

Interim report

January – June 2000

Strong growth in mobile Internet gives increased number of business transactions

- Turnover increased 37 per cent to SEK 105.5 million (76.9).
- The number of employees at the end of the period was 198 (96), an increase of 106 per cent.
- Nocom's focus on mobile Internet generated a number of new business transactions and customers.
- Nocom launched MobileCtrl, its software platform for mobile Internet, in June.
- Nocom's ASP-implementation for mobile Internet, MobileCtrl ASP, has been taken into use during the period.

Issue of new shares ensures a continuation of rapid expansion

- The issue of new shares in February increased the company's share capital by SEK 230 million.

Mobile focus and expansion burdened earnings

- The substantial investments in infrastructure and resources allocated to the development of mobile Internet and other expansion of the organization burdened earnings according to plan.
- Operating profit/loss before depreciation was SEK - 17.5 million (4.4).
- Profit/loss before tax was SEK - 24.2 million (4.0).
- Cash flow from current operations was positive during the period.

Acquisitions generated leading position within e-logistics and supplemented Nocom's complete offering

- In August 2000, Nocom completed the acquisition of 70 per cent of TradeVision AB, a leading international company in integrated e-logistics for the Internet. The acquisition further strengthens Nocom's position in mobile e-commerce.
- Hera AB in Uppsala, a leading agency for industrial market communication with 20 employees, Interactive-TM AB in Gothenburg, a specialist company in imaging and new media with 15 employees, and Cyberink Information Systems AB in Stockholm, an Internet consulting company with 10 employees, were acquired during the first six months of the year.

Nocom's operations and market

Nocom's business concept is to offer companies and organisations solutions for electronic trade over the Internet and mobile networks based on integrated expertise in market communication, business processes and technology.

Nocom assumes long-term responsibility for customers' projects, systems and profitability by offering solutions that include business development consulting, project management, software components and operation and management services.

Nocom – a supplier of solutions

Since its founding in 1985 Nocom has launched and represented software solutions based on innovative technology and a new perspective in the IT sector. Initially Nocom only supplied software, but during 1999 it increasingly focused on the strategic establishment of services for electronic trade over the Internet and mobile networks.

Over the years, Nocom has built up long-term relationships in software operations with approximately 1,000 Nordic companies, and has also delivered to their subsidiaries outside the Nordic region. In accordance with the investment in supplying services, Nocom's solutions based on leading software components have been supplemented by a consulting service for electronic trade and an organisation based on secure Internet and mobile-oriented operations. Nocom's customer base consists mainly of large and medium-sized companies and public sector organisations in the Nordic region. Nocom's role as a supplier of solutions has involved several major deals being carried through during 1999 and the first half of 2000, involving specially adapted solutions for Nordic and international Internet Service Providers. Examples are major deals with Ericsson and Utfors, which have chosen Nocom to supply technology, consulting services, software and support services.

Continued expansion and acquisitions strengthen Nocom's complete offering

This strategic build-up in business consulting, project management, software components and service operations is continuing during. Nocom carried out several acquisitions in the first half. The company acquired Hera AB with 20 employees and an office in Uppsala. Hera is one of the country's oldest and most well-known agencies for industrial market communication. Through Hera, the Nocom Group gains experience and expertise in areas such as market analysis and communication. Hera was consolidated as of March 15, 2000.

Nocom acquired Interactive-TM AB. The company, which changed its name to Nocom Interactive AB, is a specialist company in imaging and new media with 15 employees and an office in Gothenburg. By means of this acquisition, Nocom gained leading-edge knowledge in imaging and interactive media, both for the Internet and for mobile networks. The acquisition was also a first step in Nocom's announced focus on the Gothenburg region.

Cyberink Information Systems AB in Stockholm, an Internet consulting company with 10 employees, specializing in parallel publishing solutions with web and mobile networks as its main channels, was acquired and consolidated as of June 30, 2000.

Acquisition gives Nocom leading position in e-logistics

In August 2000, Nocom acquired 70 per cent of TradeVision AB from SAS, which is retaining 30 per cent of the company. TradeVision has 18 employees and is one of the leading companies in the world in e-logistics solutions. Nocom's objective with the acquisition is to take a leading position in the growing e-logistics market.

The investment also expedites the international launch of TradeVision WCM, a mobile logistics solution, based on Nocom's mobile software platform MobilCtrl. The acquisition of TradeVision entails a common international effort in sales and marketing, as well as the establishment of a global infrastructure for the Nocom Group's products and services. The investment gives Nocom immediate access to an industry that is dependent on both mobile solutions and a rapid and secure flow of information. For the transport industry, mobile e-solutions provide access to information in real-time that is critical to operations. In the second and third quarters, TradeVision has obtained a number of attractive orders, including from Deutsche Post. Nocom is acquiring its shares in TradeVision for SEK 12 million cash and a new share issue, corresponding to SEK 30 million. TradeVision was consolidated as of August 14, 2000.

Nocom delivers third-generation Internet solutions

The ability of a company to use its IT systems to communicate with customers, suppliers, employees and other interested parties, over both fixed and mobile networks, is becoming a decisive factor in competitiveness. The business development and the IT development of a company become enmeshed with each other. The emergence of new standards, more rapid and safer communication and the possibility of communicating with business-critical systems in real time provide new opportunities for companies and organisations to develop their operations. At the same time, demands on security and accessibility are increasing.

The integration with a company's IT solutions of mobile technology and mobile services offers major business opportunities.

Commercial Internet solutions will put increasingly higher demands on the underlying technology and operating environment. Companies are also increasingly expected to offer their services at all hours of the day or night, 365 days a year, with high security and short response times. Many companies choose not to maintain the skills and operating environment this requires because of the rapid pace of development. These companies are therefore increasingly turning to partners who understand both how companies communicate with their customers and the business opportunities that new technology offers. They choose partners with a high level of technical expertise – partners that can supply comprehensive solutions, third-generation Internet solutions, and look after the operation and management of their systems. Nocom is just such a partner.

A forceful initiative in mobile Internet

The market for mobile Internet solutions is expected to grow strongly in the next few years. Companies in the financial sector and the travel industry are already well established in the field. Other branches are also expected to adopt this technology in the next few years. The first step in the development of mobile Internet is the WAP (Wireless Application Protocol) technology, which was introduced during 1999. Nocom collaborates with several leading suppliers, including Ericsson, HP and Sun, and has a closer collaboration with Nokia as business development partner in Sweden and Norway for Nokia's open WAP-server software and mobile Internet. Nocom has introduced WAP Direct[®], a fast and safe operating service for mobile applications, together with Europolitan.

Nocom's initiative in the development of solutions for mobile Internet, which was taken during 1999, has continued during the first half of 2000 and significant resources have been allocated to it.

During the last year Nocom received an increasing number of strategic commissions from customers concerning business development, project management, development, installation and deployment of mobile services. Examples of this are agreements with SEB Enskilda Banken and Scandic Hotels.

For nine months, Nocom has had mobile solutions in commercial operation on behalf of its customers and has also obtained considerable experience in the area. This experience has enabled the design of Nocom's mobile software platform for the development of mobile Internet, MobileCtrl, which was presented in June. MobileCtrl ASP¹⁾ has been taken into use.

In the second quarter, Nocom obtained a number of orders for mobile solutions, from banks, airlines and media companies, in the Nordic region and internationally. These solutions have been delivered and started up in the first half of the third quarter and will be presented to the market on an ongoing basis, along with the customers involved. The mobile solutions that Nocom has delivered confirm that these solutions help Nocom's customers strengthen and develop their businesses and build stronger relations with their most important customers. Nocom believes that the market for mobile business solutions is beginning to take off.

¹⁾ An application service provider (ASP) is a company that offers individuals or enterprises access over a network, usually the Internet, to applications and related services that would otherwise have to be located in their own personal or enterprise computers. The customer is charged on a pay-per-use basis.

Turnover January - June

Group turnover for the period was SEK 105.5 million (76.9), an increase of 37 per cent.

Turnover SEK million	2000	1999	2000	1999	1999
	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	Full year
Software operations ^{*)}	73.9	76.9	37.8	45.1	169.5
Consulting operations	21.6	-	14.6	-	8.5
Service operation activities	10.0	-	5.0	-	9.3
Total	105.5	76.9	57.4	45.1	187.3

^{*)} includes operations of the parent company.

Earnings January - June

Operating profit/loss before depreciation was SEK -17.5 million (4.4) and profit/loss before tax was SEK -24.2 million (4.0).

Operating profit/loss and profit/loss before tax

SEK million	2000	1999	2000	1999	1999
	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	Full year
Software operations	1.4	14.4	-3.8	7.6	31.8
Consulting operations	-3.1	-	-1.8	-	0.2
Service operation activities	0.6	-	0.6	-	-3.5
Group expenses	-16.4	-10.3	-9.1	-5.4	-20.7
Operating profit/loss before depreciation and additional purchase price	-17.5	4.1	-14.1	2.2	7.8
Additional purchase price	-	0.3	-	-	0.3
Operating profit/loss before depreciation	-17.5	4.4	-14.1	2.2	8.1
Depreciation (tangible assets)	-6.2	-1.1	-3.0	-0.5	-5.4
Amortization (intangible assets)	-2.6	-0.1	-1.8	-0.1	-1.4
Profit/loss from financial investments	2.1	0.8	1.6	0.4	0.5
Profit/loss before tax	-24.2	4.0	-17.3	2.0	1.8

Software operation

Turnover during the period was SEK 73.9 million (76.9), a decrease of 4 percent. The decrease is mainly due to the restructuring of the product portfolio and a generally weak second quarter in the market. Turnover in Swedish operations was SEK 59.6 million (64.3), in Norwegian operations SEK 9.4 million (12.6) and in Finnish operations SEK 4.9 million (-).

Operating profit/loss before depreciation during the period was SEK 1.4 million (14.7). Operating profit/loss is burdened by reservation for apprehended bad debt losses of SEK 2.7 million (-).

Consulting operations

Turnover during the period was SEK 21.6 million (-).

Operating profit/loss before depreciation during the period was SEK -3.1 million (-).

Service operation activities

Turnover during the period was SEK 10.0 million (-).

Operating profit/loss before depreciation during the period was SEK 0.6 million (-).

Group expenses

Group expenses include the costs associated with the strategic work of the group regarding expansion, business development, coordination and financing.

Operating profit/loss before depreciation during the period was SEK -16.4 million (-10,3).

Financial position

The equity/assets ratio of the group was 76 (60) per cent on June 30, 2000. Available liquid assets, including short-term investments and the unused part of the overdraft facility were SEK 239.4 million (68.0) on June 30, 2000. Group interest-bearing liabilities were SEK 20.0 million (-). SEK 15.2 million of the interest-bearing liabilities on June 30, 2000 were related to financial leasing.

Investments

The group made net investments of SEK 15.1 million (1.4) in machinery and equipment during the period.

In the month of April, Nocom acquired the Gothenburg-based ITM AB, a company specializing in interactive media and which has 15 employees. The acquisition was made with a cash purchase. The purchase price was SEK 10.0 million.

In the month of June, the Group acquired all shares in Cyberink Information Systems AB, with 10 employees. Cyberink specializes in parallel publication, with the Web and mobile Internet as its main channels. The acquisition occurred through a new issue of 645.000 B-series shares in Nocom. The purchase price was SEK 15.3 million. The new issue was not registered with Patent and Registration Office as of June 30, 2000.

Tax

Tax costs, SEK - 1.3 million, included in the profit/loss statement for the period January - June 2000 are the result of a change in the latent tax liabilities concerning acquired deficits and adjustments associated with the group.

The latent tax liability is equivalent to 28 per cent of the remaining acquired deficits and group reserves and was SEK 4.7 million on June 30, 2000. The latent tax liability is presented in the Balance Sheet under Financial fixed assets.

Employees

The number of employees in the group was 198 on June 30, 2000 compared with 96 on the same date the preceding year. Of these, 93 were employed in software operations, 88 in consulting operations and 17 in service operation activities.

Parent company

The turnover of the parent company for the period was SEK 11.7 million (66.6). Operating profit/loss was SEK - 26.8 million (0.9). The turnover and operating profit/loss of the parent company have been affected by the restructuring of the operations that was carried out during the third quarter of 1999. Available liquid assets, including short-term investments and the unused part of the overdraft facility were SEK 220.0 million (66.7) on June 30, 2000.

The number of employees in the parent company on June 30, 2000 was 45.

New share issue

Nocom issued new shares in February, which provided the company, after deducting the costs of the issue, with about SEK 230 million.

Issue of bonus shares

At the Annual General Meeting held on April 11, 2000 it was decided to increase the share capital of the company by an issue of bonus shares by SEK 21,306,704, from SEK 5,329,176 to SEK 26,645,880 by issuing 21,316,704 new shares, each with a nominal value of SEK 1. Of the new shares, 3,774,504 are of the A-series and 17,542,200 of the B-series.

The decision means that a further four shares were obtained for each existing share in Nocom. The balancing day for the issue of bonus shares was May 17, 2000.

Nocom shares

The Nocom B share has been quoted on the Stockholm Stock Exchange O-list as of January 4, 1999, and on the O-list Attract 40-segment since July 3, 2000. During the period January – June 2000 the share price, adjusted for the issue of bonus shares in May, has varied between a low of SEK 19.20 and a high of SEK 118. The price on introduction on January 4, 1999 was SEK 8.60 and the price on June 30, 2000 was SEK 32.40.

Nocom's market value as of June 30, 2000 amounted to SEK 863 million. The number of shareholders in Nocom as of June 30, 2000 was 4,870.

Nocom's share capital amounts to SEK 26.645.880 SEK distributed among 26,645.880 shares, each with a nominal value of SEK 1. Of these 4,718.130 shares are of the A-series and 21,927,750 shares are of the B-series. In the month of July 1,000,000 shares of the A-series have been converted to shares of the B-series.

<u>Change in the number of shares April-June 2000</u>	<u>A-shares</u>	<u>B-shares</u>	<u>Total</u>
Number of shares on March 31, 2000	943,626	4,385,550	5,329,176
Bonus shares 4:1	3,774,504	17,542,200	
<u>Number of shares on June 30, 2000</u>	<u>4,718,130</u>	<u>21,927,750</u>	<u>26,645,880</u>

Subscription rights

At the Annual General Meeting held on April 11, it was decided to issue two IOU, each with 375.000 detachable options following the issue of bonus shares that was decided upon. These subscription rights, equivalent to a maximum of 375.000 new B shares each, have been purchased at market terms by senior management and other employees of the Nocom Group.

Authorization

At the Annual General Meeting on April 11, The Board of Directors was authorized, until the next general meeting and with the divergence from the stockholders' preferential rights, to make new share issues of maximum 2.500.000 shares of the B-series. The objective is to be able to issue shares for acquisitions as well as carry out a directed placement towards capital markets in order to strengthen its capital position. Previous authorizations for new stock issues were terminated.

Expansion and long-term goals

The prospects for further expansion of activities in the Nordic market are judged to be good. Further, Nocom has ambitions to grow internationally. It is planned to carry out this expansion with relatively low risk, and primarily through Nocom's Nordic partners, mainly Nokia, Ericsson and Europolitan (Vodafone), and in Nocom's areas e-logistics and solutions for the travel industry. This strategy is based on the development and the opportunities that Nocom sees in e-business in general and in mobile communication specifically. Nocom's growth is expected to occur both by organic growth and by strategic acquisitions. The new share issue that Nocom carried out during the period gives the prerequisites for this expansion.

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

The long-term goals concerning software activities, including APS-services, are to achieve an annual growth, excluding acquisitions, of at least 20%, and a margin on operations of 10%. It is expected that these goals can be achieved within a two-year period.

Outlook for second half of 2000

Nocom's strategy is to expand its operations both in the Nordic region and internationally. The conscious focus on mobile solutions will continue, and there will be a major effort in e-logistics solutions. In the short term, these efforts, along with other expansion of operations, are expected to burden earnings.

Nocom's overall assessment of the market during the second half of 2000 is that the third quarter—which is generally the weakest quarter in terms of sales, for both Nocom and for the industry—will be weak, while a recovery is likely to occur in the fourth quarter.

Expansion during the second half of 2000, measured in sales volumes, is expected to increase noticeably compared with the first half of the year.

Financial reporting

Interim report January-September 2000 October 26, 2000

Uppsala, August 18, 2000

The Board of Directors

Auditors' statement

We have examined this 6-month report in a summary manner in accordance with the recommendation issued by the Swedish Institute of Public Accountants (FAR). A summary examination is much more limited than an audit. Nothing has come to light to indicate that the 6-month report does not fulfill the requirements of the Stock Exchange Act and the Annual Accounts act.

Uppsala, August 18, 2000

Ingvar Pramhäll
Authorized Public Accountant

Leonad Daun
Authorized Public Accountant

For further information please contact:

Tomas Nygren, CEO, +46-708655316 (070-865 53 16 in Sweden)

Nocom AB (publ), corporate identity number 556400-7200

Kristallen, SE-754 51 Uppsala, Sweden, tel +46(0)18-65 55 00, fax +46(0)18-65 55 55,

www.nocom.com

This 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 version occur, the Swedish version should apply.

Summary of group profit and loss statement

SEK million	2000	1999	2000	1999	12 mån	12 mån	Helår
	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	Jul 99- Jun 00	Jul 98- Jun 99	1999
Net sales	105.5	76.9	57.4	45.1	215.9	160.0	187.3
Costs of sales and services	-78.8	-47.3	-42.8	-28.8	-154.0	-95.8	-122.5
Gross profit/loss	26.7	29.6	14.6	16.3	61.9	64.2	64.8
Sales and administration costs	-53.0	-26.8	-33.5	-14.7	90.0	-55.5	-63.8
Other income	-	0.3	-	-	-	1.4	0.3
Operating profit/loss	-26.3	3.2	-18.9	1.6	-28.1	10.1	1.3
Profit/loss from financial investments	2.1	0.8	1.6	0.4	1.8	0.8	0.5
Profit/loss before tax	-24.2	4.0	-17.3	2.0	-26.3	10.9	1.8
Tax	-1.3	-1.1	-1.1	-0.6	-3.1	-2.3	-2.9
Minority share of period's profit/loss	0.5	-	0.3	-	0.5	-	-0.0
Profit/loss after tax	-25.0	2.9	-18.1	1.4	-28.9	8.6	-1.1

Summary of group balance sheet

SEK million	30Jun00	30Jun99	31Dec99
ASSETS			
Fixed assets			
Intangible assets	81.7	0.1	25.9
Tangible assets	36.0	4.5	25.7
Financial assets	4.7	-	7.1
Total fixed assets	122.4	4.6	58.7
Current assets			
Stock/inventory and work in progress	5.5	4.0	5.2
Other current assets	24.4	2.8	14.1
Trade debtors/accounts receivable	54.5	38.4	66.4
Short-term investments	149.0	25.0	-
Cash and bank	71.3	25.8	12.3
Total current assets	304.7	96.0	98.0
TOTAL ASSETS	427.1	100.6	156.7
EQUITY AND LIABILITIES			
Total equity	325.9	60.6	67.1
Minority shareholdings	0.5	-	0.9
Provisions			
Deferred tax	-	1.5	-
Total provisions	-	1.5	-
Long-term liabilities			
Interest-bearing liabilities	11.8	-	10.4
Total long-term liabilities	11.8	-	10.4
Current liabilities/accounts payable			
Trade creditors	29.7	8.4	17.2
Interest-bearing liabilities	8.2	-	10.0
Other current liabilities/accounts payable	51.0	30.1	51.1
Total current liabilities	88.9	38.5	78.3
TOTAL EQUITY, PROVISIONS AND LIABILITIES	427.1	100.6	156.7

Cash flow

	2000	1999	2000	1999	12	12	Full year
SEK million	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	months. Jul 99- Jun 00	months. Jul 98- Jun 99	1999
Cash receipts from customers	123.1	83.5	47.6	29.3	202.3	151.4	162.7
Payments to suppliers and employees	-123.0	-80.6	-57.4	-33.0	-215.6	-148.0	-173.2
Interest received	2.1	0.7	1.3	0.3	2.6	0.8	1.2
Interest paid	-0.4	-0.1	0.0	-0.0	-1.0	-0.2	-0.7
Income tax paid	-0.3	-1.0	0.1	-0.1	-0.7	-0.3	-1.4
Cash flow from current operations	1.5	2.5	-8.4	-3.5	-12.4	3.7	-11.4
Cash flow from investments	-23.2	-1.4	-17.6	-0.7	-50.1	-4.4	-28.3
Cash flow from financing	229.7	0.0	1.1	-0.2	232.0	35.7	2.3
Cash flow for the period	208.0	1.1	-24.9	-4.4	169.5	35.0	-37.4

Business ratios¹

	2000	1999	2000	1999	12 months	12 months	Full year
	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	Jul 99- Jun 00	Jul 98- Jun 99	1999
Gross margin, %	neg	5.7	neg	5.0	neg	8.1	4.4
Operating margin, %	neg	4.2	neg	3.7	neg	6.3	0.7
Profit margin, %	neg	5.2	neg	4.5	neg	6.8	1.0
Equity/assets ratio, %	76.4	60.2					43.0
Return on equity, %	Neg	4.8	neg	2.4	neg	22.5	neg
Return on capital employed, %	Neg	7.0	neg	3.4	neg	32.6	3.5
Interest coverage ratio	Neg	55.9	neg	82.0	neg	73.0	3.7
Capital employed, SEK million	346.4	60.6					88.4
Net interest-bearing liabilities ² , SEK million	-200.3	-50.8					8.2
Net debt to equity ratio ² , ggr	-0.61	-0.85					0.12
Number of employees at end of period	198	96					146
Average number of employees	167	96	183	95	154	97	118
Turnover per employee, SEK million	0.6	0.8	0.3	0.5	1.4	1.6	1.6
Value added per employee, SEK million	0.15	0.33	0.06	0.16	0.46	0.65	0.65
Equity per share, SEK	12.23	2.80					2.92
Equity per share, taking into account all outstanding subscription rights ³ , SEK	15.29	2.80					5.47
Number of shares at end of period	26,645,880	21,608,600			26,645,880	21,608,600	22,965,880
Number of shares at end of period, taking into account all outstanding subscription rights	28,644,380	21,608,600			28,644,380	21,608,600	24,215,880
Average number of shares	25,112,548	21,608,600	26,645,880	21,608,600	23,546,560	19,389,155	22,287,240
Average number of shares, taking into account all outstanding subscription rights	26,362,273	21,608,600	27,895,580	21,608,600	23,479,083	19,389,155	22,290,665
Profit per share, SEK, fully taxed (based on number of shares at end of period)	neg	0.13	neg	0.07	neg	0.40	neg
Profit per share, SEK, fully taxed (based on average number of shares)	neg	0.13	neg	0.07	neg	0.44	neg

¹⁾ In compliance with the Swedish Society of Financial Analysts' definitions

²⁾ A negative value means that interest-bearing assets exceed interest-bearing liabilities.

³⁾ Adjusted for full utilization of outstanding subscription options equivalent to 1,998,500 B-shares, which upon full subscription increase equity by SEK 112.0 million. As of June 30, 2000, 1,118,800 options have been subscribed, which increases equity by SEK 64.5 million. Equity per share, adjusted for subscribed options amount to SEK 14.06.

Quarterly accounts

SEK million	Turnover	Profit/loss before tax	Profit margin %
Quarter 1 2000 Quarter 1 1999	48.1 31.8	-6.9 2.0	neg 6.2%
Quarter 2 2000 Quarter 2 1999	57.4 45.1	-17.3 2.0	neg 4.5%
Quarter 3 1999 Quarter 3 1998	38.5 26.8	-2.0 0.2	neg 0.9%
Quarter 4 1999 Quarter 4 1998	71.9 56.4	-0.1 6.6	neg 11.7%