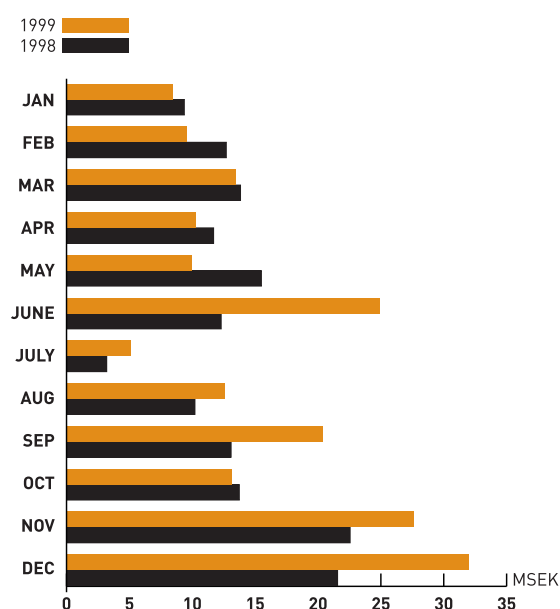
Intangible fixed assets

As a result of Nocom's acquisition in the second half-year of 1999, intangible fixed assets amounting to 25.9 (0.2) MSEK are reported on 31 December. The dominant holdings are goodwill contributable to the acquisition of Bizit AB. In the table on the next page, this goodwill item is divided between Nocom.net AB and Nocom Integration AB.

Cash flow from operating activities for the year
MSEK



Net sales per month



Goodwill

MSEK	Total	Previously amortized	The year's amortization	Remaining goodwill
Nocom.net AB	10.7	-	0.5	10.2
Nocom Integration AB	14.6	-	0.7	13.9
Mobile Commerce Solutions AB	0.8	-	-	0,8
Nocom Software AB	0.5	0.4	0.1	0.0
Nocom AS	1.1	-	0.1	1.0
Total	27.7	0.4	1.4	25.9

Tangible fixed assets

The balance sheet reports tangible fixed assets at 25.7 (4.1) MSEK as of 31 December.

Through the acquisition of Bizit AB, the Group's financial leasing undertakings increased. Nocom reports, as of 1999, leased assets as fixed assets in the Group balance sheets. The corresponding obligation to pay leasing fees in the future, is reported as a liability.

Financial leasing as of 31 December is reported as below:

MSEK	Acquisition value	Previous depreciation	The year's depreciation	Booked value
Software activities	9.3	1.3	0.9	7.1
Consultancy activities	-	-	-	-
Deployment services	14.6	3.8	1.5	9.3
Total	23.9	5.1	2.4	16.4

Financial fixed assets

In September 1999, a minority holding was acquired in Pharmapoint AB, a vertical portal designed for physicians who write prescriptions, mainly in Europe. The purpose of the acquisition was to add start-up capital. Future new issues of shares in the company will make Nocom's owner's share less than 20 percent, which is why the proportion of equity method is not applied. The shares in Pharmapoint AB are, therefore, reported at the acquisition value.

Current assets

Stock is contributed exclusively to software activities. As of 31 December, a stock worth 3.1 (3.9) MSEK is reported. The rate of turnover is 16 -18 times per year. There are agreements with many suppliers who give Nocom a right of exchange in conjunction with the launch of new programme versions. The risks under this item are, thereby, very limited.

Work in progress refers to deployment services and amounts to 2.1 MSEK as of 31 December 1999.

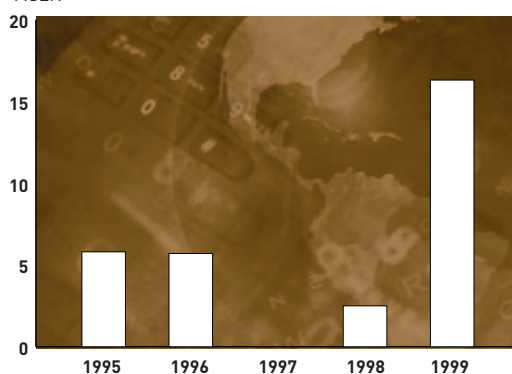
Receivables - trade have increased by 43 percent to 66.4 MSEK. Normally, the Group binds a lot of capital in receivables - trade as of 31 December. At the end of the fourth quarter 1999, invoicing increased by a significantly larger number than the previous year within software activities. This, combined with the total increase in turnover explains the increase in receivables - trade.

Liquid assets. Current liquid assets including short-term investments and unutilized part of the overdraft facility, as of 31 December 1999, amounted to 29.8 (67.0) MSEK.

Shareholder's equity

As of 31 December, shareholders' equity amounted to 68.6 (58.9) MSEK. The Group's equity/assets ratio, as of 31 December 1999, amounted to 44 (55) percent. Returns on employed capital decreased to 2 (48) percent and returns on shareholders' equity was a negative (44) percent.

Investments in fixed assets
MSEK



Minority interests

Minority interests refers to a 30 percent holding in Mobile Commerce Solutions AB and, as of 31 December 1999, amounted to 0.9 (-) MSEK.

Interest-bearing liabilities

Interest-bearing liabilities in the Group amounted to 20.4 (-) MSEK. Of the interest-bearing liabilities as of 31 December 1999, 16.0 MSEK are related to financial leasing. Other interest-bearing liabilities are contributed to the deployment services.

Short-term liabilities

Short-term liabilities, as of 31 December 1999, amounted to 76.8 (47.1) MSEK. For an explanation of this increase, refer to the reasoning behind receivables – trade.

RISK MANAGEMENT

Business risks

Nocom's earnings are influenced by a series of factors. The influence of these factors on earnings can, sometimes, be difficult to quantify. Access to skilful personnel, the amount of work they have, as well as an efficient allocation of resources within the projects and steering costs are decisive factors in Nocom's profitability.

It is of decisive significance to both succeed in attracting and keeping qualified personnel. Nocom's scrupulous recruiting process, the applicant's educational background and attitude are criteria with equal weight.

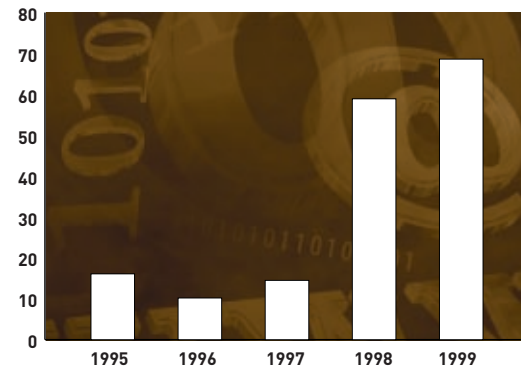
In the spring 2000, Nocom will be introducing a methodology and IT support for strategic competence enhancement (Competence Management). The purpose of this is to identify gaps in competence and to develop the competence that is most important to business activities, as well as customers and partners. At the same time, our co-workers will be given the opportunity to both steer and direct their own competence enhancement as a part of their personal development and the development of their activity. There is always the risk that certain key persons or group of people quit. Documentation of the working model for the Group, however, means that dependency on individuals is reduced and that Nocom's long-term stability and competitive edge are made strong.

Nocom works, today, with a number of suppliers with whom Nocom has non-exclusive license agreements and whose products have great significance for business activities. Our relations with them are long-term and of a reliable nature, however, there is always the risk that the suppliers appoint additional partners or establish their own sales companies. In the same way, a change in licensing terms can affect Nocom's business activity.

The quick technological development in the field of information technology means that products and solutions have a limited financial lifetime. New technologies and substitutes can drastically change market conditions. An independent relation with suppliers increases Nocom's potential to take advantage of the possibilities that arise with shifts in technology and products.

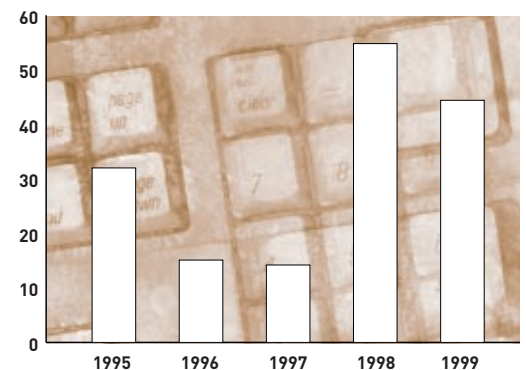
Shareholders' equity

MSEK



Equity/assets ratio

%



Financial risks

Financial risks are managed in compliance with the financial policy drawn up by the Board of Directors. The policy stipulates that risks shall be managed in such a way as to minimize short-term influences on income and to create room for action in the long term. Finance activities in the form of risk management, the management of liquid assets and loans is centrally administered by the parent company.

The dominant financial risk for Nocom is the foreign exchange risk. The majority of Nocom's invoicing is in Swedish kronor (SEK), however, the majority of component purchases are in USD. Subsequently, this means that Nocom has a large net outflow of USD. Of the year's invoicing, 7 percent was in USD, while costs in USD amounted to 40 percent of the total costs. The net risk exposure in USD for 1999 amounted to 33 percent of invoicing.

Currency clauses in agreements with standard terms with customers and an adjustment of outgoing prices based on these terms is the main possibility at hand to correct lasting changes in foreign exchange in purchase prices, and the risk that is a consequence of this. All tenders submitted by Nocom, and all agreements signed with customers, contain currency adjustment clauses. The scope of the Group's other hedging is determined by the Board of Directors in compliance with the currency policy.

The value of future rate agreements signed in 1999, all of which pertained to purchases in USD, amounted to 46.5 MSEK. Hedging resulted in an average exchange rate of 7.99 SEK. The hedging had a positive effect on the Group's income for 1999 with 1.5 (1.4) MSEK.

TRANSITION TO YEAR 2000

Nocom has not experienced any disturbances caused by the transition to the new millennium.

PERSONNEL

The average number of fulltime employees in the Group for the fiscal year was 118 (96). The number of employees in the Group as of 31 December 1999 amounted to 146 compared with 97 at the same time the previous year. Software activities have 97 employees, consultancy activities have 29 and deployment services have 20. Since the second quarter, Nocom has intensified recruitment of personnel which has meant that twenty-some people have been hired, besides the personnel that have come along with the acquisition of Bizit.

Workplaces, wages as well as compensation and terms for people in leading positions are explained in Note 1.

EXPANSION AND LONG-TERM OBJECTIVES

Nocom is ready for further expansion on the Nordic market as conditions are judged to be favorable. In addition, Nocom has the ambition to grow internationally. This expansion is planned to be done with relatively low risk and, first of all, take place through Nocom's Nordic partners, primarily Nokia, Ericsson and Europolitan (Vodafone), as well as customers active on the international market. This strategy is based on the development and potential which Nocom sees in electronic commerce, in general, and in wireless communication, in particular. Nocom's objectives are for organic growth, as well as growth through strategic acquisitions.

Nocom's objectives in its strategic investment areas, consultancy and deployment, with an integrated competence in market communication, business processes and technology, is an annual growth of 50 to 100 percent. The objective for earnings for these sectors is to achieve, within a two- to three-year period, a sustainable operating margin averaging 12 percent over a business cycle.

The long-term objectives for software activities are an annual growth, excluding acquisitions, of at least 20 percent and an operating margin of 10 percent. It is expected that these objectives can be attained within a two-year period.

THE BOARD'S METHODS

Nocom's Board of Directors consists of seven members. The company's President and founder, Anders Jonson, is one of the members. Other salaried employees take part in the Board of Directors' meeting and submit reports or work with administrative functions.

Nocom's Board had 11 (9) meetings, recorded in minutes, in the year 1999. At these meetings, the Board dealt with the permanent items assigned to each member of the board, such as business situations, budget, annual financial statements, interim statements and financial statements. In addition, it deals with extensive matters concerning acquisitions and investments, long-term strategies, the options program, as well as changes in structure and organization. Individual board members also assisted the Group Executive Committee in various strategic matters.

The Board's work follows a structure the purpose of which is to assure that the Board's need for information and data for decision-making is met. The company's auditors report each year, in person, on their observations from their audit and present their qualified opinion of the company's internal control.

THE GROUP EXECUTIVE COMMITTEE'S METHODS

The Group Executive Committee works with the objective of holding a meeting once a week. At these meetings, matters of an operative nature, such as the Group's policy, strategic and long-term direction are dealt with. In 1999, the Group Executive Committee had 33 weekly meetings.

Furthermore, the Group Executive Committee meets regularly to deal with the business situation of the business activities, the earnings trend and future plans. These meetings are held monthly. In addition to these, meetings, the Group Executive Committee met for three days, in 1999 to work with the Group's comprehensive strategies.

SIGNIFICANT EVENTS AFTER END OF FISCAL YEAR

In March 2000, all shares were acquired in Hera AB, one of the country's oldest and best known bureaus for industrial market communication. Hera has a turnover of approximately 25 MSEK and slightly more than 20 employees. The acquisition enhances Nocom's skill in market communication and electronic commerce.

Nocom has signed a Letter of Intent for the acquisition of all shares in ITM, Interactive-TM AB, a specialist company in visuals and new interactive media. Through the acquisition of ITM, Nocom gains new knowledge in these fields for the Internet, as well as for wireless networks. ITM, with offices in Göteborg, Sweden, has 15 employees and will be a company in the Nocom Group, in close collaboration with Nocom Integration and Hera.

With the purpose of expediting international expansion in wireless Internet, a new issue of shares was directed to Swedish and foreign investment institutes in February 2000. The issue, which consists of 540,000 share of the B series amounted to approximately 240 MSEK.

PROPOSED DISPOSITION OF UNAPPROPRIATED EARNINGS

The following unappropriated earnings are at the disposal of the Annual General Meeting:

Retained earnings	17,507,560:64
Loss for the year	-10,411,684:67
SEK	7,095,875:97

The Board of Directors and the President propose that no dividend is paid and these earnings are carried forward in a new account. The Group's joint loss, according to the Group consolidated balance sheets, amounts to SEK 104,329:49. Transfer to restricted reserves is not required.

Income statements

KSEK	Note	GROUP		PARENT COMPANY	
		1999	1998	1999	1998
Net sales	1,2,3	187,474	159,768	81,593	144,256
Costs of goods and services sold	3,4,6	-123,472	-95,949	-45,217	-87,254
Gross income		64,002	63,819	36,376	57,002
Sales and administrative costs	1,4,7	-63,838	-56,988	-50,731	-48,883
Other income	5	347	3,688	347	3,688
Operating income		511	10,519	-14,008	11,807
Result from financial investments					
Interest income		1,235	500	1,114	468
Interest cost and similar items	8	-698	-414	-70	-5,022
Total financial items		537	86	1,044	-4,554
Income after financial items		1,048	10,605	-12,964	7,253
Appropriations	9	-	-	-1,430	-1,544
Income before taxes		1,048	10,605	-14,394	5,709
Taxes paid	10	-1,496	-1,615	-1,351	-1,615
Taxes deferred	10	-1,202	-352	5,333	-
Minority share of the year's income		-10	-	-	-
Income for the year		-1,660	8,638	-10,412	4,094

Cash flow analyses

KSEK	Note	GROUP		PARENT COMPANY	
		1999-12-31	1998-12-31	1999-12-31	1998-12-31
Operating activities					
Payments received from customers		162,692	199,411	120,644	186,109
Payments made to suppliers and employees		-173,277	-184,055	-125,558	-164,861
Cash flow from operating activities before paid interest and income taxes		-10,585	15,356	-4,914	21,248
Interest received		1,207	500	1,227	468
Interest paid		-679	-476	-183	-309
Income tax paid		-1,352	24	3,696	48
Cash flow from operating activities		-11,409	15,404	-174	21,455
Investment activities					
Investments in intangible fixed assets		-1,059	-	-	-
Investments in tangible fixed assets		-10,870	-3,461	-2,565	-3,205
Investments in subsidiaries	30	-13,303	-	-39,902	-
Investments in partners		-3,002	-	-3,002	-
Investments in other financial fixed assets		-18	-	-	-
Amortization of other financial fixed assets		-	92	-	-
Cash flow from investment activities		-28,252	-3,369	-45,469	-3,205
Financing activities					
New issues ¹⁾		873	35,688	9,651	35,688
Issued options		1,755	-	7,500	-
Group contribution received		-	-	13,713	-
Coming long-term receivables		-	-	-32,456	-4,616
Absorption of liabilities		1,050	-	-	-
Amortization of liabilities		-1,400	-4,825	-	-6,000
Cash flow from financing activities		2,278	30,863	-1,592	25,072
Cash flow for the year		-37,383	42,898	-47,235	43,322
Transferred upon merger		-	-	-	5,084
Liquid assets at beginning of year		49,714	6,816	49,069	663
Liquid assets at year-end		12,331	49,714	1,834	49,069
Unutilized overdraft facility		17,451	17,286	17,000	17,000
Total unappropriated liquid assets		29,782	67,000	18,834	66,069

In the third quarter 1999, the Group was restructured which means that the main business activity was transferred to the subsidiary Nocom Software AB. Remaining with the parent company are, among others, the Group Executive Committee, administrative personnel and IT support.

¹⁾ As concerns the costs of issues, see the accounting and valuation principles.

Balance Sheets

KSEK	Note	GROUP		PARENT COMPANY	
		1999-12-31	1998-12-31	1999-12-31	1998-12-31
ASSETS					
Fixed assets					
Intangible fixed assets					
Capitalized expenditure for development	11	-	113	-	113
Goodwill	12	25,930	103	-	48
		25,930	216	-	161
Tangible fixed assets					
Expenses for improvement of other's real estate	13	1,014	-	183	-
Machinery and equipment	14, 15, 16	24,692	4,127	5,495	5,508
		25,706	4,127	5,678	5,508
Financial fixed assets					
Shares in subsidiaries	17	-	-	40,376	474
Shares in partners	18	3,002	-	3,002	-
Other long-term receivables		18	-	-	-
Receivables pertaining to deferred taxes	10	4,101	-	-	-
		7,121	-	43,378	474
Total fixed assets		58,757	4,343	49,056	6,143
Current assets					
Stock etc					
Goods for resale		3,100	3,934	-	3,751
Work in progress for other's	19	2,062	-	-	-
		5,162	3,934	-	3,751
Short-term receivables					
Receivables - trade		66,418	46,438	2,067	41,572
Receivables of subsidiaries		-	-	39,522	3,915
Other short-term receivables		2,411	893	1,114	230
Prepaid costs and accrued income	20	11,682	2,163	1,869	2,163
		80,511	49,494	44,572	47,880
Cash and bank accounts	21	12,331	49,714	1,834	49,069
Total current assets		98,004	103,142	46,406	100,700
Total assets		156,761	107,485	95,462	106,843

KSEK	Note	GROUP		PARENT COMPANY	
		1999-12-31	1998-12-31	1999-12-31	1998-12-31
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES					
Shareholders' equity	22				
Restricted equity					
Share capital	23	4,593	4,291	4,593	4,291
Restricted reserves		64,111	52,115	65,102	48,253
Total restricted equity		68,704	56,406	69,695	52,544
Non-restricted equity					
Profit/loss brought forward		1,555	-6,188	17,508	-300
Income for the year		-1,660	8,638	-10,412	4,094
Total non-restricted equity		-105	2,450	7,096	3,794
Total equity		68,599	58,856	76,791	56,338
Minority interests		940	-	-	-
Untaxed reserves	24	-	-	7,169	5,739
Provisions					
Deferred tax	10	-	1,483	-	-
Total provisions		-	1,483	-	-
Long-term liabilities	25				
Liabilities to credit institutes		10,449	-	-	-
Total long-term liabilities		10,449	-	-	-
Short-term liabilities					
Liabilities to suppliers		17,209	20,370	5,045	20,117
Liabilities to subsidiaries		-	-	3,575	424
Tax liabilities		993	998	712	998
Convertible company loan	26	-	873	-	873
Other short-term liabilities		19,283	5,787	367	4,965
Accrued costs and prepaid income	27	39,288	19,118	1,803	17,389
Total short-term liabilities		76,773	47,146	11,502	44,766
Total shareholders' equity, provisions and liabilities		156,761	107,485	95,462	106,843
Assets pledged	28	28,920	22,415	22,415	22,415
Contingent liabilities	29	-	-	1,983	-

Accounting and valuation principles

The applied accounting principles are prepared in accordance with the Annual Accounts Act, as well as the recommendations of the Swedish Accounting Standards Board, the Swedish Financial Accounting Standards Council and the Swedish Institute of Authorised Public Accountants. Unless otherwise stated, the principles are the same for the parent company, and the Group, and are unchanged in comparison with the previous year.

Group accounting

The Group financial statements include subsidiaries in which the parent company directly or indirectly holds more than 50% of the votes. The Group financial statements have been prepared in accordance with acquisition accounting which entirely eliminates the subsidiaries' equity upon acquisition is established as the difference between the true values of assets and liabilities. The Group's equity, thereby, is only included in that part of the subsidiaries' equity which has arisen after the acquisition.

If the Group acquisition value of shares exceeds the value of the company's net assets reported in the acquisition analysis, then, the difference is reported as Group goodwill. This goodwill is depreciated after an estimated economic lifetime of 5 - 10 years.

When valuating assets and liabilities on the Group and company level, the effect of taxes is taken into account, and taxes are reported as deferred tax receivables or deferred tax liability. In the acquisition analysis, even the deferred tax receivable pertaining to acquired deficit deduction has been taken into account. The companies acquired during the year are included in the Group financial statements with sums from the period after the acquisition.

Financial statements for partner companies

A partner company is one that is not a subsidiary but in which the parent company directly or indirectly holds at least 20% of the votes for all shares. Shares in partner companies are reported at acquisition value.

Translation of foreign subsidiaries

The foreign subsidiaries have been classed as independent which is why the Group applies the current method for calculating the translation rate for the annual accounts. This means that the foreign subsidiary's assets and liabilities are reported at the year-end exchange rate. All items in the income statement are reported at the average exchange rate for the year (average rate). The differences arising as a result of variation between year-end exchange rates are charged or credited directly to Group shareholder's equity.

The following translation rates have been used:

Country	Currency	Year-end rate	Average rate
Norway	1 NOK	1.0605 (1.0730)	1.0668 (1.0725)

Taxes

The Group financial statements do not show transfers to or from untaxed reserves. When these items do occur in individual companies, they are transferred to the Group, taking into account deferred taxes. The effect on income after taxes is reported in the income statement as a part of the year's earnings and in the balance sheet as restricted equity.

Revenue recognition software activities

Net sales pertain to revenue from sales of software licenses, support, program service (this service means the right to upgrades if they occur during the period), specialist support and training.

The fees for software licenses are booked as revenue when delivery is complete. Software service and support fees are booked as revenue at the time of invoicing. The same is done when program service and support agreements are renewed. Renewals are normally annual. Provisions for calculating costs for support activities for the term of agreement are done on each invoicing occasion.

The software activities involving specialist support and training are booked in current accounts where the revenue is shown at the rate the work is done.

Revenue recognition consultancy activities

Consultancy services are booked mainly in current accounts, and the revenue is shown at the rate the work is done. Activities that are not invoiced are reported as current assets.

Revenue recognition deployment services

Commissions that are done at a fixed price are recognized in revenue at the rate the work is complete, which is chiefly determined by the agreement with the customer which has a duration of between 12 and 36 months. The part of the revenues in deployment services that are booked in current accounts are shown at the rate the work is done.

Costs for goods and services sold

Costs for goods and services sold include the cost of materials for licenses and program service, as well as personnel costs for direct personnel in services, such as support, specialist support and training.

Lease

When a lease agreement means that the Group, as the lessee, in all essentials, enjoys the economic benefits and bears the economic risks attributable to the leased object, the object is credited as a current asset in the Group consolidated balance sheets. The future payment of lease fees is credited as a liability.

The parent company reports all lease agreements, regardless if they are financial or operational, as operational lease agreements.

Receivables

Receivables are booked at the sum, which after individual consideration, is estimated to be paid.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are valued at the year-end rate, in accordance with the Swedish Financial Accounting Standards Council's recommendation RR8. When hedging through a future rate agreement, the exchange rate for the hedging date for underlying receivables or liabilities. The difference in the forward rate when the contract was entered into is distributed over the duration of the agreement.

Exchange gain and exchange loss

Capital exchange rate differences including hedging attributable to purchases in software activities are reported as costs for goods and services sold. Exchange rate differences that arise when evaluating loans and receivables in foreign currency are reported as financial income or cost.

Stock

Stock is valued, using the first in-first out principle, at the lowest of the acquisition value and the true value at year-end.

Fixed assets

Tangible and intangible fixed assets are systematically depreciated over their estimated economic lifetime.

The following depreciation periods are used:

Intangible assets	5–10 years
Tangible fixed assets:	
Expenses for improvement of other's real estate	Duration of agreement
Computers and software ¹⁾	3 years
Other equipment	5 years

¹⁾ Computers and software are depreciated over 5 years in the individual companies.

The Goodwill that arises with acquisitions in 1999 is depreciated over 10 years, due to the long-term strategic values of the acquisition.

Research and development

Expenses for R&D attributable to software developed by us are activated in those cases in which the project is assumed to have significant value for the Group in the future. Certain previous R&D projects have been considered to be of significant value for the company in coming years and have been activated in the consolidated balance sheets as capitalized expenditures for development. As of the fourth quarter 1997, Nocom only runs customer-financed development.

Issue expenses

Issue expenses during 1998 have not burdened Group income, but have been settled at premium in issue before being allocated to restricted reserves. Issue expenses in the parent company, for tax purposes, have burdened the income.

Cash flow analysis

The cash flow analysis is prepared in accordance with the direct method. The reported cash flow only comprises transactions that entail payments or disbursements.

Classified as liquid assets, besides cash and bank accounts, are short-term financial investments which are, in part, vulnerable to an insignificant risk for fluctuations in value, and, in part;

- are purchased on the open market at a known sum, or
- have a shorter remaining duration than three months from the time of the acquisition.

Notes to Consolidated Financial Statements

NOTE 1 PERSONNEL

AVERAGE NUMBER OF FULL-TIME EMPLOYEES

	1999		1998	
	Number employees	of whom men	Number employees	of whom men
Parent company				
Uppsala	61	65%	78	70%
Subsidiaries in Sweden				
Uppsala	21	81%	-	-
Stockholm	20	91%	-	-
Helsinki, Branch in Finland	1	100%	-	-
Subsidiaries abroad				
Norway	15	83%	18	89%
Total in subsidiaries	57	85%	18	89%
Group total	118	75%	96	74%

WAGES, SALARIES, OTHER REMUNERATION AND PAYROLL COSTS

KSEK	1999		1998	
	Wages, salaries, other remuneration	Payroll costs (of which pension costs)	Wages, salaries, other remuneration	Payroll costs (of which pension costs)
Parent company	22,824	10,800 (2,183)	26,822	12,034 (2,033)
Subsidiaries	20,720	8,492 (1,837)	7,794	1,577 (369)
Group total	43,544	19,292 (4,020)	34,616	13,611 (2,402)

Of the Group's pension costs, 698 (372) KSEK are for the Board of Directors and the Managing Directors. Of the parent company's pensions costs 408 (214) KSEK are for the Board of Directors and the Managing Directors.

WAGES, SALARIES, OTHER REMUNERATION PER COUNTRY BETWEEN BOARD OF DIRECTORS, CEO AND OTHER EMPLOYEES

KSEK	1999		1998	
	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees
Parent company				
Sweden	1,736	21,088	1,448	25,374
Subsidiaries in Sweden	1,381	15,096	-	-
Subsidiaries abroad				
Norway	474	3,769	786	7,008
Total subsidiaries	1,855	18,865	786	7,008
Group total	3,591	39,953	2,234	32,382

In wages, salaries and remuneration to Boards of Directors and to Managing Directors, the salaries of the deputy Managing Directors are in agreement with BFN R4.

Remuneration to key persons of the parent company

Directors' fees for 1999 have been paid according to the following:

Chairman of the Board 75 (50) KSEK. Other external members, each 37 (25) KSEK.

The CEO has received salary and remuneration in 1999 at a sum of 721 (749) KSEK.

Pension agreements in the parent company

Besides the CEO, all key persons are also covered by a pension insurance equivalent to the ITP pension plan. For the CEO, the company paid premiums for an occupational insurance up to the highest amount that is tax deductible for the company. In addition, the company has, during the years 1994 - 97, paid premiums for a direct pension obligation.

Severance pay in the parent company

For the CEO, the mutual term of notice is twelve months. Other key persons have agreements which stipulate three to six months mutual term of notice. All key persons are entitled to salaries and other agreed upon benefits during the term of notice.

NOTE 2 NET SALES AS DIVIDED BETWEEN OPERATIONS/ACTIVITIES AND GEOGRAPHIC MARKETS

NET SALES DIVIDED INTO OPERATIONS/ACTIVITIES

KSEK	The group		The Parent Company	
	1999	1998	1999	1998
Software activities	169,674	159,768	81,593	144,256
Consultancy Activities	8,491	-	-	-
Deployment Services	9,309	-	-	-
Total Net Sales	187,474	159,768	81,593	144,256

NET SALES DIVIDED INTO GEOGRAPHIC MARKETS

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Sweden	163,374	139,668	76,939	139,632
Norway	19,881	19,035	2,666	3,559
Finland	4,219	1,065	1,988	1,065
Total Net Sales	187,474	159,768	81,593	144,256

NOTE 3 INTERNAL BUSINESS WITHIN THE GROUP

Of the total purchase costs for the year and sales income for the parent company, - (-) represents the percentage of purchases and 3 (2) the percentage of sales to other companies in the Group. Of the year's total purchase costs and sales income for the subsidiaries 4 (18) is the percentage of purchases and - (-) is the percentage of sales to the parent company.

NOTE 4 DEPRECIATION AND AMORTIZATION

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Capitalized expenditure for development	113	169	113	169
Goodwill	1,380	105	48	72
Improvement on other's property	26	-	26	-
Machinery and equipment	2,961	3,425	2,370	1,945
Financial leasing	2,355	-	-	-
Total depreciation and amortization	6,835	3,699	2,557	2,186

DEPRECIATION AND AMORTIZATION DIVIDED ACCORDING TO FUNCTION

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Costs for goods and services sold	1,533	950	329	547
Sales and administrative costs	5,302	2,749	2,228	1,639
Total depreciation and amortization	6,835	3,699	2,557	2,186

NOTE 5 OTHER INCOME

Other income pertains to the purchase price and additional purchase price for business activities sold in 1997.

NOTE 6 EXCHANGE RATE DIFFERENCE

Under operating income, the item Cost for goods and services sold includes positive exchange rate differences pertaining to operating receivables and operating liabilities of 1,487 KSEK for the Group and 495 KSEK for the parent company.

NOTE 7 REMUNERATION TO AUDITORS

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Audit				
Öhrlings Pricewaterhouse-Coopers	309	150	179	150
Other	46	45	-	-
Other commissions than auditing				
Öhrlings Pricewaterhouse-Coopers	352	133	332	133
Total remuneration to auditors	707	328	511	283

NOTE 8 INTEREST COSTS AND SIMILAR ITEMS

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Interest costs	-698	-414	-70	-291
Costs for share issues	-	-	-	-4,731
Total interest costs and similar items	-698	-414	-70	-5,022

The costs for share issues in the Group in 1998, have not burdened the income but have been settled at a premium in share issues before making the provision to restricted reserves. In the parent company, the costs for share issues have burdened the income for purposes of taxation.

NOTE 9 APPROPRIATIONS

KSEK	The Parent Company	
	1999	1998
Transfer to tax allocation reserve	-1,206	-1,442
Change in tax equalization reserve	89	89
Accelerated depreciation	-313	-191
Total Appropriations	-1,430	-1,544

NOTE 10 TAXES

Paid taxes pertains to the taxes reported in each company's Income Statement. The level of taxes paid in 1999 is influenced partly by the fact that the losses that have been accrued in acquired companies in 1999 (Bizit) can, at the earliest, in 2000 be balanced against the earnings in other Group companies. Group income has, in addition, been burdened by the amortization of Group goodwill. The deferred tax corresponds to 28 percent of the change in untaxed reserves in each company and Group reserves. The cost for deferred tax pertains partly to changed in untaxed reserves, and partly to changes in deferred tax receivables as pertains to the acquired deficit in Bizit. The deferred tax receivables corresponds to 28 percent of the remaining acquired deficit and Group reserves. Deferred tax in the parent company pertains to the effect of the Group contribution received.

DEFERRED TAX RECEIVABLES/LIABILITY

KSEK	The Group	
	1999	1998
Deferred tax receivables	5,931	-
Deferred tax liability	-1,830	-1,483
Receivables/liability pertaining to deferred tax	4,101	-1,483

NOTE 11 CAPITALIZED EXPENDITURE FOR DEVELOPMENT

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Acquisition value brought forward	847	1,695	847	-
Transferred with merger	-	-	-	1,695
Sales and disposals	-	-848	-	-848
Accumulated acquisition value carried forward	847	847	847	847
Depreciation brought forward	734	1,130	734	-
Transferred with merger	-	-	-	1,130
Sales and disposals	-	-565	-	-565
Depreciation for the year	113	169	113	169
Accumulated depreciation carried forward	847	734	847	734
Residual value according to plan carried forward	0	113	0	113

Activated costs pertain to software developed in-house. Refer to Accounting and Valuation Principles.

NOTE 12 GOODWILL

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Acquisition value brought forward	524	1,048	362	-
Purchases	27,207	-	-	-
Transferred with merger	-	-	-	725
Sales and disposals	-	-524	-	-363
Accumulated depreciation carried forward	27,731	524	362	362
Depreciation brought forward	421	632	314	-
Transferred with merger	-	-	-	483
Sales and disposals	-	-316	-	-241
Depreciation for the year	1,380	105	48	72
Accumulated depreciation carried forward	1,801	421	362	314
Residual value according to plan carried forward	25,930	103	0	48

NOTE 13 EXPENSES FOR IMPROVEMENTS OF OTHER'S REAL ESTATE

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Acquisition value brought forward	-	-	-	-
Purchases	1,040	-	209	-
Accumulated acquisition value carried forward	1,040	-	209	-
Depreciation brought forward	-	-	-	-
Depreciation for the year	26	-	26	-
Accumulated depreciation carried forward	26	-	26	-
Residual value according to plan carried forward	1,014	0	183	0

NOTE 14 EQUIPMENT AND MACHINERY

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Acquisition value brought forward	13,645	14,479	11,566	-
Transferred with merger	-	-	-	12,900
Purchases	6,560	3,461	2,888	3,206
Purchases through acquisition of subsidiary	2,080	-	-	-
Financial leasing	18,793	-	-	-
Translation difference	-20	-	-	-
Sales and disposals	-630	-4,295	-630	-4,540
Accumulated acquisition value carried forward	40,428	13,645	13,824	11,566
Depreciation brought forward	9,518	9,962	6,058	-
Transferred with merger	-	-	-	8,228
Sales and disposals	-98	-3,869	-98	-4,115
Depreciation of purchases through acquisition of subsidiary	1,016	-	-	-
Financial leasing	2,355	-	-	-
Translation difference	-16	-	-	-
Depreciation for the year	2,961	3,425	2,369	1,945
Accumulated depreciation carried forward	15,736	9,518	8,329	6,058
Residual value according to plan carried forward	24,692	4,127	5,495	5,508

The Group writes off computer software at the time of the acquisition, as a rule. However, those that are of significant value to the Group in the future are activated. The accumulated acquisition values activated as equipment and machinery amount to 2,315 (2,053) KSEK as of 31 December 1999.

NOTE 15 OPERATIONAL LEASE AGREEMENTS

The leasing fees paid during the year pertaining to operational leasing fees, in the Group, amount to 3,464 (2,786) KSEK. The nominal value of agreed upon future leasing fees, as pertains to agreements in which the remaining duration of the agreement exceeds one year are as follows:

KSEK	The Group		The Parent Company	
	1999	1999	1999	1999
Fall due 2000-03-26	4,346	7,778		
Fall due 2001	2,934	4,495		
Fall due 2002	1,629	1,678		
Fall due 2003 or later	858	-		

In the Parent Company all lease agreements, financial and operational, are accounted for as operational lease agreements.

NOTE 16 FINANCIAL LEASE AGREEMENTS

The present value of future payment obligations as a result of the financial lease agreements are booked as liabilities to credit institutes, as short-term liabilities and as long-term liabilities, as follows:

KSEK	The Group	
	1999	1998
Short-term part	9,045	-
Long-term part		
Fall due 2001	4,073	-
Fall due 2002	2,927	-
Total	16,045	-

The acquisition value and accumulated depreciation pertaining to financial lease agreements are presented in Note 14.

NOTE 17 SHARES IN SUBSIDIARIES

KSEK	The Parent Company	
	1999	1998
Acquisition value brought forward	5,042	5,918
Shareholders' contribution	13,500	-
Transferred with merger	-	424
Merger effect	-	-1,300
Acquisition of subsidiary	26,402	-
Accumulated acquisition value carried forward	44,944	5,042
Depreciation brought forward	4,568	4,568
Depreciation for the year	-	-
Accumulated depreciation carried forward	4,568	4,568
Book value carried forward	40,376	474

The shareholders' contribution in 1999 was given to Nocom.net AB and Nocom Nordic Communications AB, respectively.

The Parent Company's holdings	Share of capital	Share of votes	Number of shares	Book value 1999	Book value 1998
Direct holdings:					
Nocom Software AB	100 %	100 %	1,000	424	424
Nocom AS	100 %	100 %	500	50	50
Nocom.net AB	100 %	100 %	17,306	21,732	-
Mobile Commerce Solutions AB	70 %	70 %	2,333	3,000	-
Nocom Nordic Communications AB	100 %	100 %	1,000	15,170	-
Indirect holdings through subsidiary:					
Nocom Integration AB	100 %	100 %	-	-	-
Total				40,376	474

In conjunction with the restructuring in the Group in the third quarter, the Consultancy activities in Nocom.net AB have been transferred to Nocom Nordic Communications AB. The transfer took place at book value which is why there was a redistribution of booked values of 14,570 KSEK from Nocom.net AB to Nocom Nordic Communications AB, in accordance with the recommendation of the Swedish Financial Accounting Standards Council.

INFORMATION ON THE CORPORATE IDENTITY NUMBER AND DOMICILE OF THE SUBSIDIARIES

	Corporate identity number	Domicile
Direct holdings:		
Nocom Software AB	556489-9937	Uppsala
Nocom AS	957462561	Oslo
Nocom.net AB	556534-7084	Stockholm
Mobile Commerce Solutions AB	556579-0432	Uppsala
Nocom Nordic Communications AB	556579-0473	Uppsala
Indirect holdings through subsidiary:		
Nocom Integration AB	556539-1157	Stockholm

NOTE 18 SHARES IN PARTNERS

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Acquisition value brought forward	-	-	-	-
Acquisitions for the year	3,002	-	3,002	-
Book value carried forward	3,002	-	3,002	-

Moderbolagets innehav, KSEK	Share of capital	Share of votes	Number of shares	Book value 1999	Book value 1998
Direct holdings:					
Pharmapoint AB	26.67 %	26.67%	1,334	3,002	-
Book value carried forward				3,002	-

The purpose of the acquisition was to add start capital. The coming new share issues in the company mean that Nocom's share will be less than 20 percent, which explains why the equity method is not applied. The shares in Pharmapoint AB, therefore, are booked at the acquisition value.

NOTE 19 WORK IN PROGRESS FOR OTHER'S ACCOUNT

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Accrued expenses	3,666	-	-	-
Invoiced amount	-1,604	-	-	-
Total work in progress for other's account	2,062	-	-	-

NOTE 20 PREPAID COSTS AND ACCRUED INCOME

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Accrued income	7,272	734	6	734
Other items	4,410	1,429	1,863	1,429
Total prepaid costs and accrued income	11,682	2,163	1,869	2,163

NOTE 21 CASH AND BANK ACCOUNTS

The Group has an unutilized overdraft facility of 17,451 (17,270) KSEK.

NOTE 22 CHANGE IN SHAREHOLDERS' EQUITY

The Group	Share capital	Restricted reserves	Non-restricted reserves	
			Share capital	Restricted reserves
KSEK				
Amount at beginning of year	4,291	52,115	2,450	
New share issues	302	9,349	-	
Outstanding subscription options	-	1,755	-	
Change in translation difference	-	-	-	-3
Shifts between restricted and non-restricted shareholders' equity	-	-	892	-892
Income for the year	-	-	-	-1,660
Amount at year-end	4,593	64,111	-105	

The Parent Company	Share capital	Share premium reserve	Statutory reserve	Earnings carried forward	
				Share capital	Share premium reserve
KSEK					
Amount at beginning of year	4,291	48,153	100	3,794	
New share issues	302	9,349	-	-	
Outstanding subscription options	-	7,500	-	-	
Group contribution received	-	-	-	19,047	
Tax on Group contribution	-	-	-	-5,333	
Income for the year	-	-	-	-10,412	
Amount at year-end	4,593	65,002	100	7,096	

NOTE 23 SHARE CAPITAL

The share capital amounts to 4,593,176 shares each at a nominal value of 1 SEK. Of these 943,626 are of the A series and 3,649,550 are of the B series.

A shares entitle holder to 10 votes per share and the B shares entitle holder to 1 vote per share.

NOTE 24 UNTAXED RESERVES

KSEK	The Parent Company	
	1999	1998
Tax allocation reserve	6,325	5,118
Tax equalization reserve	89	179
Accelerated depreciation	755	442
Total untaxed reserves	7,169	5,739

NOTE 25 LONG-TERM LIABILITIES

All long-term liabilities fall due to payment in less than five years after closing day.

NOTE 26 CONVERTIBLE SUBORDINATED LOAN

A convertible subordinated loan off was converted to shares in 1996 for employees and Board members. The loan fell due on 14 January 1999 and could be converted to shares during the period 1-30 December 1998. All holders of the outstanding convertible IOUs chose to convert to shares which meant that 31,200 shares of the B series came about in February 1999.

NOTE 27 ACCRUED COSTS AND PREPAID INCOME

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Accrued interest costs	19	-	-	-
Accrued wage, salary and payroll costs	8,930	6,988	1,232	5,259
Accrued accounts payable – trade	21,497	8,124	-	8,124
Prepaid income	748	1,705	176	1,705
Other items	8,094	2,301	395	2,301
Total accrued costs and prepaid income	39,288	19,118	1,803	17,389

NOTE 28 ASSETS PLEDGED

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Chattel mortgage	27,500	21,000	21,000	21,000
Other Collateral	1,420	1,415	1,420	1,415
Total assets pledged	28,920	22,415	22,420	22,415

The Group has set up collateral for the overdraft facility and loans 27,500 (21,000) KSEK. The Parent Company has set up collateral for the overdraft facility of 21,000 (21,000)KSEK.

NOTE 29 CONTINGENT LIABILITIES

KSEK	The Group		The Parent Company	
	1999	1998	1999	1998
Guarantee commitment to subsidiaries' leasing obligations	-	-	1,983	-
Total contingent liabilities	-	-	1,983	-

NOTE 30 ACQUISITIONS OF SUBSIDIARIES

DURING THE YEAR THE FOLLOWING SUBSIDIARIES HAVE BEEN ACQUIRED

Company	Business activity	Acquisition date	Share of capital
Nocom.net AB (f d Bizit AB)	IT company	1 July 1999	100%
Nocom Nordic Communications AB	Inactive	30 Dec. 1999	100%
Mobile Commerce Solutions AB	IT-company	30 Dec. 1999	70%

Nocom.net AB

The purchase price amounted to 25.3 MSEK of which new share issues represented 8.8 MSEK. In the acquisition balance a reservation for restructuring costs has been made at the amount of 2.3 MSEK. The restructuring plan pertains to actions taken for the streamlining and reorganization of Consultancy Activities and Deployment Service. The actions are estimated to be completed during the year 2000.

Nocom Nordic Communications AB

The cash purchase price amounted to 0.5 MSEK and pertain to the acquisition of a storage company.

Mobile Commerce Solutions AB

The cash purchase price amounted to 3.0 MSEK. An agreement regulates Nocom's potential to acquire a minority share during the years 2002 and 2003.

THE TOTAL VALUE OF ACQUIRED ASSETS AND LIABILITIES, PURCHASE PRICES AND THE INFLUENCE OF THESE ON THE GROUP'S LIQUID ASSETS IS AS FOLLOWS

KSEK	1999	1998
Intangible fixed assets	26,148	-
Tangible fixed assets	4,481	-
Other current assets	14,354	-
Minority shares in the Group Consolidated Balance Sheets	-830	-
Provisions	6,786	-
Long-term liabilities	-3,800	-
Short-term liabilities	-20,952	-
Minority interest	-100	-
Total purchase price	26,087	-
Payment with issue of own shares	-8,779	-
Liquid assets in the acquired companies	-4,005	-
Total cash flow attribute to investments in subsidiaries	13,303	-

UPPSALA, SWEDEN, MARCH 16 2000

Tomas Matsson Chairman	Anders Jonson CEO
Curt Egerot	Bengt Nilsson
Clas Strååt	Ola Norberg
	Hans Åkerblom

Auditors' Report

TO THE ANNUAL GENERAL MEETING OF NOCOM AB (PUBL)
corporate identity number 556400-7200

We have audited the Annual Report and the consolidated financial statements, the accounts and the administration of the Board of Directors and the CEO of Nocom AB (Publ) for 1999. These accounts and the administration of the Company are the responsibility of the Board of Directors and the CEO. Our responsibility is to express an opinion on the Annual Report, the consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Annual Report and the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the CEO, as well as evaluating the overall presentation of information in the Annual Report and the consolidated financial statements. We examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any member of the Board of Directors or the CEO or whether they have in some other way acted in contravention of the Companies Act, The Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinions set out below.

The Annual Report and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act and consequently give a fair picture of the companies' and the Group's income and financial position in accordance with good accounting standards in Sweden.

We recommend that the Annual General Meeting adopt the Income Statements and the balance sheets of the Parent Company and the Group. We recommend that the earnings of the Group be appropriated in accordance with the proposal in the Board of Director's Report, and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

UPPSALA, SWEDEN, MARCH 16, 2000

Ingvar Pramhäll	Leonard Daun
Authorized Public Accountant	Authorized Public Accountant

The Board of Directors



Tomas Matsson

Born 1940. Board member and Chairman since 1996. Attorney-at-law in the law firm, Advokatfirman Lindahl. Chairman of the Board of the companies: Olle Olsson Bolagen AB, Hotell Gillet AB, SDR Gruppen AB, Pendax Holding AB, Sittel AB, Uppsala Maskin & Verktyg AB, Viking Film AB and more. Member of the Board of Jaguar Sverige AB, Suzuki Autoimport AB and more.

Holdings in Nocom (via legal entities): 30,000 series B shares.



Curt Egerot

Born 1934. Member of the Board since 1995. Owns the company CAE Konsult. Chairman of the Board of Skarpnäck Care AB. Member of the Board of Vattentornet AB.

Holdings in Nocom (including family): 11,800 series B shares.



Anders Jonson

Born 1960. CEO and member of the Board since 1985. Member of the Board of Nordbanken Region Mitt.

Holdings in Nocom (including family): 743,626 series A shares and 765,186 series B shares. Issued call options equivalent to 175,000 series B shares.



Bengt Nilsson

Born 1955. Member of the Board since 1996. CEO of Industrial and Financial Systems, IFS AB, member of Board of IFS AB, Carmen AB, Linköpings Tekniska Högskola, LinkTech AB and more.

Holdings in Nocom: 0



Ola Norberg

Born 1951. Member of the Board since 1996. CEO of Comon AB. Chairman of the Board of Topchark AB and Itec OBI AB, member of the Board of TietoEnator DotCom AB.

Holdings in Nocom (via company): 13,000 series B shares.



Clas Strååt

Born 1950. Member of the Board since 1999. Deputy CEO of Desima LTD, London.

Holdings in Nocom: Call options equivalent to 20,000 series B shares.



Hans Åkerblom

Born 1946. Member of the Board since 1996. Member of the Board of Mindo AB and Envirotainer Holding AB. Founder of LOTS and LOTS AB.

Holdings in Nocom (via company): 200,000 series A shares.

Holdings of shares and call options refers to 2000-02-29.

Management Group and Auditors

Group Executive Committee

Stefan Ström

Born 1958. Finance Manager and employed since 1997.
Holdings in Nocom: 690 series B shares.

Stefan Edholm

Born 1957. Director of Business Development and employed since 1999.
Holdings in Nocom: call options equivalent to 22,000 series B shares.

Birgitta Wikmark

Born 1956. Manager of Business and Competence Planning and employed since 1995.
Holdings in Nocom: 15,500 series B shares.

Tomas Nygren

Born 1958. Executive Vice President and COO and employed since 1997.
Holdings in Nocom: 50,000 series B shares and (via company) 690 series B shares.

Anders Jonson

Born 1960. CEO and founder of the company in 1985.
Holdings in Nocom: Refer to the Board of Directors on the preceding page.



Subsidiary Managing Directors

Mathias Båth

Born 1963.
Managing Director Nocom Integration AB and employed since 1995.
Holdings in Nocom: 4,200 series B shares

Leif Jarnmo

Born 1961.
Managing Director Nocom Software AB and employed since 1994.
Holdings in Nocom: 20,000 series B shares.

Jan Lundin

Born 1964.
Managing Director Mobile Commerce Solutions AB and employed since 1999.
Holdings in Nocom: Call options equivalent to 6,600 series B shares.

Stefan Skarin

Born 1962.
Managing Director Nocom.net AB and employed since 1999.
Holdings in Nocom: Call options equivalent to 10,000 series B shares.

Auditors

Ingvar Pranhäll

Born 1942. Authorized Public Accountant, Öhrlings PricewaterhouseCoopers.

Leonard Daun

Born 1964. Authorized Public Accountant, Öhrlings PricewaterhouseCoopers.

Glossary

Application

Computer program.

Authorization

Check of submitted identity data when logging in for communication between two systems, for example, or when exchanging messages between users.

Client

A client can be a personal computer, for example, that is connected to a server.

Client/server system

A system consisting of workstations (clients) and one or more central units (servers) that are connected together in a network. Normally, common information is stored and processed on the central units while the local workstations process and present information for users.

Document management

Structured management of documents with functions for storing, finding and retrieving documents.

Electronic commerce

Commerce via the Internet, intranets, extranets or wireless networks.

Extranet

An expanded intranet that even encompasses external user groups, such as customers.

GPRS

General Packet Radio Services - a technology for high capacity, data transmissions to and from cellular telephones.

Internet

A global network of computers and communications links that uses the TCP/IP protocol and that communicates with a uniform addressing system.

Intranet

Company internal network that is implemented with Internet technology.

ISP

Internet Service Provider - a company that provides Internet services, such as connection services and e-mail functions.

Open standards

Common communications standards that enable different applications from different suppliers to exchange information.

Open systems

Computer systems based on open standards.

Protocol

A set of rules that determines how communications are carried out between different computers or units.

Server

Unit that manages services for other computers (clients).

TCP/IP

The communications protocol used on the Internet for the exchange of information between connected computers.

WAP

Wireless Application Protocol - a technology that enables cellular telephones to communicate with computers in roughly the same way that computers communicate with one another via the Internet.

WAP Direct®

A operating service for WAP services, developed by Nocom in cooperation with Europolitan. Instead of detouring over the Internet, services are handled quickly and securely within an entirely closed network.

Web

Nickname for the World Wide Web (WWW). At a Web site, images, text and sound can be collected for publication on the Internet.

Web browser

A program used to read information at Web sites.



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