



AN NUA LREP ORT 2010

know it

03	HIGHLIGHTS OF THE YEAR
05	PRESIDENT'S REVIEW
09	VISION, BUSINESS CONCEPT, TARGETS AND STRATEGIES
11	REFERENCE CASE
12	MARKET AND CLIENTS
14	REFERENCE CASE
15	OPERATIONS
21	EMPLOYEES AND STRUCTURAL CAPITAL
24	COMMITTED SPECIALISTS
27	20 YEARS OF MODERN EDP
31	SHARE
34	BOARD OF DIRECTORS
35	CORPORATE MANAGEMENT TEAM
37	DIRECTORS' REPORT
40	CORPORATE GOVERNANCE REPORT
45	FINANCIAL REVIEW
46	CONSOLIDATED INCOME STATEMENT AND TOTAL RESULTS
47	CONSOLIDATED BALANCE SHEET
48	CONSOLIDATED CASH FLOW ANALYSIS
49	STATEMENT OF CHANGES IN EQUITY – GROUP
50	INCOME STATEMENT AND TOTAL RESULTS – PARENT COMPANY
51	BALANCE SHEET – PARENT COMPANY
52	CASH FLOW ANALYSIS – PARENT COMPANY
53	STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY
54	SUPPLEMENTARY INFORMATION AND NOTES
69	CERTIFICATION
70	AUDIT REPORT
71	INFORMATION ABOUT THE ANNUAL GENERAL MEETING AND DEFINITIONS
72	ADDRESSES

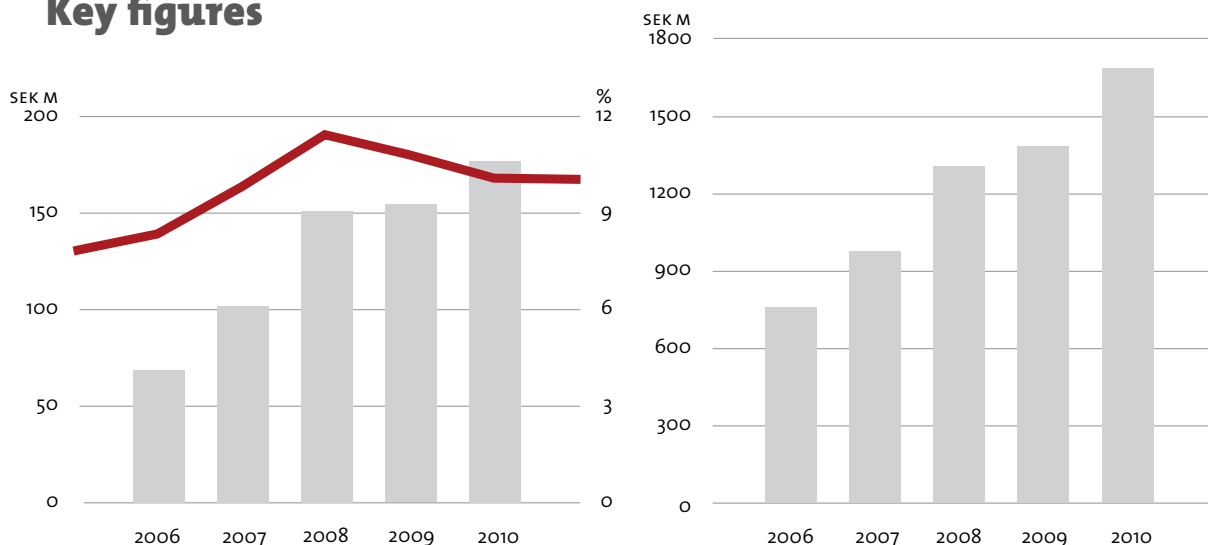
An increased focus on the Nordic region

IN JANUARY the acquisition of Endero Oy was carried out. Thus Know IT established a presence in Helsinki, Finland and Saint Petersburg, Russia. The acquisition was paid for mainly through 1,345,050 newly issued shares.

IN APRIL Know IT strengthened its presence and offering in Norway through the acquisition of Reaktor AS. The company has offices in Bergen and Oslo and supplements the existing operations in Norway in regards to both geography, competence and clientele.

KNOW IT CARRIED OUT a new issue of 856,149 shares at the end of May. The issue was targeted at the sellers of Reaktor AS. Following the issue, the number of shares in Know IT totaled 17,124,170, corresponding to a dilution of 5.3 percent.

Key figures



RESULT DEVELOPMENT Profit before amortization of intangible noncurrent assets (EBITA) increased from SEK 154.2 million to SEK 176.5 million for 2010. The operating margin was 10.4 percent.

NET SALES Net sales for 2010 totaled SEK 1,698.4 (1,385.3) million.

■ OPERATING PROFIT SEK, MILLION ■ OPERATING MARGIN %

DET NORSKE VERITAS certified Know IT in accordance with the environmental standard ISO 14001:2001 in June. The certification is part of Know IT's long-term goal-oriented environmental work. In addition to the parent company Know IT AB, the certificate includes thirteen subsidiaries.

IN JUNE Know IT was named partner of the year in Sweden by EPiServer, the world's fastest growing supplier of platforms for web publishing, e-commerce and digital meeting places.

THE SWEDISH DESIGN AWARD was awarded to Know IT for the computer game Equalize, which teaches children with diabetes about their disease in a simple and fun way. Know IT won in the category »Information web«.

PRESIDENT AND CEO of Know IT, Anders Nilsson, announced to Know IT's Board in November that he was leaving Know IT after thirteen years, during seven of which he acted as President and CEO. The Board appointed Per Wallentin as new President and CEO of Know IT. Anders Nilsson remained as President and CEO up until Know IT made its year-end report for 2010 public, on February 3, 2011.

THE REPRESENTATIVE OFFICE IN BEIJING, China was closed in November, as were the offices in Uddevalla, Sweden and Seattle, USA. The reason was that demand from clients no longer motivated a local presence in these places.





AN INCREASED FOCUS
on organic growth

PER WALLENTIN

President and CEO

All time high despite a shaky start

2010 was the year when Know IT's growth gathered speed again. The company can present the highest sales in its twenty-year history and the best result ever. The operating margin decreased slightly and earnings per share are slightly lower than in former years. The reasons are that the prices haven't recovered after the recession and that we did not reach our full supply capacity this year.

The start of 2010 was shaky. Many talked about a double-dip recession. Since IT-consultancies are behind the recession cycle, we felt some concern. Luckily, the economic climate developed into a higher demand and better market. Know IT increased net sales by 23 percent, to SEK 1.7 billion and the operating results by 14 percent, to SEK 176 million.

However, the operating margin shrank to 10.4 percent from 11.1 percent. The reason for this is that prices haven't yet recovered after the recession and that we did not reach our full supply capacity this year. However, toward the end of the year we have seen that several units have increased their billing ratios.

Nordic company

In 2010, we gained market shares and strengthened our position on the Nordic market. Know IT is now, in accordance with our strategies, a primarily Nordic IT-consultancy firm. This year, we strengthened our presence in Norway through the acquisition of Reaktor with over 100 employees in Bergen and Oslo. In Finland, we have more than 150 employees thanks to the acquisition of Endero, which has a nearshore operation in Saint Petersburg, Russia. We have also closed our offices in Beijing, China and Seattle, USA. Our focus is the Nordic market

As we summarize 2010, I can note that we have exceeded our two financial targets: Sales growth over fifteen percent and an operating margin over ten percent. Thanks to all the employees who have done fantastic work this past year.

New as CEO

I took over as President and CEO on February 4. From the end of last year, I had the privilege of working with Anders Nilsson, who after seven successful years as president has chosen to leave Know IT and the IT-field. Although I have been CEO of Know IT Göteborg since 2001, it has been valuable to get to know all other parts of Know IT.

In this annual report, one of Know IT's founders, Sven-Håkan Olsson is interviewed about how it all began. Even then, twenty years ago, the focus was on competence. It still is. In our client survey, conducted during the fall of 2010, we found that our clients associate us with competence and commitment, two values that are central to our culture and operations.

Within Know IT, we often talk about our corporate values: Closeness, knowledge and commitment. Closeness to our clients through our geographic dispersion, constantly developing competence thanks to stimulating client projects and a deep commitment to offer our consultants a healthy balance between authority and responsibility.

Specialist fields

When it comes to competence, we have identified seven specialist fields that we will emphasize, to clarify what Know IT can offer its clients. These specialist competencies are presented further along in the annual report.

We have very strong competence at Know IT, with high education and seniority among our consultants. At Know IT, we should always offer our clients the best solution for their situation. We always have and we want to continue to do so.

Know IT has more than 130 frame agreements with government authorities, organizations and companies. The frame agreements remain important to Know IT as they guarantee high quality and long-term client relationships. Long-term relationships are one of Know IT's hallmarks. We also strive to increase the number of application maintenance assignments. Application management is one of the specialist fields we will be focusing on further in future.

On the IT-service market, we have seen that strategic consultancy is becoming more important, including in projects run by us. Strategic consultancy is another of our specialist fields. Our projects are increasingly often becoming total solutions, in which the strategic consultancy aspect has growing



Our clients associate us with commitment and competence

importance. I see it as the next step to shift Know IT from an IT-consultancy firm to a Management and IT-consultancy firm.

An important issue for all of us is the environment. Know IT was in 2010 environmentally certified according to the ISO standard 14001. Of course, we are not done yet. In a time when more and more people realize the importance of sustainable development, we understand that not only can we become more environmentally friendly, we can also supply our clients with Green IT. We continue working on this matter with our clients.

Continued growth

Our clients are active in a number of different industry fields. This is a good thing and something we are well pleased with. By studying how net sales change over time in different client industry fields, we can see how well Know IT adapts its operations to the market. In 2010, an increased proportion of sales came from banking, finance and retail, while sales shrank in the telecommunications industry, among telecommunications operators and in the public sector. This has led to a better balance between different segments and an even better risk dispersion for us.

One of our challenges is to continue our growth. Traditionally, Know IT has grown organically, with supplementary acquisition. I feel that we should increase our presence in Norway and Finland, while supplementing with specialist units in Sweden. Profitability is our top priority, but healthy growth is vital to our success.

Developing key competence

In 2011, the period for additional consideration following acquisitions ends in several cases. This carries with it the risk

that entrepreneurs who have sold their companies are free to leave Know IT. We will increase our efforts to retain and stimulate key individuals. By offering multiple career paths, for leaders, managers and people who want to specialize in certain fields, I hope that we can create incentives that both guide us toward common goals and are attractive enough for us to retain key persons at Know IT.

One key success factor at a consultancy firm is that employees are happy and feel that they are offered opportunities for development. The employee survey we carry out each year showed pleasing results for 2010. This year, we increased the number of questions regarding ethics and equality. A modern company must give all employees the same opportunities for career development, interesting tasks and a healthy working environment.

By monitoring and developing the work environment, we create a more attractive workplace. It is my desire to strengthen organic growth, which is a challenge on an even more competitive job market, particularly in Stockholm.

The Nordic region is the future

In 2010, we were also placed highly in the surveys carried out by independent parties. We once again improved our ranking in the annual consultant survey conducted by Veckans Affärer. We are among Sweden's top IT consultancy firms. In the employer branding company Universum's survey aimed at college students, Know IT is among the top IT-consultancy firms. It is my hope that we continue to improve.

The economic climate has improved in 2010 and looks promising for 2011. With our geographic dispersion in Sweden, Norway, Finland, Russia and Estonia, we have a good possibility of becoming successful throughout the Nordic region.

I see Know IT as a Nordic company about to take the next step in the company's development. The development looks promising, and I am happy to have to change of being around for Know IT's next phase. Along with all the competent, committed Know IT employees, we will strengthen our offering in close collaboration with our clients and the market. The future looks promising.

March 2011

Per Wallentin, President and CEO



KRISTOFFER ELLINGSEN

AD, REAKTOR MAGMA (LEFT)

BASTE A. CHRISTIANSEN

DEPARTMENT MANAGER, REAKTOR DESIGN (RIGHT)

08



Continued growth in the Nordic region

Know IT is an IT-consultancy firm which helps clients build their businesses by supplying extensive IT-competence and knowledge of operations. Our clients are offered qualitative services through local, entrepreneurial firms with considerable independence and strongly committed consultants. Our corporate culture creates an aspiration for expertise, personal commitment and a willingness to collaborate. Know IT offers total solutions as well as expertise and resources in strategic consultancy, systems development and application management.

Vision

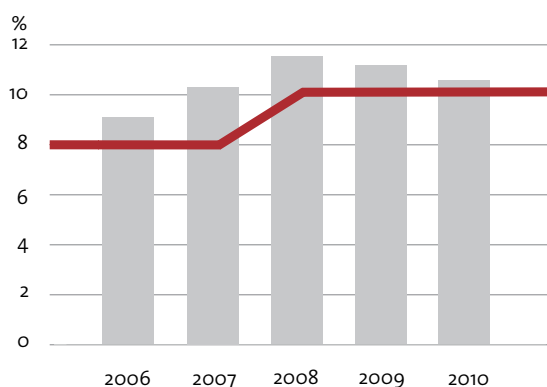
Our vision is to be the obvious choice for clients, employees, and investors.

Business concept

We deliver the IT-expertise of a large company with the soul of a small company and the commitment of the individual consultant. We develop our clients' business and strengthen their competitiveness by providing skilled strategic consulting services and by creating tailored processes and IT solutions.

We assume long-term responsibility through administrative assignments and support functions.

Our clients are mainly organizations and enterprises that require IT-systems with stringent performance and accessibility from several different interfaces.



OPERATING MARGIN (EBITA)

■ TARGET ■ RESULT

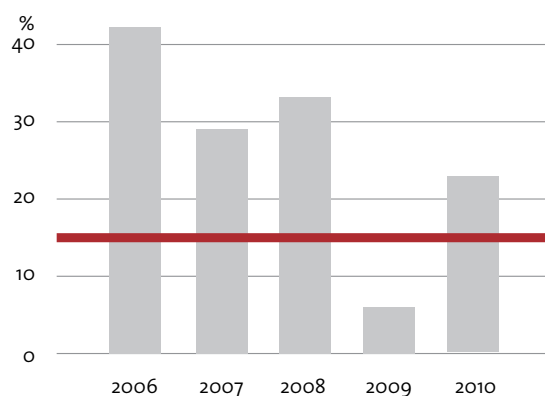
Financial targets

Operating margin

The operating margin, measured as operating profit before amortization of intangible assets (EBITA) as a percentage of net sales, should average at least 10 percent over the next three years. During the past three-year period, the operating margin averaged 11 percent.

Growth

Sales growth should average at least 15 percent annually over the next three years. Growth can be achieved organically and through acquisitions. During the past three-year period, growth averaged 24 percent.



SALES GROWTH

■ TARGET ■ RESULT



Strategies

The Board, together with the Corporate Management team, have formulated the following strategies:

KEEPING OPERATIONS CLOSE TO OUR CLIENTS

All consulting is small-scale by nature. Know IT has therefore decided to establish operations close to clients and maintain a broad local presence.

Today, Know IT can be found in 21 locations in Sweden, 5 locations in Norway as well as in Tallinn in Estonia, Helsinki in Finland, Saint Petersburg in Russia. This ensures that clients have a local contact and local resources for their projects – consultants familiar with them and their businesses, and committed to quality and reliability. They also have access to all the specialized expertise throughout Know IT.

This year, we have established Know IT in Bergen, Norway and Helsinki, Finland. We have also closed our representative offices in Beijing, China, Uddevalla, Sweden and Seattle, USA.

CREATING AN ENTREPRENEURIAL CORPORATE CULTURE

Know IT's decentralized organization allows each company to develop its business based on local market conditions. With clear goals and incentives for profitability and growth, we pave the way for the success of employees who work close to clients and in this way cultivate a culture of entrepreneurship. The companies we have acquired in Norway and Finland are still run by local management, in charge of business development, sales and deliveries on the local market.

CONTINUING TO SAFEGUARD OUR INDEPENDENCE

Our clients are always offered the best solution tailored to their specific needs. We have therefore opted not to develop and market our own standardized products. Instead, we remain independent of any particular suppliers and do not act as retailers of software or third-party products.

ASSUMING LONG-TERM RESPONSIBILITY FOR OUR CLIENTS' IT-SOLUTIONS

We offer strategic IT consultancy and provide customized IT-solutions. Our goal is always to assume administrative responsibility for our clients' solutions. In this way, we secure longer projects and gain greater knowledge of our clients' businesses, which makes our offerings more cost-efficient. This year, we have received maintenance assignments from clients like Apoteket, Försäkringskassan, Suunto and TNS Gallup.

GROWING PRIMARILY IN THE NORDIC REGION THROUGH ACQUISITIONS AND RECRUITMENT

Know IT will grow primarily in the Nordic region, by recruiting new employees and through the acquisition of IT-consultancy firms. When our clients ask for our expertise and delivery capacity in other markets, we may establish a local presence to meet such demands. Know IT has established a presence in Helsinki and Bergen this year, through the acquisition of the companies Endero and Reaktor.

Our acquisition model is based on identifying companies that are active in markets where we lack a local presence or have specialized expertise that we lack. The common denominator is that they all have a culture and operations that fit Know IT. Acquisitions should contribute long-term value for employees, clients and shareholders. Employees get more interesting assignments, clients get access to new expertise and Know IT's shareholders see the value of their holdings rise.

INCREASING THE PROPORTION OF TOTAL SOLUTION DELIVERIES

Know IT aims at increasing the proportion of total solution deliveries, in which the client's role is to state requirements and Know IT delivers a complete solution supporting the client's organization and meeting the client's functional demands. Total solution deliveries allow the client to concentrate on core operations, while Know IT can control the project in a more cost-effective manner. In 2010 Know IT has undertaken total solution deliveries for Apoteket, Eli Lilly, DnB Nor and Riksbyggen.

REAKTOR DESIGN in Bergen, Norway supplements Know IT's web offering. Their assignments include for example product design for Toro-krydderiet.



LUNDS ENERGIKONSULT:

For a company with many local brands, it can be difficult to keep its web sites up-to-date. This requires a highly flexible web platform. One such company, Lunds Energikoncernen, focused on this in their search for a new CMS system.

Lunds Energikoncernen was looking for a new supplier and platform for their public web site. One requirement was that the platform should be adapted to the realities of the company, facilitating sharing of information between different web sites but also enabling for local content. The company chose to base their site on EPiServer Enterprise CMS 6. As supplier, they chose Know IT Malmö, another company that believes in the importance of closeness.

Know IT's assignment included project management, requirements handling and .NET-development. In total, fifteen web sites were part of the solution that Know IT developed. After deployment, a number of web sites have been added into the system.

Each web site represents a local brand. By gathering all the common contents in a separate structure, Lunds Energikoncernen has saved time and simplified updating for the web editors.

»Lunds Energikoncernen saves a lot of time and work, as all the joint information for the fifteen sites can be updated in one place«, says Elisabeth Doreste, project manager at Know IT i Malmö. The solution also includes a quick search function, which searches and presents search results while the user is typing his or her search query. Many recognize this from Google or social media like Facebook. Know IT has also developed a solution that handles pricing. For customers, this has made it easier to sign agreements online, and to compare the cost of different alternatives.

»Our new 'Sign agreement' is a huge improvement compared with the old version. It is much simpler and faster, and the customer can see how much their utility costs will be per year or month before placing an order with us. We feel that this is a good service to our customers«, says Anders Magnusson, web master at Lunds Energikoncernen.

WWW.LUNDSENERGIKONCERN.SE

Strong recovery in 2010

The market for IT-services has recovered during 2010 after the weaker 2009. The beginning of the year was characterized by insecurity, which after the summer was replaced by belief in the future. Know IT continued to increase sales and results, like most of the Swedish IT-consultancy firms.

IT-budgets grew by a total of 2.2 percent in 2010, according to Radar Group. This exceeded Radar's expected increase of 1.6 percent. Before 2010, other independent market researchers, such as Forrester, IDC, Exido and others, predicted IT investments would increase between 1.6 and 5.6 percent, depending on the offering and the market.

Investments continue to grow

The positive expectations on demand remain for 2011. According to surveys done by IT & Telekomföretagen in collaboration with IDC, IT-firms have a firm belief in a good first six months in 2011. The mid-Swedish region has the best projected growth, but Western Sweden is also expected to show good results.

The development in our neighboring countries are expected to be strong. For example, Norwegian IT-budgets are expected to grow by 2.5 percent in 2011, according to Radar Group. This would mean that the Norwegian market recovers completely from the recession and IT-budgets will be bigger than ever. Just the service market in Norway is expected to have net sales of 28.7 billion Norwegian kroner.

Radar and Gartner, among others, project a growth of between 2 and 4 percent for 2011. The growth varies between industry segment. The fields showing the largest increase are retail and services, the public sector, manufacturing industry and finance & insurance. The most careful fields are the energy sector and telecommunications. When it comes to actual IT-budget value, the manufacturing industry, the public sector, finance & insurance and retail & services have the largest budgets.

Know IT has clients in a wide variety of industry fields, with considerable sales in many client segment. This past year, Know IT increased the proportion of sales in retail and services and banking and finance, while decreasing the proportion of sales in the telecommunications industry and the public sector. Distribution of sales over many industry fields shows that Know IT can adapt well to changes on the market.

Geographic dispersion is a strength

Different regions have been affected differently by the recession. Over the past year, the Öresund region showed a weak improvement, but many IT-consultancy firms in the region are still struggling. The Göteborg-region, which is dominated by auto manufacturers, showed strong recovery last year. The Stockholm-region have developed well and the market was very strong in 2010.

By being established in many different places, Know IT has good risk dispersion and is not hugely affected by the market situation in any one area. During the year, companies have been acquired with offices in Helsinki, St Petersburg and Bergen.

During 2010, Know IT increased net sales by 23 percent. The growth was primarily in Norway and Finland. Thanks to its establishments in new places and strong growth over the year, Know IT has gained market shares and strengthened its position on the Nordic market.

Offshoring not yet established

The interest for offshoring and nearshoring, i.e. IT consultancy operations for Swedish clients in low-cost countries, remains high. What primarily drives the offshore and nearshore markets is price competition. In larger purchasing procedures, Swedish IT firms increasingly often meet demands for offshore alternative. Such operations have, however, only a small market share in the Nordic region. Know IT has not felt any extensive competition from companies offering offshoring.

Know IT has for several years had a nearshoring operation in Tallinn in Estonia. In early 2010, the Finnish company En-dero was acquired, including operations in Saint Petersburg. The operations offer mainly nearshoring clients consultants with expertise in testing and quality assurance. Know IT has chosen not to establish offshoring operations, but when necessary initiate collaborations for specific client projects.



Possible price increase

Know IT could in 2010 increase average hourly rates, although prices have remained pressed. Price development is also characterized by differences between different client segments and geographic markets. As in 2009, larger buyers have exerted price pressures, but in some fields prices have remained high during 2010. Market researchers predict that prices will continue to erode during 2011, mainly in hardware and software, but also in resource services and outsourcing.

In some competence fields, such as project managers, systems architects and platform specialist, combined with offerings that receive little competition from offshoring, the analysts predict increased prices. For consultancy firms the challenge is to balance price development against company costs.

During 2010, Know IT has continued to invest in specialist competence in strategic consultancy and strategy services, by focus the operations of three units into one company. Strategy services are one area expected to see price increases during 2011.

As wage increases did not occur or were very small during 2010, raises are expected during 2011. In addition, the lack of competent IT-specialist with knowledge of operations and technology could contribute to wage increases. Wage negotiations held by Know IT so far during 2011 show that wage increases are in step with price development.

Frame agreements remain crucial

The trend for consultancy buyers to hire a smaller number of suppliers has become a purchasing pattern. The winners are the IT-consultancy firms that have been successful in signing frame agreements. Often, these are IT-consultancy firms with clear specialization or of substantial size. Those who have not gotten frame agreements often become sub-consultants, with lowered margins as a result.

Over many years, Know IT has been successful in signing frame agreements and has qualified to become a prioritized supplier. During 2010, Know IT has signed several new agreements expected to be of great importance to the company's development over the next few years. Today, Know IT has 130

frame agreements with both government authorities, companies and other organizations.

Prioritizing investments

Many clients will prioritize cost reduction during 2011, but market researchers see signs that change-driven IT-investments will increase. Both outsourcing and IT as a service, including cloud services, will become more important according to the researchers, mainly to the detriment of hardware and software.

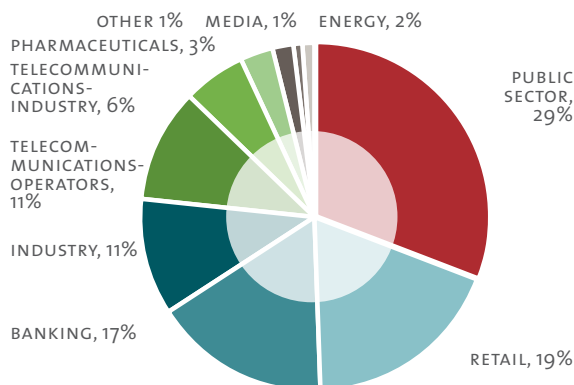
Operation-driven IT-investments that are expected to grow and become more important to the service market include mobile solutions, e-commerce, social networks and e-learning. According to the researcher Frost & Sullivan, growth in the e-commerce field is expected to be 13 percent in 2011 and 10 percent up until 2015. Consultancies offering solution-oriented consultants and operation solutions are expected to do better than resource consultants.

To meet demand for IT-services that support the client's business operations, Know IT has invested in areas like Business Consulting, Information Management, Web & Collaboration, Testing and Quality Assurance and Technology Management. In several of these fields, Know IT has established itself as a leading supplier in Scandinavia.

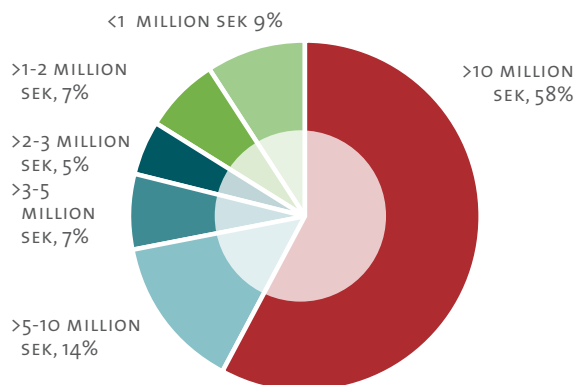
Know IT has also continued to develop competence and supply capacity in the e-commerce field, with several large projects, social networks and in the e-learning field. Know IT has one company entirely devoted to e-learning, which delivers solutions to Group clients together with other units.

Competitors vary

We operate in 21 locations in Sweden, 5 locations in Norway and in Helsinki, Finland, Tallinn, Estonia and Saint Petersburg, Russia. This means the competitors we meet vary. The most frequent encounters are with companies that also have wide geographic dispersion, such as Logica, Sogeti, Sigma, Acando and HiQ. Locally, we meet with competition from smaller consultancy firms aim at a particular industry field or technology area and who operate on the local market.



SALES PER INDUSTRY FIELD Know IT's client structure consists of large and mid-sized companies and organizations in several industry fields.



SALES PER CLIENT, CATEGORIZED BY VOLUME During the year, the ten largest clients accounted for around 33 percent of sales. No single client accounted for more than 8 percent.



SIEMENS:

Siemens supplies world class turbines and power plants. Constant improvement in the product development processes are therefore required. Know IT was given the confidence to participate in this work.

Siemens is a global corporation with more than 400,000 employees. The corporation is active in manufacturing, energy and health care. From Sweden, it supplies cost-efficient, green turbines and power plants.

Industrial products of this type are very complex and the operation requirements are extremely high. The customers' demands are extensive and strict. Low operating costs and high consistency are required. To attain and retain the position of a world class supplier, constant improvements must be made to ensure cost-efficient and quality-assured product development processes. As in other areas, Siemens has succeeded here.

Know IT has since a while back received the confidence of developing the business-critical work of refining product development processes. Know IT, with its extensive competence in product management, development methodology and processes, has been a valuable partner in this assignment.

Know IT works innovatively with knowledge-driven and model-based development methods as its distinct specialty. The ongoing work indicates that there is large room for business improvement through future product development process when these methods are used.

Specialist fields that strengthen our clients

Know IT is a specialist company in IT and strategic development. In 2010, Know IT has focused on seven specialist offerings in strategic consultancy, systems development and application management. By increasing the proportion of total solutions and long-term assignments in specialist fields, Know IT has strengthened its client offering.

Total solution deliveries mean that Know IT takes full responsibility of ensuring that the solution has the right functions and capacity. Such assignments are manned and managed by Know IT employees. Often, the project is conducted in Know IT's offices. The benefit for Know IT is that the assignment can be carried out with high efficiency and quality at the right price. In 2010, Know IT has increased the proportion of total solution assignments.

The long-term application management assignments have grown in number during 2010. For Know IT, this means lower sales costs, as such assignments often run over many years. As in total solution assignments, such projects reach high efficiency, as Know IT is in charge of carrying out the project.

Our operational fields

Know IT strives to develop its services according to clients' needs and demand. We make an effort to stay at the cutting edge of the technological development and to understand how it can contribute to strengthening our clients competitively.

By combining competence in IT with knowledge of operations, we increase efficiency in processes, organizations and IT-support. Our own and our clients success is based on our ability to use a holistic perspective and efficiently integrate IT with business operations.

Know IT's offering can be divided into three main service areas. Strategic consultancy, systems development and application management. Our client offerings are offered in all three service areas. In these areas, we offer both client-tailored solutions

based on standard platforms and solutions completely tailored to a client's unique requirements and needs.

Strategic consultancy

By efficiently combining competence in technology with strategic consultancy, we can help increase the precision of our clients' IT solutions. Our extensive experience of IT driven development ensures improvement in central processes through tailored IT support.

Systems development

In systems development, we offer competence on many technical platforms and within many methodologies. We man all necessary roles, from architecture and design to testing and installation. It is important for us as an independent supplier to have established partnerships with several different suppliers, thus guaranteeing our supply capacity without jeopardizing our independence.

Application management and further development

We strive to have long-term client relationships and to ensure that our clients' IT solutions develop in tandem with their operations. A good IT solution has built-in flexibility, making it easy to develop. Thus, new technology can be used to create added value for the client. We consider maintenance and further development, both technical and functional, to be an important part of our operations.

Application Management

A business-tailored innovative IT-solution with built-in flexibility and scalability can be adapted continually together with the client's core operations.

We consider maintenance and further development as increasingly important parts of the business operations. Further development is carried out in steps, in tandem with clients' operational development. Thus, new technology can create benefits for the client in the best possible way.

The application management process

When development projects are complete and the client has approved the delivery, the solution is handed over to a designated application management organization. This consists of two parts: Functional and technical application management.

Upon taking over an existing IT-solution, outsourcing, we analyze what the management will encompass and the operation that the IT-solution will support. The client and Know IT's application management specialists collaborate closely. An important aspect for Know IT is to work proactively, learning the operations and suggesting how to improve the IT-solution, to contribute to the client's competitive growth.

Functional application management

Functional application management includes all activities that guarantee that the IT-solution provides the functions that were ordered. Typical tasks include:

- » Operational support
- » Requirements specification together with the client
- » Investigation before requests for tendering and collaborating in the solution process

Technical application management

Technical application management is a concept that includes all physical procedures in the solution's hardware and software to ensure function and performance. We emphasize architecture and design, to ensure that the IT-solution is easy to maintain, so that technical management can focus on further development. Typical tasks include:

- » Creating solution proposals
- » Correction, clean-up, new and further development
- » Assessing risks of new functions, follow-up on performance

Clients

Banking, finance and insurance, manufacturing industry, telecommunications, the public sector and retail are fields in which our clients operate.

Business & IT Management

To succeed over time, our clients' need internal support functions, for example the personnel, economy and IT departments, to be adapted and developed in step with the demands from outside. In our strategic consultancy offering, we adapt our clients' operational support to meet new conditions. By analyzing and developing organizations and work methods, we increase internal efficiency through process development, often in combination with IT-support. Our specialists have a deep understanding of both business and IT. To achieve success, it is important to gain acceptance for a project and change process. Therefore, we introduce the project to the entire client organization. We ensure the results are measurable and our goal is always client profitability

Services and solutions

- » IT-Management – analysis and set up of efficient IS/ IT-organizations and IT-strategies
- » HR Management – analysis, strategy and development of processes, organization and IT-support. Effect analyses including production and follow-up of key figures.
- » Purchasing and ordering support – analysis, evaluation, tendering, negotiation, follow-up
- » Finance Management – efficiency analyses, maintenance analyses, inventory and analysis of existing Finance processes and IT support, alongside development of processes and compilation and follow-up of key figures.
- » Project Management – governance and streamlining for the project office, strategic investigations and development of operational processes
- » Compliance management – implementation of effective management systems, integrated with quality systems

Competitive advantages

In our Business & IT Management offering, we have gathered our management consultants. Many have worked in businesses or organizations and know what is needed to succeed in change processes.

Clients

Our clients are found in many fields, including banking & finance, pharmaceuticals, the public sector, industry and retail & services. In our assignments, we work close to the management team to identify improvement which will make the organization work more intelligently to meet external demands.



Information Management

We help our clients to use their own information efficiently to gain better decision support and to plan operations. The amount of information generated by an organization is growing fast, opening for new possibilities, but also placing higher demands on operations, tools and systems. Information Management is a holistic approach, combining Business Intelligence, Data Warehousing and data analysis. Know IT offers support throughout the process, from feasibility study and requirements specification, to implementation and administration. We focus on operational benefits, using our extensive knowledge of the tools.

Growth in the field is strong, driven by an increasing number of companies discovering the benefits of Information Management, and by the fact that new applications of Information Management are still being discovered.

Services and solutions

- » Data warehouse design and development
- » ETL development
- » Design and development of reports
- » Development of processes and operations when implementing IM-solutions
- » Planning, operational support for budgeting
- » Forecasting solutions
- » Statistical models
- » Real-time warehousing
- » Risk solutions, Basel 2- and solvency implementations

Competitive advantages

Know IT has more than 200 specialized IM-consultants and is a Scandinavian leader in Information Management. Our first assignments in the field started in the early 1990s. Since then, we have worked in many different field, giving us a strong understanding for each fields' specific needs.

Our consultants are a unique mix of experiences operational analysts, systems scientists, project managers, economists, developers and statisticians. They support the entire process, from operational analysis and requirements mapping, to construction and implementation.

Clients

Our clients in Information Management are mainly in banking and finance, insurance, manufacturing industry, pharmaceutical companies and the public sector.

Technology Management

In Technology Management we support clients that develop products relying on software. We help them in operational development by combining a deep understanding of their business with a deep understanding of technology. Know IT offers a service package with various components that clients need to improve their businesses.

Usually it is a question of evaluating how a business works and then drafting and implementing an improvement plan. Examples of this include the design of product families or efficiency improvements to software and hardware development processes

We assist our clients through operative efforts in, for example, project and test management. When we do, we use a Lean Product Development perspective, focusing on efficiency and minimizing costs.

Demand is driven by the constant need for higher efficiencies and reduced lead times, at the same time that complexity is growing. Companies have to do more – and more difficult – things in less time, which means they have to work smarter with more efficient methods.

Services and methods

- » Operational analysis
- » Change management
- » Project management
- » Technology strategies and product architecture
- » Quality assurance and safety engineering
- » Offshore Management
- » Test management

Competitive advantage

Know IT is a leader in several disciplines of Technology Management. We have years of experience in all these areas.

To ensure we can retain our leadership position while helping to drive future developments, we have systematic collaborations with various colleges. We also have an extensive network of contacts with internationally recognized authorities in the areas where we work and we are active in several important international standardization projects.

Clients

The client base is broad, but we primarily focus on product-oriented companies. Our clients are mainly in the automotive, telecom, software, aerospace and defense industries.



Test & Quality Management

Quality is a keyword at Know IT. We have an extensive testing and quality assurance offering, with over 100 specialists in the field. It is our experience that careful testing strongly contribute to successful developmental projects and help ensure returns on investments in standard systems.

We have noted a growing awareness of the importance of quality assurance. Our clients are increasingly often asking for advanced consulting services rather than traditional testing. By incorporating testing at an early stage of the project, when requirements are being specified, major quality improvements can be achieved. Systematic, structured testing produces more efficient ways of working with products and services that meet clients' expectations in terms of quality and performance.

Using a unique concept of its own design called Test Academy™, Know IT can help clients improve their quality assurance through structured competency training, in tandem with mentoring.

Services and solutions

- » Organizational development through client-tailored competence development – Test Academy™
- » Support services in the areas of requirements and testing
- » Test management
- » Specifications and testing consultants
- » Processes and methods
- » Mentoring

Competitive advantages

By incorporating specifications and testing at the start of a project, we can significantly reduce a client's costs. With our expertise and Test Academy™ concept, we help them improve their competence, so that they can do their own testing efficiently and with better results. Know IT has extensive experience and knows how the market's leading testing tools can best be used, which strengthens the quality of our services.

Clients

Our clients in the area of Test & Quality Assurance are mainly in banking and finance, insurance, telecom, retail and the public sector.



System Development

Systems development is the heart of Know IT's operations. We have extensive expertise in a number of methods and fields of technology and can staff all roles from architecture and design to test and installation.

During the past few years, we have observed an increased interest in systems development projects based on standard products. IT has therefore become even more important to us as an independent supplier to establish partnerships that strengthen our supply capacity without risking our independence.

Technology and methods

Our expertise in systems development includes the following methods and technologies:

- » Systems development based on products and developmental tools from Microsoft, Oracle, BEA, IBM, SAS Software, Open Source, etc.
- » Embedded Communications in real time systems.
- » Database managers such as Oracle, SQL Server, DB2 etc.
- » Testing, supervision of testing, and test design using tools from sources such as Mercury.
- » Integration using tools from sources such as Microsoft (BizTalk) and Tibco etc.
- » Internal portals and external websites based on sources such as EPiServer.
- » Infrastructure.
- » Project Management.
- » IT-architecture.
- » Data modeling.
- » Interface design with special attention paid to usability.

Clients

In Systems Development, Know IT has clients in all the company's client segments, see page 13.

Web & Collaboration

Pretty much everyone uses the internet daily – at work and at home. It is hard to imagine a situation that doesn't involve the internet. Today, a cell phone can be the medium for internet contact and smartphones have in many ways revolutionized internet usage.

Every online visitor has many options for finding information, placing orders and communicating. The background noise online is loud – how can I find relevant information and contacts?

Each company and organization must exist online, for target groups such as clients, partners, employees and others. The importance of such presence grows yearly. Many purchasing decisions are made online, contacts between people deepen, images and videos are shared, dialogues with local and central authorities are conducted and so on.

The common denominator for all online communication is that it is traceable – for better or worse. It makes it easy to tailor information for each visitor and study the visitors behavior.

An increased presence on the internet is vital and critical to achieve successful development. Balancing costs with benefits is central. Of course, benefits should be measurable.

The specialists field Web & Collaboration offers several types of partnerships – from a collaboration based on supplied benefits from a total solution to supplying specialist services.

The specialist field Web & Collaboration has twelve offices with more than 270 specialists. We have cutting edge expertise in many different fields: web strategy, strategic development, project management, concept/UX/design, development in EPiServer, SharePoint, OpenText and iPhone/Android/Windows/, maintenance management and Web Intelligence. A successful collaboration with the client requires a combination of these competencies working together.

Clients

Our clients include Apoteket, the city of Borlänge, the Swedish Armed Forces, University Collage of Arts, Crafts and Design, Lilly, P-bolaget i Göteborg, the Swedish Police, Riksbyggen, Santa Maria, Skandiabanken and TV2 Norge.



LINN THERESE BLINDHEIM
PROJECT LEADER, REAKTOR ID (LEFT)
PHIRADA AARVIK
DESIGNER, REAKTOR ID (RIGHT)

20



Values that create high value

Competent employees are a critical success factor for Know IT. The structural capital consists of culture, values, client agreements, partnerships, work methods and competence development models, which all contribute to making the company attractive to employees and potential employees. By attracting consultants who share our values, we strengthen our corporate culture and increase interest in the company.

Part of our vision is to be the obvious choice for competent employees and potential employees. By carrying out an annual employee survey, we gain a tool to constantly develop Know IT as a workplace. The results of the survey are presented and discussed on a group level, leading to activities which ensure that Know IT remains an attractive employer. The results have been positive and indicate well-being.

An attractive workplace

An important aspect of our employee survey touches upon the physical work environment. A large part of our assignments are performed in our client's offices, but an increasing number of projects are performed in Know IT's offices, particularly total solutions. We strive to achieve the best possible physical workplace, using our work environment policy.

Exercise and physical activity are crucial to the quality of life and health. Therefore, our employees get contributions for health and wellness training, such as gym memberships, and are offered recurrent medical checkups. Absenteeism was 2.8 % of available work hours in 2010.

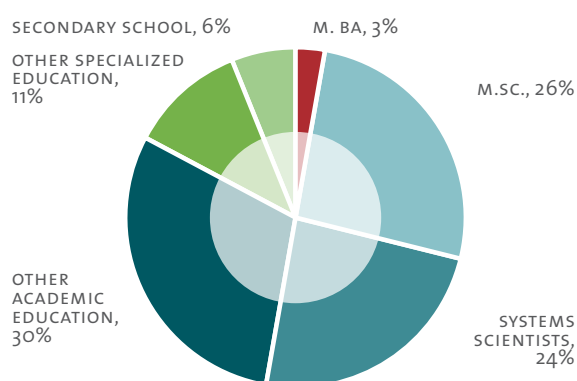
We believe everyone should be treated equally, regardless of their age, gender, religious beliefs, etc. Wage mapping carried out shows that all wages and bonuses are based on the employees' tasks, competence, experience and responsibilities.

As we are active in a male-dominated field, equality is especially important for us. We use a gender equality policy and plan to achieve this. On a Group level, we have informed about the new Discrimination Act and our regulatory documents have been reviewed. In 2010, the proportion of women employed grew to 22 percent. It is Know IT's ambition to increase the number of female employees.

Values that give added value

We strive to grow in accordance with the values that are anchored in our past and our corporate culture, and which guide how we share our future.

Know IT has a decentralized organization, balancing each employee's responsibilities and authorities. We emphasize each employee's ability to take charge and solve issues which arise during everyday work. That places high demands on the employees, but also provides the possibility for personal development and influencing the work situation.



EDUCATION LEVELS AMONG CONSULTANTS Out of Know IT's consultants, 94 % have a post-secondary education. 83 % have an academic education. Among consultants, systems scientists and M.Sc. in engineering are most common.

OUR BASIC VALUES ARE:

CLOSENESS Within Know IT there is a tradition of close collaboration, with our clients, between our various companies and units, and between our employees. Knowledge grows as more people have access to it, and our work methodology is built on many close contacts, internally, with partners and with clients.

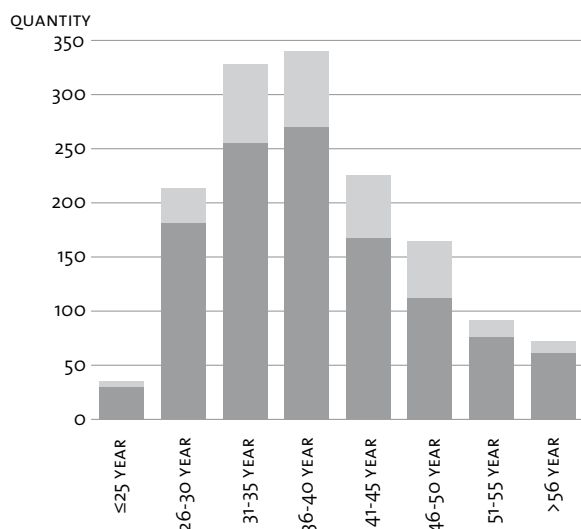
KNOWLEDGE Our consultants have high technical competence, constantly developed in demanding assignments, through competence networks and education. We can thus offer our clients high competence, even within new technological fields, and offer our employees stimulating professional development.

COMMITMENT Our operations are characterized by our employees commitment to the development of their clients and their colleagues as well as their own personal development. A large portion of this commitment springs from our culture of delegated responsibility and authority, working on a small scale, with a firm belief that assignments are performed best by each responsible employee in close collaboration with the client.

Unique competence

Through our assignments, we have acquired extensive knowledge of our clients' operations. The consultants at Know IT have high competence and long experience of both our specialist areas and the clients' operations. On average, Know IT consultants have 12 years of relevant business experience.

Our consultants make up a unique blend of strategic consultants, systems scientists, project managers, developers, testers and statisticians, supporting the entire process, from operational development and systems development to application management.

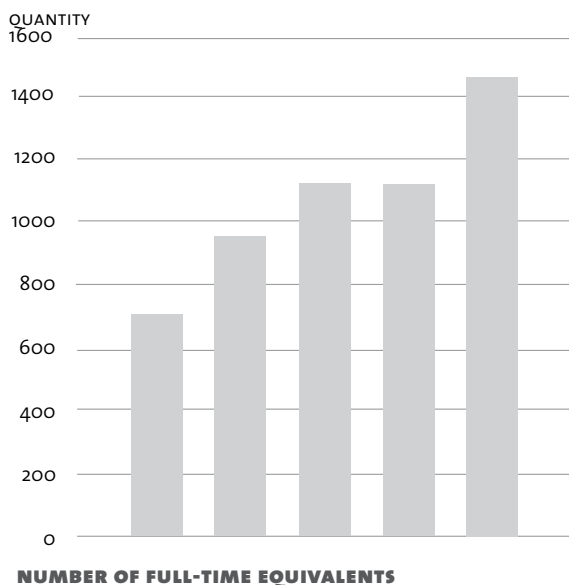


AGE STRUCTURE Of our employees, 78 percent are men and 22 percent women. The average age of male employees is 39 years and of female employees, 36 years. The overall average age is 38 years.

Competence development is achieved mainly through training and challenging assignments. Our internal competence network for exchange of experience and knowledge are an important part of this process. Experience and knowledge exchange occurs for example through our Collaboration Portal, a tool for networking and knowledge exchange between both individual employees and specialist groups.

Individual competence development is planned with each employee in a private discussion with their closest superior, at least once a year. During that conversation, individual goals are set and followed up on. These goals may change during the year, but are always connected to Know IT's strategies and our clients' needs. Individual development may occur through studies, training or taking part in projects.

The consultancy role means being a representative and ambassador for Know IT on daily basis. In the Know IT Academy, we train our consultants regarding the consultant's role – as regards demands, ethics, delivery capacity etc. This training is an important part of anchoring our values, as well as helping the continuous improvement we carry out at Know IT.

**NUMBER OF FULL-TIME EQUIVALENTS**

	CONSULTANTS		OTHER EMPLOYEES	
	2010	2009	2010	2009
Operating units	1,305	998	156	109
Parent company	-	-	9	10
FULL-TIME EQUIVALENTS	1,305	998	165	119

NUMBER OF FULL-TIME EQUIVALENTS On December 31, 2009, Know IT had 1,470 active employees calculated as full-time equivalents, of which 1,305 were consultants. Other employees work in sales, economy, administration or with Group-wide functions.

Structural capital strengthens Know IT

Our structural capital, assets which are independent of individual employees, sets us apart from the competition.

Our strategy to stay close to clients geographically means we understand local conditions. This local presence is important to our client relationships. An important part of our structural capital is our close relationships with our clients.

The approximately 130 frame agreements we have with agreements we have with companies, organizations and public authorities are an important part of the structural capital. The frame agreements provide a stable, long-term flow of project queries, which is particularly important when the economic climate becomes harsher.

Our work methods enable us to perform assignments and carry out projects more efficiently, while the quality of our services rises. In many projects and assignments we use methods and processes selected by the client, but in projects we manage ourselves we use the project management method Pejl® and agile methods like SCRUM or RUP®. By using best practices based on ITIL, we supply IT-services in a stable and cost-efficient way.

Partnerships with various suppliers of standardized tools are also part of our structural capital. These partnerships allow us to be an independent provider while always supplying the best solution for each client. They are also a way to gain knowledge and access the latest technologies.



Committed specialists

Our clients say that what our employees have in common is extensive competence and strong commitment. We also like to work together, with clients and colleagues. Here are some Know IT consultants own thoughts about what it's like.

Anna Sundquist

WORKS IN Stockholm.

EDUCATION B.Sc. in computer and systems science.

HAS WORKED AT KNOW IT since 2010.

TYPICAL ASSIGNMENTS Strategic IT development, IT sourcing in government purchasing processes, creation of strategies and feasibility studies for development of IT in companies and organizations (mainly municipalities).

WHEN I'M NOT WORKING I like to spend time in the archipelago and with my friends. I volunteer at a home for the elderly and teaching immigrant Swedish. In addition: Badminton, horseback riding and running.

I was working at a smaller IT-firm, but soon felt that I wanted to be part of larger context, without disappearing in the multitude. Know IT seemed like the perfect employer, as I can work at a smaller, independent company, but in a larger Group with a well-known and respected brand. People have heard of Know IT. They have a good reputation and that kind of company is always nice to work for.

When I wanted to change jobs I contacted several larger IT-firms, but quickly realized that Know IT was the company for me. They had a good, professional recruitment process. After interviews, they quickly got back to me, always with a non-pretentious and personal approach. I felt confidence in them and knew that I would fit into that culture – you quickly sense if you are suited for one another.

I enjoy being a consultant. Every day is a new challenge. You're always learning something, with new clients and new operations – lessons I apply to my next assignment. This means you are constantly developing as a consultant, which I find stimulating.

There are many benefits to working at a company like Know IT. If I receive a query for an assignment I seldom have to turn it down, even if I and my company cannot accept it. Know IT is large and has both resources and competence within the group. As I work with government purchasing it is beneficial – actually more like a prerequisite – that Know IT is independent of suppliers.



After my first year at Know IT I am happy with both the company and my great co-workers. The only drawback is that I don't see them much, as I spend most of my time with my clients.

Heidi Jacobsen Rognerud

WORKS IN Oslo.

EDUCATION Master in Computer Science.

HAS WORKED AT KNOW IT since 2009.

TYPICAL ASSIGNMENTS Developer in Information Management.

WHEN I'M NOT WORKING I work out, spend time with friends and go cross-country skiing.

I started working at Know IT straight from university. I wanted to work with information management, not regular programming, so when I saw the ad from Know IT Information Management it fit me like a glove. I got a great impression of Know IT – both as regards the tasks that awaited and the social environment. It seemed as though they took care of their employees, which is vital at your first workplace. As a





HEIDI JACOBSEN ROGNERUD

fresh graduate it was nice to start at a small company, where you don't drown in the masses. At the time, there were only seventeen employees in Oslo, but there was the safety of belonging to a larger Group. This also makes it possible for us to borrow consultants from other parts of the Group if need be – or to jump in ourselves if need arises elsewhere. In addition, the Information Management consultants have joint annual conference when we travel somewhere – most recently to New York – and share our experience and knowledge. The fact that competence development is emphasized is another thing I appreciate at Know IT. It is easy to get permission for courses and we are encouraged to get various certificates. One a month, we participate in "competence sharing", when someone shares their knowledge about some particular area. We also have "salary day" once a month, when we go out to dinner and some activity together: Go-cart, a treasure hunt or just hanging out at the office. I think social activities like that are more important for consultants, as we spend a lot of time with clients and seldom get to meet. It is great that Know IT ensure we have time to do this kind of thing.

Henri Grönblom

WORKS IN Helsingfors.

EDUCATION Master of Technology.

HAS WORKED AT KNOW IT since 2009 (at Endero since 2005).

TYPICAL ASSIGNMENTS Senior Testing Consultant, anything to do with testing.

WHEN I'M NOT WORKING I spend time with my family, go running and enjoy sailing and boating in the archipelago.

At the end of 2009, we were purchased by Know IT, a company with no presence in Finland. Endero became Know IT's link to the Finnish market. They also got a bridge to the Russian market, as we have a subsidiary in Saint Petersburg. In many ways, Endero's operations in Finland and Russia are

similar to Know IT's operations in Sweden – we were more of a geographic supplement than a new business field. Endero works mainly with development and testing of software and digital communication. Our largest markets are in banking and insurance.

The acquisition has gone very smoothly – so smoothly that a regular employee working for us has probably hardly noticed any difference. Overall, I think it is for the better. Endero was doing well before Know IT purchased it and has



HENRI GRÖNBLOM

continued to do so, meaning that we can continue to work just like before. We follow the strategies that were already in place and contact the same clients as previously.

One benefit of working with Know IT is the extensive IT competence and experience they bring as owner. I have already seen signs of this in group-wide training and benchmarking activities between subsidiaries. In the long term, we expect to get more muscle in joint sales and marketing ventures.

Mique Pitulia

WORKS IN Stockholm.

EDUCATION Solna municipal school, one year EDP-program.

HAS WORKED AT KNOW IT since 1991, employee number 7.

TYPICAL ASSIGNMENTS Microsoft developer, mobile solutions.

WHEN I'M NOT WORKING I like to snowboard when I can find the time and take care of our horses, sheep and dogs on the farm. Since this fall I tinker with a motorcycle from 1973 »the only real motorcycle...«

At the end of the 80s I was working at Wang, a leading company in minicomputers at the time. At that time, they started doing poorly, when the PC became more popular. A colleague of mine knew someone at a company called Do IT, an umbrella organization of which Know IT was a part. I got in touch with them and was asked to an interview at





MIQUE PITULIA

the headquarters, a regular apartment in central Stockholm. There, I meet Know IT's three founders: Carl-Emil Sundberg, Sven-Håkan Olsson and Bertil Fagerberg. All three of them sat behind a huge desk and grilled me – alone on the other side. I got the job as a developer and the employee number 7. I probably have the lowest number today, and have been through all the ups and downs. I remember the Internet hysteria that started around 1997. As soon as a company mentioned that they worked with 'the web', their share rose by 30 percent. At least. Companies like Icon, Framfab, Cell and what-not could show negative results but their shares kept rising. At Know IT, we didn't have a web profile. We did have substance and paying customers, but that didn't show in the share price. At least not at that time.

I've been working at Know IT for almost twenty years and every now and then headhunters and others call me and ask if maybe I'd like to try something else. I've always landed in the realization: What can they offer that Know IT can't? The grass isn't greener on the other side. You can ask the people who have quit and then returned to Know IT. In these dynamic times, working for twenty years at the same company is a long time – but when you're a consultant like me, you get new assignments all the time. Each new assignment is like getting a new job. Besides, there are always new things happening at a company like Know IT: New bosses and new co-workers. New subsidiaries are acquired. I may have employee number 7 and have been around since 1991, but it's a very different Know IT now than it was when I started. The only thing that is constant at Know IT is change. And me.

Åsa Boëthius

WORKS IN Borlänge, Dalarna.

EDUCATION M.Sc. in information technology/informatics.

HAS WORKED AT KNOW IT since 2007.

TYPICAL ASSIGNMENTS Maintenance manager in Web & Collaboration, in charge of about fifteen application management clients.

WHEN I'M NOT WORKING I travel to a warmer climate, read or work out. As a new owner of a house, there are always projects to be done.

After graduation, I worked for a short time at the Swedish Road Administration (now the Swedish Transport administration), when I was contacted by Know IT. Toward the end of my education I had sent my résumé and an application to them. I was asked if I wanted to take care of their maintenance clients in the web field. Of course I did. Now, Web & Collaboration is a specialist field, which makes my job much easier. And more fun. Every year



ÅSA BOËTHIUS

we have a kick-off with other people in the group who work in the same field. Most recently, more than a hundred of us met and exchanged experiences at a spa outside Stockholm. This is one of the clearest benefits of working at a company as big as Know IT: We can exchange knowledge between subsidiaries.

My job as maintenance manager means that I take over the contact with our client when the project manager is done. I have the responsibility of keeping the relationship with our existing clients alive. Just because a project is complete and delivered, that doesn't mean that the work is done. On the contrary, there can be lists of things there wasn't time for during the project and editors to train. The main part of application maintenance is to keep clients' websites up-to-date through further development and alteration of functions we have already delivered.

The variety of clients and their different business fields is what makes my job so interesting. While project managers move on to new assignments, I sometimes joke that I never let a client go, I just kept getting more.



IT'S A MATTER
of being there
when something
happens.

SVEN-HÅKAN OLSSON

One of Know IT's founders

20 years of modern EDP

Everything starts somewhere. Even a company. In a way, Know IT started in the 1970s, when the large company Datema was part of the Johnson Group. It was a kind of nursery for future generations of IT-professionals (although at the time, it was called EDP) – and it was there that Sven-Håkan Olsson and Carl-Emil Sundberg first met. At that time, they did not know what about ten years later they would found a company together

At the end of the 70s, there was a huge shift in technology in the computer field, as minicomputers took over after mainframes. Every shift in technology means there is space for something new, for those who see and seize opportunities. For those who can get out of the rut and find a new track. Carl-Emil and Sven-Håkan saw the opportunities of minicomputers, but also realized that a company like Datema was too slow to keep up with the development. Carl-Emil quit and joined the newly founded Måldata, which grew strong on the minicomputer market. Sven-Håkan also joined Måldata shortly thereafter. So what does all of this have to do with Know IT? Well, around 1990, the next big shift in technology began in the computer field.

New venture

Things began slowing down in the minicomputer field. Mac, PC and graphic interfaces were the »in« thing. The benefits of window technology, which had been reserved for »consumer programs«, like Word and Excel, could be applied to administrative support systems. A new shift in technology = new possibilities, realized both Carl-Emil and Sven-Håkan, who had remained in touch throughout the 80s. Now was the right time to start a business together: »windows join forces with EDP.« They decided »not to do all that old stuff, the competition could do that«. Instead, they vowed to plough new fields and invest in what was new. The first seed of what would become Know IT had been sown.

The original constellation is a textbook example of successful management: A driven and sales-oriented entrepreneur (Carl-Emil), a knowledgeable »anchor« who could ensure that the ideas were realistic and could be realized (Sven-Håkan) and a skilled administrator (Bertil Fagerberg, who left the company fairly soon).

»We were entirely self-financed. We didn't borrow a cent, but worked for the capital needed for expansion. We wanted our consultants to become partners and thus got some money for the company. More importantly, we got great commitment and loyalty. And our employees could participate in getting the stock price to rise.«

Know IT on the stock exchange

Partnership with all consultants was an important factor up until 1997, when Know IT was listed on the stock exchange and another ball game began when it came to issuing shares. Another hobby-horse at the new Know IT was recruitment:

»We made a point of recruiting employees with deep technical knowledge. Working with graphic user interfaces at that time was much more difficult technically than earlier EDP-development had been. We made it our strategy to have better knowledge of basic technology than our competition. In practice, this meant we started hiring Masters of Science, rather than only systems scientists. This has remained at Know IT – deep knowledge of technology and understanding of operations. The company isn't called Know IT for nothing..«

The name deserves comment: »Know IT may seem obvious now, but in the early 90s »IT« wasn't an established term. Everything was »EDP«. We were lucky with the word IT, but the first years we were often forced to explain it. Still, it was the first part of the name that lead to comic mix-ups. At one seminar, a speaker pronounced it »Knew IT«. Maybe not the best name! Then, we were called Now IT. Wrong, but better. On the Exchange, we were listed as KNOW, plain and simple.« The name Know IT has remained since the very first year.

Local growth

Early on, the founders decided to work hard with organic growth. Recruitment became a key issue. Often, companies

New shift in technology = New opportunities

were founded around a driven entrepreneur who had either a very specific IT-idea or the desire to work a specific area. The standard model was for the founder and co-workers to own 49 percent, while Know IT owned 51 percent. The companies could grow freely within a larger organization, without too much restraining collaboration.

»Establishing the company in many geographic regions proved to be fortuitous, as companies could operate undisturbed in their respective regions, without having to struggle with setting up boundaries as is often the case in growing companies. During a five-year-period in the mid 90s, we grew by 90 percent a year, of which 80 percent was organic.«

Two declines

During its twenty years, Know IT has only had two larger declines. Luckily, neither was caused by the company itself. The first came in the early 90s, a few years after the company was founded, as a very late reaction to a general recession a few years earlier.

»We had to be economical for a while, but got through it by the skin of our teeth and did not lose money.«

The next decline for Know IT came in 2001-2002, when the entire IT-field collapsed in the dotcom crash. All the big Y2K-measures had been taken and no longer generated income for consultants. Finally, the IT-bubble burst. This bubble was due solely to evaluation – the new dotcom companies were fantastically overvalued, with no real connection to each company's substance.

»We were always valued lower than our competitors, who were associated with web operations. We weren't, even though we held seminars as early as 1995 on how the web could support operations. We called the venture »Web-EDP«, to emphasize that the overheated term »web« could be used

for other things than ads, web shops and search engines. Actually, this period was another example of a technology-based shift, through which we could gain a higher market position by understanding the content of the new technology better than our competitors at the time. We also had »real«, paying customers, unlike some of the competition.«

The effect of the burst bubble was a huge overflow of people in the business, with increased competition and a general economic turmoil making clients postpone IT-investments. However, excepting a few lay-offs in the infrastructure field, Know IT passed fairly unscathed through the crisis. One or two operations had to be sold.

»I'll admit we were lucky. Bizarrely, in part thanks to having a fiscal year aligned with the school year. No matter how much you try to follow up your results, it's only when you complete the year-end report that you are forced to realize how you've done. As we completed our year-end report half a year before the competition, we realized that things were getting rough early on. We could apply the brakes and stop acquisitions and investments early on, which helped us.«

Back on track

The economic climate change. In the first quarter of 2003, Know IT was in the black again. When this continued through the second quarter, Sven-Håkan decided it was time to step down:

»I'd been at Know IT for thirteen years and had been working a bit too hard for a long time. It was time to do something else, now that the company was back on track.«

The »something else« was to go back to freelance consultancy and to study at the university, philosophy and music theory. He has continued with freelancing since, doing strategic investigations, working with application architecture, holding seminars for Dataföreningen Kompetens, starting a small company or two and writing articles for trendspaning. se about what's going on in the IT-field.

There is definitely a change happening now, says Sven-Håkan. It's hard to tell how large the »cloud revolution« will be, but the revenue flow from applications will definitely change radically. Are we facing another shift in technology? Sven-Håkan gets a certain something in his eyes as he asks this question. He repeats something he's said several times: »It's a matter of being there when something happens. Taking advantage of fortuitous event. You can never plan that kind of thing«



GRAHAM J. NUTTALL

SENIOR DESIGNER, REAKTOR DESIGN (LEFT)

OLA RANES

DESIGNER, REAKTOR DESIGN (RIGHT)

30



A good end to the year

Know IT's share is listed on the Nordic Exchange in Stockholm on the Small Cap list under IT companies. The share was traded on all trading days of the year.

Share capital

As of December 31, 2010, Know IT's share capital was SEK 17,1 million, distributed among 17,124,170 shares at a quota value of SEK 1 each. All shares carry the same number of votes and rights to dividends.

Market listing

The share price at the end of the fiscal year was SEK 73.50 (57.75) per share, corresponding to a total market capitalization of SEK 1,258.6 (861.8) million. During the year, the share price rose by 27.3 percent, which can be compared to an increase of 23.1 percent for the general index (OMX Stockholm PI) and by 13.3 percent for the IT-index (SX IT Service PI). The highest price paid during the year was SEK 73.75 on December 30, 2010, while the lowest price was SEK 54.00 on August 13, 2010. During the fiscal year, 15.1 (17.1) million Know IT shares were traded on the Stockholm Stock Exchange, or an average of 59,708 (68,244) shares per trading session. The number of shares traded corresponds to 88.2 (114.8) percent of the total shares at year-end. The share was traded on all 253 trading days. The total number of shareholders as per December 31, 2010, was 6,369 (6,609).

Dividend

Know IT's dividend policy is to distribute the capital not needed for planned expansion of the business. For fiscal 2010 the Board of Directors proposes a dividend of SEK 2.75 (2.25) per share.

Analysts who cover Know IT

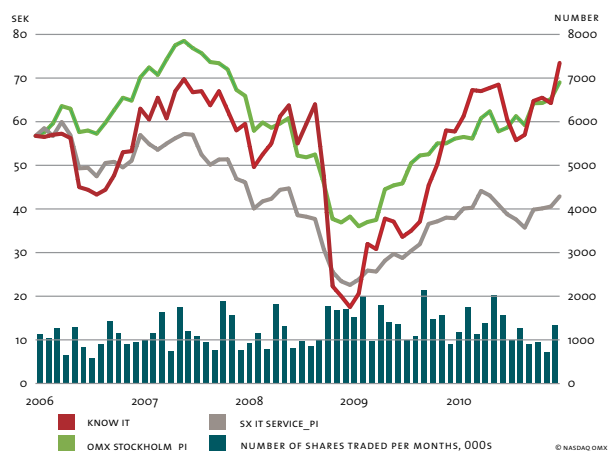
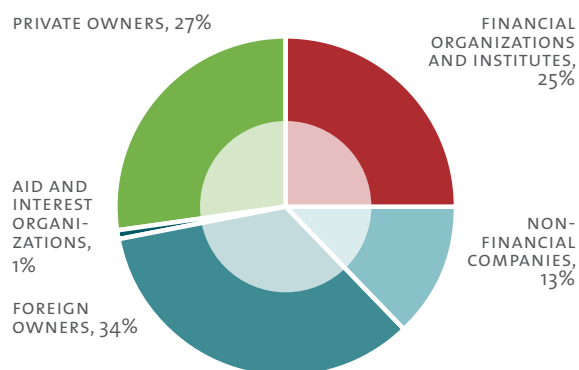
Danske Bank: Peter Trigarszky, phone: +46-8-568 805 57
 Enskilda Securities: Andreas Joelsson, phone: +46-8-522 295 00
 Handelsbanken: Stefan Wård, phone: +46-8-701 51 18
 Nordea: Daniel Djurberg, phone: +46-8-534 919 56 and
 Xuan Huang Ahlm, phone: +46-8-534 916 03

SHAREHOLDER	NUMBER OF SHARES	% OF SHARE CAPITAL AND VOTES
Fidelity Low-Priced Stock FD	1,539,848	9.0
Atine Group Oy	1,345,050	7.8
Handelsbankens fonder	1,311,275	7.7
Swedbank Roburs fonder	1,019,484	6.0
Fauzia Nordlund	777,000	4.5
Avanza Pension	628,443	3.7
Länsförsäkringars fonder	426,542	2.5
Poularde	380,404	2.2
Fjärde AP-fonden	356,300	2.1
Nordnet Pensionsförsäkring AB	322,638	1.9
TOTAL, TEN SHAREHOLDERS	8,106,984	47.4
Others	9,017,186	52.6
TOTAL	17,124,170	100.0

TEN LARGEST SHAREHOLDERS *In the compilation of largest owners, ownership has been grouped for Handelsbankens fonder, Swedbank Roburs fonder and Länsförsäkringars fonder.*

	NO. OF SHAREHOLDERS	%	NO. OF VOTES	%
1- 1,000	5,415	85.0	1,487,887	8.7
1,001-5,000	714	11.2	1,678,360	9.8
5,001- 10,000	115	1.8	870,656	5.1
10,001-20,000	50	0.8	709,324	4.1
20,001-50,000	41	0.6	1,325,336	7.7
50,001-100,000	11	0.2	762,333	4.5
100,001-500,000	17	0.3	3,864,425	22.6
500,001-1,000,000	2	0.0	1,405,443	8.2
1,000,001-5,000,000	4	0.1	5,020,406	29.3
TOTAL	6,369	100.0	17,124,170	100

OWNERSHIP DISTRIBUTION *In the compilation of largest owners, ownership has been grouped for Handelsbankens fonder, Swedbank Roburs fonder and Länsförsäkringars fonder*



**OWNERSHIP DISTRIBUTION PER CATEGORY,
DECEMBER 31, 2010**

**SHARE PRICE DEVELOPMENT,
INCLUDING INDEX 2006-2010**

DATA PER SHARE	2010	2009	2008	2007	2006
Number of shares on balance sheet date, ooos, basic*	17,075	14,874	13,978	12,326	11,705
Number of shares on balance sheet date, ooos, diluted*	17,593	15,392	13,978	12,744	12,628
Average number of shares, ooos, basic*	16,717	14,519	12,978	12,120	11,701
Average number of shares, ooos, diluted*	16,834	14,519	12,978	12,147	11,806
Earnings per share, SEK, basic	6.15	6.48	7.20	5.22	4.16
Earnings per share, SEK, diluted	6.10	6.48	7.20	5.21	4.13
Equity per share, SEK, basic	41.77	37.52	31.99	24.75	20.62
Equity per share, SEK, diluted	42.00	37.92	31.99	25.90	22.71
Cash flow per share, SEK, basic	2.36	0.82	0.63	2.43	-0.46
Cash flow per share, SEK, diluted	2.34	0.82	0.63	2.42	-0.45
Dividend per share, SEK	2.75 ¹⁾	2.25	2.25	2.75	2.35
Share price, SEK	73.50	57.75	17.50	59.50	63.00
P/E ratio	12.0	8.9	2.4	11.4	15.1

1) Recommended dividend.

*) After taking into account repurchased shares.

YEAR	ACTIVITY	CHANGE IN NO.OF SHARES	TOTAL NO.OF SHARES	QUOTA VALUE	CHANGE IN SHARE CAPITAL SEK M	TOTAL SHARE CAPITAL SEK M
2006	Opening balance		11,473,563	1		11.5
2006	New share issue ¹⁾	70,651	11,544,214	1	0.1	11.6
2006	New share issue ²⁾	161,460	11,705,674	1	0.1	1.7
2007	New share issue ³⁾	164,501	11,870,175	1	0.2	11.9
2007	New share issue ⁴⁾	504,500	12,374,675	1	0.5	12.4
2008	New share issue ⁵⁾	188,096	12,562,771	1	0.2	12.6
2008	New share issue ⁶⁾	283,973	12,846,744	1	0.3	12.9
2008	New share issue ⁷⁾	829,738	13,676,482	1	0.8	13.7
2008	New share issue ⁸⁾	84,100	13,760,582	1	0.1	13.8
2008	New share issue ⁹⁾	91,005	13,851,587	1	0.1	13.9
2008	New share issue ¹⁰⁾	175,431	14,027,018	1	0.2	14.0
2009	New share issue ¹¹⁾	895,953	14,922,971	1	0.9	14.9
2010	New share issue ¹²⁾	1,345,050	16,268,021	1	1.3	16.2
2010	New share issue ¹³⁾	856,149	17,124,170	1	0.9	1.1

1) New share issue in connection with acquisition of Innograte AB, whose name was changed to Know IT Innograte AB.

2) New share issue in connection with acquisition of Medinit AB, whose name was changed to Know IT Compliance & Governance AB.

3) New share issue, payment of additional consideration in connection with acquisition.

4) New share issue, 2005 option program.

5) New share issue, payment of additional consideration in connection with acquisition

6) New share issue, payment for acquired shares in Unified Consulting AS

7) New share issue, payment for acquisition of Net Result International AB

8) New share issue, 2006 option program

9) New share issue in connection with acquisition of HiBC Systemutveckling AB, whose name was changed to Know IT HiBC AB

10) New share issue in connection with acquisition of shares in Know IT Objectnet AS

11) New share issue, payment of additional consideration in connection with acquisition

12) New share issue in connection with acquisition of Endero Oy

13) New share issue in connection with acquisition Reaktor AS



Board of Directors



MATS OLSSON

BORN 1948.

Chairman of the Board since December 2001.

Board member since 1997.

OTHER DIRECTORSHIPS

Fenix Outdoor AB, Indutrade AB, KIAG Fastighetsutveckling AB (chairman).

EDUCATION

M.Pol.Sc., Linköping University.

PROFESSIONAL EXPERIENCE

Subsidiary President Investment AB D Carnegie, President/CEO AB Custodia, President/CEO Merchant Holding, President/CEO Kipling Holding AB, President/CEO Displayit AB

DEPENDENCE ACCORDING TO SWEDISH CODE OF CORPORATE GOVERNANCE

Independent in relation to the Company, management and major shareholders.

HOLDINGS IN KNOW IT

10,000 shares (with family)



CARL-OLOF BY

BORN 1945.

OTHER DIRECTORSHIPS

EVP Industrivärden. Board member since 2006.

OTHER DIRECTORSHIPS

Svenska Handelsbanken, Region Stockholm, OMX Nordic Exchange Group.

EDUCATION

B.Pol.Sc., Uppsala University.

PROFESSIONAL EXPERIENCE

CFO Investment AB Promotion/Bahco. CFO and EVP Industrivärden.

DEPENDENCE ACCORDING TO SWEDISH CODE OF CORPORATE GOVERNANCE

Independent in relation to the Company, management and major shareholders.

HOLDINGS IN KNOW IT

5,000 shares.



PEKKA SEITOLA

BORN 1958.

Consultant in private firm.

Board member since 2005.

OTHER DIRECTORSHIPS

NOAQ Flood Protection AB, Timecut AB, Fyra Linjer Teknik AB, Radarbolaget AB, Stingbet Holding AB.

EDUCATION

B.Sc. computer science, Uppsala University.

PROFESSIONAL EXPERIENCE

IT consultant, Founder/President Fyra Linjer Teknik AB, Founder/VP Cybercom Group AB, Founder Timecut AB, President Radarbolaget AB.

DEPENDENCE ACCORDING TO SWEDISH CODE OF CORPORATE GOVERNANCE

Independent in relation to the Company, management and major shareholders.

HOLDINGS IN KNOW IT

315,000 shares.



KERSTIN STENBERG

BORN 1946.

Swedbank Robur fonder AB.

OTHER DIRECTORSHIPS

Swedbank Robur fonder AB.

EDUCATION B.A., Uppsala University.

PROFESSIONAL EXPERIENCE

Finance Director Alecia Pensionsförsäkring Ömsesidigt, Business Area Manager Foreign Products Nordbanken, VP Accounting/Finance PKBanken, Controller Private Division PKBanken, Administrative Manager ASG

DEPENDENCE ACCORDING TO SWEDISH CODE OF CORPORATE GOVERNANCE

Independent in relation to the Company, management and major shareholders.

HOLDINGS IN KNOW IT

1,000 shares.



ANNA VIKSTRÖM PERSSON

BORN 1970.

Personnel manager

Sandvik AB. Board member since 2009.

EDUCATION

L.L.M., Lund University.

PROFESSIONAL EXPERIENCE

Personnel manager SSAB Group, Personnel manager for the Swedish section of the Ericsson Group.

DEPENDENCE ACCORDING TO SWEDISH CODE OF CORPORATE GOVERNANCE

Independent in relation to the Company, management and major shareholders.

HOLDINGS IN KNOW IT

1,000 shares.



BEN WREDE

BORN 1964.

Manager Atine Group Oy. Board member since December, 2009.

OTHER DIRECTORSHIPS

Ineo Group Oy (chairman), Jaako Lehto Oy (chairman),

Oral Oyj (chairman), Endero Oy and Conor Venture Partners (chairman)

EDUCATION B.Sc., Swedish Institute of Technology, Helsinki.

PROFESSIONAL EXPERIENCE

Management positions at Enator-Ryhmä Oy, CEO Nextra Group Oy, partner Advance VPN Oy.

DEPENDENCE ACCORDING TO SWEDISH CODE OF CORPORATE GOVERNANCE

Independent in relation to the Company and management, but dependent in relation to shareholder Atine Group Oy.

HOLDINGS IN KNOW IT

0 shares.



GÖRAN ÅKERSTRÖM

BORN 1970.

Consultant in application management at Know IT Norrland AB. Board member since 2009.

HOLDINGS IN KNOW IT

6,000 shares and 2,000 subscription options.

Elected by the employees.



Corporate management team



PER WALLENTIN

BORN 1971.

CEO and President, Know IT employee since 1999, M.B.A., University of Gothenburg.

HOLDINGS IN KNOW IT
5,000 subscription options.



ANDERS NORDH

BORN 1946.

CFO, Know IT employee since 2006, BA, Stockholm University.

HOLDINGS IN KNOW IT
5,000 shares and 5,000 subscription options.



MATS OHLSSON

BORN 1959.

VP Strategy and Business Development, Know IT employee since 1997, B.A. in mathematics and computer science, Uppsala University

HOLDINGS IN KNOW IT
8,348 shares and 5,000 subscription options with family.



JOHAN SKÖLD

BORN 1972.

VP Marketing, Know IT employee since 2008, University degree in humane technology, Göteborg University.

HOLDINGS IN KNOW IT
5,000 subscription options.



PATRIK SYRÉN

BORN 1959.

Senior VP Corporate Communications and IRO, Know IT employee since 2000, Degree in art administration from Umeå University and university certificate in marketing, advertising and public relations, Stockholm University

HOLDINGS IN KNOW IT
5,400 shares and 3,000 subscription options.





Directors' report

The Board of Directors and the President of Know IT AB (publ), with the company registration number 556391-0354, herewith present the annual report for 2010 for the Parent company and the Group.

General operations

Know IT is an IT and management consulting firm, which works with high-tech solutions in software development and streamlining business processes. Know IT operates primarily in the Nordic region. The Group had net sales of SEK 1,698.4 million during 2010 and at year end 1,470 employees in Sweden, Norway, Finland, Russia and Estonia.

Know IT is listed on the Small Cap list of Nasdaq OMX Nordic. At year end, Know IT had a total of 6,369 shareholders. For further information about Know IT AB's ownership distribution, see the section Share.

During the year, operations have grown both organically and through acquisitions in Norway and Finland.

The Parent Company manages Group-wide issues such as Group management, Group reporting, financial management, information issues, acquisitions and comprehensive strategy and business development as well as group-wide handling of agreements.

Net sales

Net sales increased by 23 percent to SEK 1,689.4 (1,385.3) million. Net sales include all invoicing attributable to sub-consultants. The acquisitions in 2010 increased sales by around SEK 212 million, while the rest is due to organic growth.

By its nature, the business is seasonal, with lower invoicing during periods with many holidays and/or vacations. Net sales for current operations were distributed as follows:

- January – March 24 (25) %
- April – June 25 (26) %
- July – September 22 (21) %
- October – December 28 (28) %

Results

Operating profit before amortization of intangible assets increased by 14 percent to SEK 176.5 (154.2) million. Acquisitions during 2010 increased profit by around SEK 35 million. Amortization of intangible assets was SEK 23.7 (15.2) million. Operating profit climbed by around 10 percent to SEK 152.9 (139.0) million. The operating margin was 10.4 (11.1) percent.

Net financial items totaled SEK -6.7 (-7.2) million. Lower in-

terest rates combined with amortizations have had a positive effect on the financial net and counteracted the effects of slightly higher interest rates.

Profit after financial items was increased by around 11 percent to SEK 146.2 (131.8) million.

Net financial items can be specified as follows: The interest portion in lease fees was SEK -0.5 (-0.9) million and net interest expense for bank loans/cash and cash equivalents was SEK -6.1 (-6.4) million.

Earnings per share were SEK 6.15 (6.48). Acquisitions in 2010 contribute by SEK 1.11, while new issues have affected earnings per share by SEK -0.71.

Taxes

The Group's tax expense consists of current tax amounting to SEK -41.8 (-32.3) million and deferred tax amounting to SEK -0.4 (-5.4) million.

Cash and cash equivalents and financial position

The Group's total assets increased by 28 (1) percent and amounted to SEK 1,514.8 (1,184.8) million at year-end.

The property, plant, and equipment which totaled SEK 32.0 (27.6) million, refers to the company car fleet, which decreased to SEK 16.8 (19.2) million, as well as office equipment and computer equipment, which increased to SEK 15.2 (8.4) million. The increase of equipment is thanks to the effects of acquisitions in 2010.

Current assets increased to SEK 511.9 (408.8) million. Accounts receivable decreased to SEK 294.5 (233.2) million, prepayments and accrued income increased to SEK 52.1 (38.8) million, cash and cash equivalents increased to SEK 160.9 (130.6) million while other receivables decreased to SEK 3.5 (5.8) million.

At year-end shareholders' equity was SEK 716.5 (558.0) million, giving an equity/assets ratio of 47.3 (47.1) percent. The increase is due mainly to directed new issues at the sellers of Endero Oy and Reaktor AS, totaling 2,201,199 shares, which increased equity by SEK 136.1 million. Non-controlling interests increased to SEK 3.3 (0) million. Pledged assets, SEK 48.7 (57.0) million, refer to shares in subsidiaries worth SEK 31.9 (37.9) million and the rest primarily to equipment used as part of finance leases.

Interest-bearing liabilities have decreased to SEK 303.7 (216.4) million. Of this, SEK 159.8 (196.6) million are bank loans, and SEK 17.3 (19.8) are financial leases, while projected debts



for future acquisitions of non-controlling interests' holdings in the Reaktor group and future dividends on them are SEK 126.6. Of the loans, NOK 94.2 (66.4) and EUR 3.6 (0) are in order to reduce the currency risks caused by the acquisitions of Know IT Objectnet AS, Reaktor AS and Endero Oy.

Goodwill and other intangible assets

The Group's intangible non-current assets increased by SEK 214.9 (3.3) million to SEK 960.9 (746.0) million. The increase was to acquisitions during the year, accounting for SEK 249.6 (0.4) million, altered provisions for additional consideration, accounting for SEK 20.2 (0.1) million, and amortizations accounting for SEK -23.7 (-15.2) SEK.

Acquisitions

Two larger acquisitions were carried out during 2010. With acquisition in January 2010, all shares in Endero Oy were purchased, and with acquisition on June 1, 2010 around 53.5 percent of shares in Reaktor AS were purchased. Agreements were also signed regarding acquisition of non-controlling interests' holdings in both the Parent Company Reaktor AS and most subsidiaries.

Consideration for Endero Oy is expected to total around SEK 101.1 million. Of this, SEK 18.7 million was paid in cash, SEK 79.4 million was paid in the form of newly issued shares in Know IT AB and around SEK 3.0 million will be paid in cash in early 2011. The consideration for around 53.5 percent of Reaktor AS totaled SEK 56.7 million, paid in the form of newly issued shares in Know IT AB. In addition, provisions for future purchase of non-controlling interests' holdings in Reaktor AS and most subsidiaries have been made, totaling SEK 114.2 million. According to the agreements, consideration can be paid either in cash or in the form of newly issued shares in Know IT AB.

Investments

Investments in property, plant, and equipment totaled SEK 4.3 (2.9) million. In addition, investments in property, plant and equipment increased by SEK 9.0 (0.1) million through acquisitions.

Cash flow

Cash flow from operating activities during the year amounted to SEK 140.6 (143.7) million. Adjustments made for items not included in cash flow mainly refer to depreciation of noncurrent assets by SEK 33.6 (24.7) million and the change in the period's deferred tax of SEK -0.4 (5.4) million.

Cash flow includes interest income of SEK 1.8 (1.9) million and interest expenses of SEK -6.3 (-8.3) million. The change in short-term receivables, which is included in working capital, effected cash flow by SEK -35.8 (10.4) million and the change in current liabilities effected cash flow by SEK 38.6 (14.8) million.

Cash flow effected by SEK -10.7 (-43.5) million due to payment of additional consideration and acquisitions. Cash flow effected by SEK -4.3 (-2.9) due to investments in property, plant, and equipment.

Amortization of loans has affected cash flow by SEK -50.5 (-56.8) million. Dividends decreased cash flow by SEK -36.5 (-31.5) million.

Parent company

The Parent Company's net sales totaled SEK 61.1 (67.7) million. The result after financial items was SEK 25.7 (2.9) million. The result includes dividends from Group companies totaling SEK 46.9 (38.6) million.

The Parent Company's funds and outstanding accounts decreased to SEK 38.2 (73.4). Shareholders' equity increased to SEK 551.8 (371.1) million. Interest-bearing long-term liabilities amounted to SEK 89.3 (144.0) million, and current liabilities to SEK 66.2 (52.3) million. Investments in equipment amounted to SEK 1.3(1.3) million during the year.

Employees

Competition for qualified employees remained fierce throughout the year. Know IT has been successful in its recruiting, despite the fierce competition over qualified employees and has compensated for a fairly high employee turnover. Acquisitions had affected on the number of employees by 249, while organic growth has increased the number by 104. The number of employees in terms of full-time equivalents was 1,470 (1,117) as of December 31, 2010. The average number of employees during the fiscal year was 1,376 (1,123).

Share structure

The number of shares at the beginning of the year was 14,922,971. An Extraordinary General Meeting (AGM) in December 2009 approved a directed share issue to the owners of Atine Group Oy, sellers of Endero Oy, totaling 1,345,050 shares. The AGM on April 22, 2010 authorized the Board of Directors to decide to issue a maximum of 1,000,000 shares on one or more occasions. In May 2010, the board used this authorization for a directed issue totaling 856,149 shares to the sellers of Reaktor Oy. These issues were used as consideration for these acquisitions.

The AGM also authorized the Board, on one or more occasions, to repurchase and later dispose of up to 10 percent of all shares in the Company. The authorization was not utilized during the year. The number of shares repurchased during 2007 totals 48,734 as of December 31, 2010. These shares were bought in 2007.

Option program

At the AGM, April 23, 2009, an option program for employees was authorized, totaling at most 550,000 options. Each option entitles its holder to purchase one share. The price per option was set at SEK 5.58.

In all, 550,000 options were purchased, of which 32,000 were purchased by Know IT to sell at market conditions to employees hired after the end of the subscription period. 518,000 options have been outstanding since the start of the program.

The option program runs over three years. Each option carries the right to, during the period June 1-15, 2012, purchase one share at the subscription price SEK 49.63.

Board work and nomination committee

The work of the Board and the nomination committee is described in the corporate governance report on pages 40-43.

GUIDELINES ON COMPENSATION FOR SENIOR EXECUTIVES FOR 2010

The AGM on April 22, 2010 decided on the following guidelines for remuneration and other terms of employment for the President and other senior executives:

Remuneration consists of a base salary, a variable component in the form of annual variable compensation, pension and other benefits. The total remuneration package is designed to be marketable and competitive and reflect the employee's areas of responsibility and the complexity of his/her position. The annual variable compensation will be subject to a ceiling and never exceed the fixed component. The variable compensation is based on results in relation to established targets and is related to the employee's performance. The variable compensation is not pensionable.

Pension benefits should normally consist of defined contribution pension solutions related to the employee's fixed salary. Other benefits, e.g., company cars and health-care plans, should be competitive compared with other players. If an employment contract is terminated by the Company, the maximum term of notice is one year. Severance pay ought not to occur.

The Board may deviate from the guidelines under special circumstances.

The remuneration guidelines were followed in 2010.

GUIDELINES FOR 2011

The Board will propose to the AGM 2011 that the guidelines remain unchanged.

Environmental impact

By their nature, Know IT's operations have little impact on the environment. The Group has no production or sales of physical products; it is exclusively engaged in consulting. This means that Know IT has neither processes nor packaging routines that impact the environment. Travel by car and air also has limited impact, since the consultants are active in their local markets. Know IT carries out no operations that require an environmental permit.

Know IT's environment management system is based on a constant improvement methodology which uses Know IT's environmental aspects as a starting point. These aspects are the operations, activities and services which may affect the environment.

Environmental work is an integrated part of operations and each subsidiary head has responsibility locally for implement Know IT's environmental policy and management system. As part of Know IT's long-term environmental work, Know IT AB and thirteen subsidiaries were certified in accordance with ISO 14001:2004 during 2010.

Discrimination and gender equality

Due to the new Discrimination Act, in addition to the aspects highlighted in the annual employee survey, all unit heads

have had further training during 2010 and all employees have received information. This year's employee survey had further questions about equality.

Gender equality is a priority in Know IT's operations. Know IT tries to achieve a better balance between male and female employees as part of its internal controls and work environment efforts.

Research and development

The majority of development work carried out in the Group is client-financed and expensed as the work is recognized.

Risk exposure

A description of Know IT's business risks can be found in note 2.

Notable events subsequent to the end of the fiscal year

Per Wallentin succeeded Anders Nilsson as President and CEO on February 4, 2011.

The Board's statement on the proposed dividend

The Board of Directors proposes a dividend of SEK 2.75 (2.25) per share. The equity/assets ratio for the Group as of the balance sheet date, adjusted for the proposed dividend, will be 45.6 percent. The proposed dividend will not prevent the Parent Company or any Group companies from fulfilling their obligations or commitments in the short or long term or otherwise influence the ability to make necessary investments. The proposed dividend takes into account the Parent Company and the Group's upcoming liquidity needs and positive cash flow.

Proposed distribution of earnings

PARENT COMPANY, SEK

At the disposal of the Annual General Meeting

Share premium reserve	301,462,424
Retained earnings after dividend	84,100,763
Group contributions received	84,205,000
Tax effect of Group contributions received	-22,145,915
Result for the year	19,017,666
TOTAL	466,639,938

The Board of Directors and the President propose that the funds be treated as follows

To the shareholders,	
a dividend of SEK 2.75 per share	47,091,468
Balance carried forward	419,548,470
TOTAL	466,639,938

Dividends are calculated based on the number of shares on March 25, 2011: 17,124,170 shares.

For further information on the financial position and results of operations of the Company and the Group, please refer to the following income statements, balance sheets and notes.

Corporate governance report

Know IT AB is a Swedish corporation listed on Nasdaq OMX Stockholm. The company is the parent company in the Know IT Group. Corporate governance within the Know IT Group is based on applicable legal regulations, mainly the Swedish Code for Corporate Governance (the Code), the regulations of Nasdaq OMX Stockholm for issuers and other rules, regulations and recommendations applicable to the Company. Know IT monitors development in the corporate governance field and continuously updates its corporate governance principles, to create value for the owners and other interested parties through ensuring that shareholders receive accurate information, that owners have actual influence and through efficient management and board work.

As of February 1, 2010, the Swedish Code for Corporate Governance has been updated. For Know IT, the update does not require any significant changes to Know IT's corporate governance work.

Application of the corporate governance code

This report, which was drawn up in accordance with the regulations of the corporate governance code, is Know IT's corporate governance report for the business year 2010. It depicts how corporate governance was carried out within Know IT during the year. The report has been reviewed by Know IT's auditors.

Know IT does not deviate from the Swedish Code for Corporate Governance. Corporate governance defines the decision making systems through which the shareholders, directly or indirectly run the company.

Division of responsibility

The responsibilities of the management and control over the Group is divided between shareholders at the AGM, the Board of Directors and the President/CEO, in accordance with the Swedish Companies Act, other legal regulations, current regulations for listed companies, the Articles of Association and the Board's internal governance documents.

Shareholders

As of December 31, 2019 Know IT AB had 6,369 shareholders.

Articles of Association

Know IT's Articles of Association are also key regulatory documents for Know IT's corporate governance. The Articles of Association establish, among other things, the name of the company,

headquarters of the Board of Directors, the operations of the company, aspects of the share capital, the number of Board Members and deputies, how notice be given of the AGM, the shareholders' right to participate in the AGM and what matters shall be dealt with at the AGM.

Annual General Meeting

The highest decision-making body is the Annual General Meeting (AGM), which decides on the composition of the Board of Directors, the dividend and the election of the auditors. Notice of the AGM is issued no earlier than six and no later than four weeks before the meeting. The notice contains information on registration, participation and voting at the AGM, a numbered agenda with the issues to be addressed, information on the recommended dividend and the main content of other recommendations. Shareholders or their proxies may vote for the full number of shares they own or represent.

At the AGM, Know IT's shareholders should determine the following, among other things:

- » Who shall serve on Know IT's Board and who shall be company auditors
- » Determination of directors' and auditors' fees
- » Adoption of the Income Statement and Balance Sheet and Consolidated Income Statement and Consolidated Balance Sheet
- » Appropriation of profits or losses
- » Discharging the members of the Board of Directors and the president from liability
- » Guidelines for remuneration to leading executives.

In addition, shareholders resolve upon any changes to the Articles of Association of the company. Information, including the notice and suggestions for the AGM, as well as minutes from previous AGMs are available on Know IT's website, www.knowit.se.

Annual General Meeting 2010

The AGM 2010 was held at Know IT's offices on Klarabergsgatan 60, Stockholm, Sweden, on April 22. The meeting was conducted in Swedish and the material presented was in Swedish. During the meeting shareholders were provided the opportunity to ask the Chairman of the Board and the President questions, which were answered during the AGM. It was not possible to follow or participate from other locations with the help of communica-



tion technology. A total of 38 shareholders who were entitled to vote participated at Know IT's AGM 2010. They represented 4,194,474 shares or approximately 25.8 percent of the capital and votes.

At the AGM, the Chairman of the Board and all Board Members participated, except Carl-Olof By. The elected auditors also participated. Chairman of the AGM was the Chairman of the Board, Mats Olsson.

At the AGM, the shareholders determined the following among other things:

- » A dividend of SEK 2.25 per share, for a total of SEK 36.6 million
- » That the Board shall consist of six members elected by the AGM, with no deputies
- » That all Board members are re-elected until the next AGM
- » That Mats Olsson is Chairman of the Board
- » That remuneration to the Chairman shall be SEK 320,000 and SEK 140,000 to each of the Board Members elected by the AGM
- » A fee to the auditor in accordance with approved invoices
- » Authorization for the Board to resolve upon one or several new issues before the next AGM
- » Authorization for the Board to resolve upon acquisitions and sale of shares in the company, totaling ten percent of all shares in the company.

Further, the shareholders at the AGM resolved upon guidelines for remuneration to leading executives as proposed by the Board, namely:

- » The remuneration shall consist of a fixed salary, a variable component in the form of annual variable compensation, pension and other benefits
- » The annual variable compensation is on condition that, among other things, Know IT not report a loss for the year the compensation pertains to.
- » The annual variable compensation will be subject to a ceiling and never exceed the fixed component. It is not pensionable.
- » Severance pay ought not to occur.

Annual General Meeting 2011

On October 22, 2010 Know IT announced that the AGM 2011 will take place on April 20, 2011 at 3 p.m. and on February 3, 2011 it announced that it will be held in the Company's offices at Klarabergsgatan 60, Stockholm. All shareholders wishing to raise an issue during the AGM could make suggestions to the Chairman of the Board, or present nominations to the nomination committee. It will not be possible to follow or participate from other locations with the help of communication technology. Information regarding the AGM is published on the website, www.knowit.se.

Nomination committee

In accordance with the resolution of the Annual General Meeting on April 22, 2010, at the end of the third quarter the Chairman of the Board convenes Know IT's three largest shareholders to each select one representative for the Nomination committee.

The Nomination Committee for the AGM 2011 consists of

- » Mats Olsson, Chairman of the Board
- » Ben Wrede, Atine Group Oy
- » Frank Larsson, Handelsbanken fonder
- » Björn Franzon, Swedbank Robur fonder, Chairman of the Nomination committee

The duties of the Nomination committee are to propose, during the AGM 2010, the Chairman of the AGM, the Board members to be elected by the AGM, the Chairman of the Board, Directors' fees, auditors' fees and the Nomination committee's procedures.

By studying the results of the evaluation of the Board and the availability of the current Board Members, the Nomination Committee assesses whether the current Board meets the requirements that will be placed upon the Board based on the Company's situation and future aims or if the composition of competencies and experiences should be altered.

The suggestions of the Nomination Committee are presented in the Notice to the AGM and on the company website. The nomination committee proposes the following to the AGM 2011:

... that the current Board be re-elected in full: Mats Olsson, Chairman, Carl-Olof By, Pekka Seitola, Kerstin Stenberg, Ann Vikström Persson and Ben Wrede. The proposed remuneration is SEK 1,170,000 of which SEK 370,000 to the Chairman of the Board. A more detailed introduction to the Board can be found in page 34 of the annual report.

... that the accountant firm PricewaterhouseCoopers AB be re-elected until the end of the ACM 2012, with Anna-Clara af Ekenstam appointed as chief auditor

... the annual general meeting resolve to establish a Nomination Committee for the AGM 2012 consisting of a representative for each of the three largest registered shareholders, in terms of votes, in the register handled by Euroclear Sweden AB, as per September 30, 2011, and the Chairman of the Board, to convene the first meeting of the committee. The chairman of the nomination committee will be the representative of the largest shareholder, or else the member of the committee who volunteers. If any of the three largest shareholders in terms of votes refrains from taking a seat on the nomination committee, that place will be offered to the fourth biggest shareholder in terms of votes, etc., until such time as the owners are represented by three shareholders. In the case of one member leaving the committee before its work is complete and the committee finds it desirable to name a replacement, such replacement should be found from the same shareholder or if this shareholder is no longer among the largest shareholders, from the shareholder that is next in line in terms of size. The names of the members of the Nomination Committee with information about which shareholders they represent will be announced in conjunction with the Company's third quarter report 2011. The task of the Nomination Committee is to put forward proposals at the 2012 shareholders' meeting for the AGM chairman, Board of Directors, Chairman of the Board, fees for Directors

and auditors, as well as proposals for nomination procedures. The Nomination Committee is appointed for the period until such time as the next committee is appointed. No fee is paid to the members of the Nomination Committee. The Company shall recompense any costs that arise in connection with the Nomination Committee's work.

Board of Directors

According to Know IT's Articles of Association, the Board of Directors shall consist of at least three and at most eight members, with a maximum of two deputies, elected each year at the AGM to serve until the end of the next AGM. There is no rule on the maximum time a Director may serve on the Board. The AGM 2009 re-elected the Board in full. The re-elected members were Carl-Olof By, Mats Olsson, Pekka Seitola, Kerstin Stenberg, Ann Vikström Persson and Ben Wrede. The AGM re-elected Mats Olsson as Chairman.

All Directors are independent in relation to the Company and management, in accordance with the Stockholm Stock Exchange's ongoing listing requirements and the Swedish Code of Corporate Governance. Further information on the Board can be found on page 34.

In addition to the Directors elected by the AGM, the employees elected one Director for a term of two years. Göran Åkerström was elected as employee representative in March 2009, from the time of the AGM and for a term of two years. This means a new employee-elected member will be appointed in April 2011.

Board work

During the fiscal year the Board convened twelve meetings at which the minutes were recorded. At its scheduled meetings, the Board discussed the fixed items on the agenda in compliance with its rules of procedure, such as business conditions, orders, forecasts, financial outcomes, annual accounts and interim reports. In addition, Group-wide issues were discussed relating to strategic orientation, structure and organizational changes, as well as acquisitions.

Four of the Board meetings were held prior to the release of interim reports. One meeting addressed the Company's strategic focus and operational planning. One Board meeting was devoted to the Group's forecast and focus of operations for 2011. At the first Board meeting of the year the Group's auditor reports his observations from the examination of the Group's internal control and financial statements. An inaugural Board meeting held after the AGM reached decisions on signatories, the Board's rules of procedure, the instructions for the President and a plan for scheduled Board meetings during the year. Other Board meetings decided mainly on acquisition issues.

Prior to Board meetings, the Directors have received written material regarding the issues to be discussed. Part of this material is the President's written report on operations, which is also sent to the Board each month.

	03 FEB	23 FEB	20 MAR	22 APR	23 APR	06 JUN	16 JUL	01 SEPT	08 OCT	21 OCT	12 NOV	03 DEC
Mats Olsson	●	●	●	●	●	●	●	●	●	●	●	●
Carl-Olof By	●	●	●	●	●	●	●	●	●	●	●	●
Pekka Seitola	●	●	●	●	●	●	●	●	●	●	●	●
Kerstin Stenberg	●	●	●	●	●	●	●	●	●	●	●	●
Anna Vikström Persson	●	●	●	●	●	●	●	●	●	●	●	●
Ben Wrede	●	●	●	●	●	●	●	●	●	●	●	●
Göran Åkerström	●	●	●	●	●	●	●	●	●	●	●	●

● PRESENT ● PRESENT FOR PART OF THE MEETING ● ABSENT

Chairman Mats Olsson and Directors Pekka Seitola and Kerstin Stenberg were present at all Board meetings during 2010. Directors Carl-Olof By was on one occasion unable to attend throughout full meeting. Directors Anna Vikström Persson and Ben Wrede were unable to participate at one meeting and Director Göran Åkerström was unable to attend one meeting and on another occasion was unable to attend throughout the meeting.

The President and CEO of Know IT takes part in Board Meetings to submit reports. Other officials have also taken part in Board meetings. Either the Senior VP Corporate Communications or the CFO served as secretary for the Board. Both were as a rule adjunct members of the Board in 2010, as were the VP for Strategy and Business Development and the VP of marketing. When necessary, other officials have presented reports for the Board. These officials have been present during such reports.

The Board decides on written rules of procedure for its own work as well as CEO-instructions including reporting instructions for the CEO and President. The rules of procedure determine the work that is required over and above the Companies Act and Articles of Association.

During 2010, the Board has gained good insight into the operations of acquired companies. At the annual strategy meeting, which runs over two days, the subsidiary heads of the acquired Endero Oy and Reaktor AS have given deeper introductions into the business operations in their respective companies.

The role of the Chairman

The Chairman organizes and manages the Board's work so that is conducted in accordance with the Swedish Companies Act, other legal acts and regulations, current regulations for listed companies (including the Code) and the Board's internal governing documents. The Chairman monitors operations through continuous contact with the CEO and is in charge of the other Board Members. The Chairman ensures that the Board's and CEO's work is evaluated annually and that the Nomination Committee is informed about the results of the evaluation. The Chairman represents the company in ownership matters.

Evaluation of the Board's work

Once a year, the Chairman of the Board initiates an evaluation of the Board's work, by asking each Director to fill in a questionnaire. The questions relate to internal climate, breadth of knowledge and how Board work is carried out. The purpose is

to find out how the Directors feel the Board is run and what actions can be taken to make Board work more efficient. The results are presented to the Board by the Chairman. Results of the evaluation are also presented to the nomination committee.

The Board continuously evaluates the work of the President, by monitoring the development of the organization and by studying the President's written reports, sent to the Board on a monthly basis. Once a year, the President is evaluated at a meeting where he himself does not participate. The results of the evaluation are presented to the President by the Chairman of the Board.

The corporate management's working methods

The President has chosen a corporate management team. During 2010, the corporate management team consisted of the Group's president, CFO, Senior VP Corporate Communications, VP for Strategy and Business Development and VP of Marketing.

The team convenes every two weeks on average, but also works very closely, with contact on a daily basis. During the year it handled issues of both an operational and strategic nature. When needed, larger meetings have been held in which senior executives from Know IT's Group com companies also took part.

Know IT's President and CEO, Anders Nilsson, announced in November 2010 that he was leaving the company at his own request, at the time of publication of the year-end report for 2010 on February 3, 2011. The Board appointed Per Wallentin, head of Know IT Göteborg AB, as new president. For a presentation of the CEO and corporate management team, see page 35 of the annual report.

Remuneration

Remuneration to the Board of Directors is determined for the next year during the AGM. For 2010, the AGM determined a total fee of SEK 1,020,000, of which SEK 320,000 to the Chairman of the Board and 140,000 to each of the Directors. The employee representative does not receive remuneration.

The Board of Directors has chosen to be jointly responsible for issues regarding compensation.

Remuneration to the President and other officials consists of a basic salary, a variable performance remuneration, other benefits and pension.

The Chairman of the Board negotiates the remuneration and terms of employment for Know IT AB's President. The remuneration is approved by the Board.

The President negotiates the remuneration and terms of employment for the employees on the corporate management team, and for those heads of subsidiaries who report to the President. The variable remuneration is approved by the Chairman of the Board. For further information, see Note 8 in the annual report.

Fees are paid to the auditors based on a fixed-price agreement, and for extra work as invoiced.

Audit

An auditor is elected by the AGM, for a term running up until the end of the AGM during the fourth financial year after the election. The auditor is assigned to review Know IT's annual report, accounting records and the administration performed by the Board and President. The auditor delivers a report to the AGM. Shareholders have the opportunity to ask the auditor questions during the AGM.

The Articles of Association state that one to two auditors, with or without deputies, be chosen to review the company's annual report, accounts and the President's and Board's administration.

The AGM 2007 elected the accounting firm of Öhrlings PricewaterhouseCoopers AB as auditor until the end of the AGM 2011. The chief auditor is Lars Wennberg. Öhrlings PricewaterhouseCoopers AB has conducted the audit of Know IT AB and the majority of its subsidiaries.

The review of the 2010 accounts and internal controls began during the period October-December. The reconciliation, review and audit of the financial statements and annual report will be carried out in January-March.

The Board receives a report whether the Company's organization is structured to ensure that the bookkeeping, administration of funds and financial position in other respects are controlled in a satisfactory manner. In 2010, the auditors reported to the Board on two occasions, in connection with the Year-End Report and when an audit was performed on the company's third interim report.

The Board of Directors has chosen to be jointly responsible for audit-related issues.

Internal control of financial reporting

In accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is in charge of internal control. This account has been created in accordance with the Swedish Annual Accounts Act and describes how the internal control regarding financial reporting is organized. The financial reporting follows rules and regulations applicable to companies listed on Nasdaq OMX Stockholm.

Control environment

Good internal control requires an organization with well-defined responsibilities and authorities, and clear policies and guidelines. Know IT is organized with operations in independent subsidiaries, which places high demands on the Boards and management teams of the subsidiaries, in terms of competence, ethics and understanding of their respective roles. In addition, it is important to have well-defined division of responsibilities between the management teams of subsidiaries and the parent company, and a working communication between these teams. Know IT has instructions for financial reporting, and updates these instructions annually. Rules of procedure for the Boards of subsidiaries, and instructions for the CEOs are reviewed annually.



Risk assessment

Know IT's Board is responsible for the identification and handling of significant financial risks and risks of errors in the financial reporting. Special attention is paid to risks of errors in financial reporting regarding important result and balance items, depending on each item's complexity, or where the effects of errors could be significant.

Know IT's operations are affected by a number of risk factors that cannot be fully controlled by the company. For a more detailed description of financial and share-related risks, see note 2 in the annual report.

Control activities

To ensure the financial reporting presents a fair and balanced picture, there are a number of built-in control activities, targeted at preventing, discovering and correcting errors and deviations. These controls include, for example, approval of important agreements, follow-up of risk exposure, balancing accounts and analyzing results.

The financial reports are analyzed by the management team of the parent company.

Know IT's CFO annually reviews the company's internal control and routines. This review includes loan structure, amortization rate, intangible assets and liquidity. Know IT's accountant reviews two of the company's interim reports. During the first Board meeting of the calendar year, the accountant presents a review of the company's control and routines to the Board.

Information and communication

Know IT's internal control regarding financial report is made to handle risks in the financial reporting and to ensure high quality in external reporting.

The Company's information releases follow the information policy for the Know IT Group established by the Board. The policy states what should be communicated, by whom and in what manner – to ensure that both external and internal information is correct and complete.

Know IT provides information to shareholders and other stakeholders through published press releases, interim and year-end reports, the annual report and the Company's website (www.knowit.se). The press releases, financial reports and presentation materials for the past few years are all published on the website, along with information on corporate governance. Interim reports, annual reports and press releases are translated into English.

Follow-up

Prior to Board meetings, the Directors have received written material regarding the issues to be discussed. Part of this material is the President's written report on operations, which is also sent to the Board each month. The Group's financial position is discussed at each Board meeting and the Board gets extensive reports from the CEO on a monthly basis, regarding the financial position and development of operations.

Internal auditing

Know IT has an operating structure including small and mid-sized companies with varying conditions for internal control. Conformity to Know IT's governance and internal control systems is regularly followed-up by corporate management.

The Board has not instated a separate audit function (internal control), since the Board has determined that there are no special circumstances in the business or other conditions that warrant the establishment of such a unit



Financial review

SEK M					
NET SALES AND PROFIT	2010	2009	2008	2007	2006
Net sales	1,698.4	1,385.3	1,308.3	982.1	760.8
Operating profit before amortization of intangible assets	176.5	154.2	151.6	101.5	68.9
Profit after financial items	146.2	131.8	133.9	99.9	75.4
Profit margin, %	8.6	9.5	10.2	10.2	9.9
Operating margin, %	10.4	11.1	11.6	10.3	9.1
Sales growth, %	22.6	5.9	33.2	29.1	42.2
CAPITAL STRUCTURE	DEC 31, 2010	DEC 31, 2009	DEC 31, 2008	DEC 31, 2007	DEC 31, 2006
Intangible assets	960.9	746.0	742.7	412.4	213.8
Other fixed assets	42.0	30.0	32.1	29.3	19.6
Current assets	511.9	408.8	398.7	373.7	283.6
TOTAL ASSETS	1,514.8	1,184.8	1,173.5	815.4	517.0
Equity attributable to shareholders of the Parent Company	713.2	558.0	447.2	305.1	241.3
Non-controlling interests	3.3	0.0	9.5	28.1	8.9
Total equity	716.5	558.0	456.7	333.2	250.2
Interest-bearing long-term liabilities	192.7	154.9	205.2	110.7	7.8
Other long-term liabilities	75.1	55.5	78.8	61.6	43.4
Interest-bearing short-term liabilities	111.0	61.5	64.7	31.9	5.9
Other short-term liabilities	419.5	354.9	368.1	278.0	209.7
TOTAL EQUITY AND LIABILITIES	1,514.8	1,184.8	1,173.5	815.4	517.0
Equity/assets ratio, %	47.3	47.1	38.9	40.9	48.4
Investments in goodwill and other surplus values	271.5	0.4	350.0	202.3	56.1
Investments in property, plant and equipment	4.3	2.9	3.3	3.0	4.8
Cash flow before investments	140.6	143.7	127.1	102.2	33.2
Net cash and cash equivalents	-141.9	-85.4	-154.8	-33.6	65.2
Capital employed	1,020.2	774.4	726.5	475.7	263.9
Acid test ratio, multiple	1.0	1.0	0.9	1.2	1.3
Net debt/equity ratio, multiple	0.2	0.2	0.3	0.1	-0.3
PROFITABILITY	2010	2009	2008	2007	2006
Return on total capital, %	11.5	12.0	14.9	15.4	16.7
Return on equity, %	16.3	18.5	24.5	24.7	23.3
Return on capital employed, %	17.2	18.8	24.6	27.8	31.2
EMPLOYEES					
Average number of employees	1,376	1,123	1,041	775	624
Net sales per employee	1.2	1.2	1.3	1.3	1.2
Value-added per employee	0.9	0.9	0.8	0.8	0.8
Profit after financial income/expense per employee	0.1	0.1	0.1	0.1	0.1
Number of employees at year-end	1,470	1,117	1,121	954	702

Definitions of key ratios can be found on page 70.

Consolidated income statement and report concerning total results

SEK, 000s	NOTE	2010	2009
Net sales	3, 4	1,698,445	1,385,301
TOTAL OPERATING INCOME		1,698,445	1,385,301
Operating expenses			
Purchased goods and services		-283,031	-225,866
Other external costs	6	-137,341	-108,420
Staff costs	7, 8	-1,091,605	-887,257
Depreciation and amortization			
Intangible assets	9	-23,663	-15,181
Property, plant, and equipment	10	-9,937	-9,565
TOTAL OPERATING EXPENSES		-1,545,577	-1,246,289
OPERATING RESULT		152,868	139,012
Result from financial items	11		
Result from financial non-current assets		9	20
Financial income		1,833	1,903
Financial expenses		-8,518	-9,120
RESULT AFTER FINANCIAL ITEMS		146,192	131,815
Income taxes	12	-42,129	-37,723
PROFIT FOR THE YEAR		104,063	94,092
Profit for the year attributable to shareholders of the Parent Company		102,753	94,092
Profit for the year attributable to non-controlling interests' holdings		1,310	0
Earnings per share	24		
Earnings per share, basic, SEK		6.15	6.48
Earnings per share, diluted, SEK		6.10	6.48
Total results			
Profit for the year		104,063	94,092
Hedging of net investments		5,848	-8,427
Tax effect, hedging of net investments		-1,538	2,216
Exchange rate differences		-32,372	19,615
OTHER TOTAL RESULTS FOR THE YEAR, NET AFTER TAX		-28,062	13,404
TOTAL RESULTS FOR THE PERIOD		76,001	107,496
Result for the period attributable to shareholders in Parent Company		74,691	107,484
Result for the period attributable to non-controlling interests		1,310	12



Consolidated balance sheet

SEK 000s	NOTE	DEC 31, 2010	DEC 31, 2009
ASSETS			
Noncurrent assets			
<i>Intangible assets</i>	9		
Goodwill		860,594	677,055
Other intangible assets		100,256	68,947
<i>Property, plant and equipment</i>	10		
Equipment		32,015	27,556
<i>Financial noncurrent assets</i>			
Other noncurrent receivables	14	2,953	29
Other long-term securities holdings		550	364
Deferred taxes	12	6,520	2,094
TOTAL NONCURRENT ASSETS		1,002,888	776,045
Current assets			
<i>Current receivables</i>			
Accounts receivable	15	294,535	233,243
Other receivables		3,512	5,763
Prepaid expenses and accrued income	16	52,130	38,826
TOTAL CURRENT RECEIVABLES		350,177	277,832
Short-term investments		861	363
Cash and bank balances		160,890	130,588
TOTAL CURRENT ASSETS		511,928	408,783
TOTAL ASSETS		1,514,816	1,184,828

SEK 000s	NOTE	DEC 31, 2010	DEC 31, 2009
EQUITY AND LIABILITIES			
Shareholders' equity	17, 28		
Share capital		17,124	14,923
Other paid-in capital		415,765	281,880
Reserves		-22,555	5,507
Recognized profits, including profit for the year		302,913	255,699
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		713,247	558,009
Non-controlling interests		3,265	0
TOTAL EQUITY		716,512	558,009
Long-term liabilities	18, 20		
Interest-bearing long-term liabilities		192,659	154,882
Provisions for taxes	12	55,596	43,828
Other provisions		19,532	11,653
TOTAL LONG-TERM LIABILITIES		267,787	210,363
Current liabilities			
Interest-bearing current liabilities	20	110,999	61,485
Accounts payable		69,354	59,400
Current tax liabilities	12	30,377	29,663
Other liabilities		96,447	68,624
Current provisions		11,485	30,456
Accrued expenses and deferred income	22	211,855	166,828
TOTAL CURRENT LIABILITIES		530,517	416,456
TOTAL EQUITY AND LIABILITIES		1,514,816	1,184,828

Pledged assets and contingent liabilities, see note 23



Consolidated cash flow analysis

SEK 000s	NOTE	2010	2009
Operating activities			
Profit for the year		102,753	94,092
Adjustment for non-cash items			
Depreciation and amortization		33,600	24,746
Deferred taxes		361	5,432
Other adjustments ¹⁾		1,535	-5,676
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL		138,249	118,594
Change in working capital			
Change in short-term investments		-498	-86
Change in operating receivables		-35,813	10,376
Change in operating liabilities		38,632	14,792
CHANGE IN WORKING CAPITAL INCL. SHORT-TERM INVESTMENTS		2,321	25,082
CASH FLOW FROM OPERATING ACTIVITIES		140,570	143,676
Investing activities			
Change in long-term receivables		-	-52
Acquisition of businesses	26	-10,691	-43,500
Acquisition of other intangible assets		874	331
Acquisition of property, plant and equipment	10	-4,291	-2,913
CASH FLOW FROM INVESTING ACTIVITIES		-14,108	-46,134
Financing activities			
Amortization on loans		-50,500	-56,800
Dividend payment		-36,493	-31,451
New share issues, options		-	2,665
CASH FLOW FROM FINANCING ACTIVITIES		-86,993	-85,586
Cash flow for the year		36,469	11,956
Cash and cash equivalents, January 1		130,588	114,800
Translation differences in cash and cash equivalents		-9,167	3,832
CASH AND CASH EQUIVALENTS, DECEMBER 31		160,890	130,588
¹⁾ Adjustments in cash flow from operating activities consist mainly of the accounting effects of leased equipment.			
Taxes paid		-41,054	-42,787
Interest payments			
Interest received		1,833	1,903
Interest paid		-6,274	-8,253
TOTAL		-4,441	-6,350



Statement of changes in equity – Group

SEK 000s	ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY						TOTAL EQUITY
	SHARE CAPITAL	OTHER PAID-IN CAPITAL	RESERVES	RECOGNIZED PROFITS	TOTAL	NON-CONTROLLING INTERESTS	
Opening balance, Jan.1, 2009	14,027	247,981	-7,885	193,058	447,181	9,495	456,677
PROFIT FOR THE YEAR				94,092	90,092		94,092
Other total results							
Currency hedge accounting (Note 21)		-8,427		-8,427		-8,427	
Deferred tax costs, currency hedge accounting			2,216		2,216		2,216
Exchange rate differences			19,603		19,603	12	19,615
SUM OTHER TOTAL RESULTS			13,392		13,392	12	29,796
SUM TOTAL RESULTS			13,392	94,092	107,484	12	107,496
Transactions with shareholders							
Dividend payment				-31,451	-31,451		-31,451
Non-controlling interests through acquisition						-9,507	-9,507
New share issue, option program		2,665			2,665		2,665
New share issue, corporate acquisition	896	31,234			32,130		32,130
SUM TRANSACTIONS WITH SHAREHOLDERS	896	33,899		-31,451	3,344	-9,507	-6,163
EQUITY, DEC. 31, 2009	14,923	281,880	5,507	255,699	558,009		558,009
Opening balance, Jan.1, 2010	14,923	281,880	5,507	255,699	558,009		558,009
Effect of altered Accounting principle (IFRS 3) ¹⁾				-4 173	-4 173		-4 173
Adjusted opening balance	14,923	281,880	5,507	251,526	553,836		553,836
PROFIT FOR THE YEAR				102,753	102,753	1,310	104,063
Other total results							
Currency hedge accounting (Note 21)			5,848		5,848		5,848
Deferred tax costs, currency hedge accounting			-1,538		-1,538		-1,538
Exchange rate differences			-32,372		-32,372		-32,372
SUM OTHER TOTAL RESULTS			-28,062		-28,062		-28,062
SUM TOTAL RESULTS			-28,062	102,753	102,753	1,310	76,001
Transactions with shareholders							
Dividend payment				-36,493	-36,493		-36,493
Altered provisions, acquisition of non-controlling interests' holdings ²⁾				-14,873	-14,873		-14,873
Non-controlling interests' holdings through acquisition						1,955	1,955
New share issue, corporate acquisition	2,201	133,885			136,086		136,086
SUM TRANSACTIONS WITH SHAREHOLDERS	2,201	133,885		-51,366	84,720	1,955	86,675
EQUITY, DEC. 31, 2010	17,124	415,765	-22,555	302,913	713,247	3,265	716,512

1) Pertains to transaction costs in connection with acquisitions of Endero Oy and Reaktor AS recognized during 2009. Note 26

2) Pertains to altered provisions regarding agreed-upon future consideration. Note 26





Income statement – Parent Company

SEK 000s	NOTE	2010	2009
Net sales	3, 5	61,099	67,733
TOTAL OPERATING INCOME		61,099	67,733
Operating expenses	5		
Purchased goods and services		-30,871	-42,483
Other external costs	6	-29,470	-25,830
Staff costs	7, 8	-20,291	-18,947
Depreciation of property, plant, and equipment	10	-1,320	-1,150
TOTAL OPERATING EXPENSES		-81,952	-88,410
OPERATING LOSS		-20,853	-20,677
Result from financial items	11		
Result from shares in Group companies		46,918	38,639
Other interest income and similar profit/loss items		5,931	1,328
Interest expenses and similar profit/loss items		-6,279	-16,399
RESULT AFTER FINANCIAL ITEMS		25,717	2,891
Appropriations	27	-16,070	-10,936
Income taxes	12	9,370	12,275
RESULT FOR THE YEAR		19,017	4,230

Report concerning total results – Parent Company

Result for the year	19,017	4,230
Received group contributions, net	62,059	58,684
OTHER TOTAL RESULTS FOR THE PERIOD, NET AFTER TAXES	62,059	58,684
SUM, TOTAL RESULTS FOR THE PERIOD	81,076	62,914

Balance sheet – Parent Company

SEK 000s	NOTE	DEC 31, 2010	DEC. 31, 2009
ASSETS			
Noncurrent assets			
<i>Property, plant and equipment</i>	10		
Equipment		3,348	3,365
<i>Financial noncurrent assets</i>			
Shares in Group companies	13	889,999	722,629
Noncurrent receivables from Group companies		–	2,677
TOTAL NONCURRENT ASSETS		893,347	728,671
Current assets			
<i>Current receivables</i>			
Accounts receivable		11,062	8,556
Receivables from Group companies		52,063	48,580
Other receivables		563	406
Prepaid expenses and accrued income	16	4,018	3,859
TOTAL CURRENT RECEIVABLES		67,706	61,401
Cash and bank balances		38,175	73,432
TOTAL CURRENT ASSETS		105,881	134,833
TOTAL ASSETS		999,228	863,504

SEK 000s	NOTE	DEC 31, 2010	DEC. 31, 2009
EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted equity</i>			
Share capital	17, 28	17,124	14,923
Statutory reserve		68,038	68,038
TOTAL RESTRICTED EQUITY		85,162	82,961
<i>Non-restricted equity</i>			
Share premium reserve		301,462	167,577
Retained earnings		146,160	116,364
Result for the year		19,017	4,230
TOTAL NON-RESTRICTED EQUITY		466,639	288,171
TOTAL EQUITY		551,801	371,132
Untaxed reserves			
	27	40,879	24,809
Long-term liabilities			
	18		
Interest-bearing long-term liabilities		89,261	144,058
Other provisions		–	11,653
TOTAL LONG-TERM LIABILITIES		89,261	155,711
Current liabilities			
Interest-bearing current liabilities		66,162	52,336
Accounts payable		3,887	1,304
Liabilities to Group companies		205,382	213,014
Current tax liability		21,228	12,273
Other liabilities		430	3,980
Current provisions		11,485	22,178
Accrued expenses and deferred income	22	8,713	6,767
TOTAL CURRENT LIABILITIES		317,287	311,852
TOTAL EQUITY AND LIABILITIES		999,228	863,504

Pledged assets and contingent liabilities: see note 23

Cash flow analysis

– Parent Company

SEK 000s	NOTE	2010	2009
Operating activities			
Loss for the year		19,017	4,230
Adjustment for non-cash items			
Depreciation and amortization		1,320	1,150
Deferred taxes		-22,146	-20,941
Dividends from subsidiaries		-46,918	-38,639
Capital gains, inventory		22	–
Exchange rate gains		-5,433	8,427
Appropriations		16,070	10,936
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL		-38,068	-34,837
Change in working capital			
Change in operating receivables		124,818	136,405
Change in operating liabilities		10,066	11,053
CHANGE IN WORKING CAPITAL		134,884	147,482
CASH FLOW FROM OPERATING ACTIVITIES		96,816	112,645
Investing activities			
Acquisition of shares in Group companies		-45,029	-35,267
Acquisition of property, plant and equipment	10	-1,326	-1,341
Results of liquidation of Group companies		1,275	3,848
CASH FLOW FROM INVESTING ACTIVITIES		-45,080	-32,760
Financing activities			
Amortization of loans		-50,500	-56,800
Dividend payment		-36,493	-31,451
Consideration for options		–	2,665
CASH FLOW FROM FINANCING ACTIVITIES		-86,993	-85,586
Cash flow for the year		-35,257	-5,701
Cash and cash equivalents, January 1		73,432	79,133
Cash and cash equivalents, December 31		38,175	73,432
Taxes paid		-3,820	-8,198
Interest received			
Interest payments		498	902
Interest paid		-5,954	-7,780
TOTAL		-5,456	-6,878

Statement of changes in equity – Parent Company

SEK 000s	RESTRICTED EQUITY		NON-RESTRICTED EQUITY		TOTAL EQUITY
	SHARE CAPITAL	STATUTORY RESERVE	SHARE PREMIUM RESERVE	NON-RESTRICTED EQUITY	
Opening balance, Jan. 1, 2009	14,027	68,038	133,499	89,131	304,695
PROFIT FOR THE YEAR				4,230	4,230
Other total results					
Group contributions received				79,625	79,625
Tax effect of Group contributions				-20,941	-20,941
SUM OTHER TOTAL RESULTS				58,684	58,684
SUM TOTAL RESULTS				62,914	62,914
TRANSACTIONS WITH COMPANY SHAREHOLDERS					
Dividend payment				-31,451	-31,451
New share issue, option program			2,844		2,844
New share issue, corporate acquisition	896		31,234		32,130
TOTAL TRANSACTIONS WITH COMPANY SHAREHOLDERS	896		34,078	-31,451	3,523
EQUITY, DEC. 31, 2009	14,923	68,038	167,577	120,594	371,132
Opening balance, Jan. 1, 2010	14,923	68,038	167,577	120,594	371,132
PROFIT FOR THE YEAR				19,017	19,017
Other total results					
Group contributions received				84,205	84,205
Tax effect of Group contributions				-22,146	-22,146
SUM OTHER TOTAL RESULTS				62,059	62,059
SUM TOTAL RESULTS				81,076	81,076
Transactions with company shareholders					
Dividend payment				-36,493	-36,493
New share issue, corporate acquisition	2,201		133,885		136,086
TOTAL TRANSACTIONS WITH COMPANY SHAREHOLDERS	2,201		133,885	-36,493	136,086
EQUITY, DEC. 31, 2010	17,124	68,038	301,462	165,177	551,801

Supplementary information and notes

NOTE 1 Accounting and valuation principles

General information

Know IT AB (publ.) with the corporate registration number 56391-0354 is headquartered in Stockholm. The Company's address is Klarabergsgatan 60, 103 68 Stockholm. Know IT is an IT and management consultancy firm working with high-tech solutions in software development and streamlining operational processes, with the Nordic region as its home market. This annual and consolidated report was on March 25, 2011, approved for publication by the Board. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet are subject to approval by the AGM on April 20, 2011.

Conformity to standards and laws

The consolidated financial statements comprise Know IT AB and the companies in which Know IT AB directly or indirectly holds more than 50 percent of the shares. The consolidated accounts have been prepared in accordance with IFRS as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Accounting Council's supplementary recommendation for consolidated accounting RFR 1. The consolidated accounts have been prepared based on the cost method. The Parent Company has prepared the annual report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Council's recommendation RFR 2, Accounting for legal entities. The Parent Company applies the same accounting principles as the Group, except in the cases specified in the section »Parent Company's accounting principles«. Existing deviations are due to limitations in the possibility of applying IFRS to the Parent Company, following from the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and in some cases for tax reasons.

Standards, amendments and interpretations that entered into force on January 1, 2010

New standards, recommendations and interpretations that have been published and are mandatory as of 2010. The following new standards have been applied in the making of the financial reports for 2010.

- IFRS 3 (revised), »Business Combinations« will be applied in future for acquisition where the date of acquisition is within the first fiscal year starting on July 1, 2009 or later. The revised standard continues to prescribe that the acquisition method be used for acquisitions, but with some significant changes. For example, all consideration for purchasing an operation are recognized at fair value on the date of acquisition, including conditional consideration recognized as liabilities and which will later be revalued through the report of total results. Non-controlling interests in the acquired operation can for each acquisition freely be valued at either fair value or in proportion to the share of the acquired operations net assets. All acquisition-related costs are booked. The Group has applied IFRS 3 (revised) for the acquisitions of Endero Oy and Reaktor AS. All net assets were acquired and in a single step. Assessed future considerations and future dividends totaling SEK 126.6 million were recognized at fair value on December 31, 2010. Costs related to the acquisition totaling SEK 0.9 million were recognized in the consolidated income statement.
- IAS 27 (revised), requires that the effects of all transactions with shareholders of non-controlling interests be recognized in equity, so long as the controlling interest remains and these transactions no longer give

rise to goodwill or profits and losses. The standard also states that when a parent company loses controlling interests, any remaining share shall be revalued at fair value and a profit or loss be recognized in the income statement. Application of IAS 27 has led to a changed assessment of future consideration for non-controlling interests in Reaktor AS and its subsidiaries being recognized in equity, totaling SEK 14.9 million.

- IAS 36 (amendment), »Impairment of Assets« applies to fiscal years starting January 1, 2010 or later. The amendment clarifies that the largest cash-generating unit (or group of unit) upon which goodwill is to be distributed to assess the need for depreciation, is an operating segment in accordance with the definition in paragraph 5 of IFRS 8 »Operating Segments« (i.e. before segments with similar economic characteristics are grouped).

New and revised standards and interpretations that are applied for the first time to fiscal years starting January 1, 2010, but are currently irrelevant to the Group (but may affect accounting of future transactions and business events)

The following standards and amendments to existing standards have been published and are mandatory for fiscal years starting January 1, 2010 or later, but have not been applied by the Group.

- IFRIC 17, »Distributions of Non-cash Assets to Owners« (applies to fiscal years starting July 1, 2009 or later). The interpretation was published in November 2008. This interpretation gives guidance on the accounting of agreements through which a company distributed non-cash assets to shareholders. The amendments are not expected to significantly affect the Group and its financial reports.
- IFRIC 18, »Transfers of Assets from Customers«, applies to asset transfers which occurred on July 1, 2009 or later. The amendments are not expected to significantly affect the Group and its financial reports.
- IFRIC 9 and IAS 39 (amendment), Embedded derivatives (applies to fiscal years starting June 30, 2009 or later). This amendment requires that a company shall assess if an embedded derivative shall be separated from the host contract when the company reclassifies a composite financial asset from the category fair value through the income statement. The assessment should be made on the basis of the conditions present on the latest of the date that the company entered into the agreement and the date that changes to the terms of the agreement significantly changed the cash flows that would have been required according to the agreement. If the company cannot make this assessment, the composite instrument should remain classified at fair value through the income statement.
- IFRIC 16 (amendment), »Hedges of a Net Investment in a Foreign Operation« (applies to fiscal years starting July 1, 2009 or later). The supplement states that instruments in a hedge of net investments in a foreign operation, which meet the requirements for hedge accounting can be owned by any company within the group, including the foreign operation, given that the requirements on identification, documentation and efficiency stated in IAS 39 regarding hedging of the net investment are fulfilled. In particular, the Group's hedging strategy shall be clearly documented, because of the possibility of differing identifications in different levels of the Group.
- IAS 38 (amendment), »Intangible Assets« (applies to fiscal years starting January 1, 2010 or later). The amendment provides guidance in establishing fair value of intangible assets acquired through company acquisitions and allow recognition of a group of assets as a single asset, if the individual assets have similar terms of useful life. The amendments are not expected to significantly affect the Group and its financial reports.



- IAS 1 (amendment), »Presentation of Financial Statements«. The amendment clarifies that the potential regulation of a liability through share issues is not relevant to its classification as short- or long-term. By changing the definition of a short-term liability, the amendment allows for a liability to be classified as long-term (on condition that the company has unconditional rights to postpone the settlement through transfer of cash or other assets during at least twelve months after the end of the fiscal year) even though the counterpart can at any time demand settlements in shares. The amendments are not expected to significantly affect the Group and its financial reports.
- IFRS 2 (amendment), »Group cash-settled and share based payment transactions«, applies to fiscal years starting January 1, 2010 or later. The amendment results in that IFRIC 8 »Scope of IFRS 2« and IFRIC 11 »IFRS 2 : Group and Treasury Share Transactions« are incorporated into the standard. The former guidance in IFRIC 11 is also supplemented in regards to classification of group-internal transactions, which were not discussed in the interpretation. The amendments are not expected to significantly affect the Group and its financial reports.
- IFRS 5 (amendment), »Non-current Assets Held for Sale and Discontinued Operations«. The amendment clarifies that IFRS 5 specifies the disclosure requirements for non-current assets (or disposal groups) classified as non-current assets held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still applies, in particular paragraph 15 (giving a fair presentation) and paragraph 125 (sources of estimation uncertainty) in IAS 1. The amendments are not expected to significantly affect the Group and its financial reports.

Standards, amendments and interpretations of existing standards that have not yet entered into force and have not been applied in advance by the Group

Among new standards and interpretations of existing standards that have been published, but have not yet entered into force, the following have been judged to affect the Group. They are expected to have little impact on the Group's accounts:

- IFRS 9, »Financial Instruments« (published in November 2009). This standard is a first step in the process of replacing IAS 39, »Financial Instruments: Recognition and Measurement«.
- IAS 24 (revised), »Related Party Disclosures«, published in November 2009. It replaces IAS 24, »Related Party Disclosures«, published in 2003. IAS 24 (revised) will be applied for fiscal years beginning on January 1, 2011 or later. Application in advance is permitted, for both the whole standard and for parts of the standard.
- »Classification of Rights Issues« (Amendment to IAS 32), published in October 2009 (applicable for fiscal years starting February 1, 2010 or later). Application in advance is permitted.
- IFRIC 19, »Extinguishing Financial Liabilities with Equity Instruments« (applies to fiscal years starting July 1, 2010 or later).
- IFRIC 14 (amendment) »Prepayments of a Minimum Funding Requirement«. The amendment corrects an unintended consequence of IFRIC 14, »IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction«.

Group accounting

Group companies are all enterprises over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. Group companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase accounting method is used to report acquisitions of Group companies. The cost of an acquired company consists of the fair value of the assets submitted as reimbursement, issued equity instruments and liabilities that arise or are assumed on the closing date, plus expenses directly attributable to the acquisition. Identifiable acquired assets, assumed liabilities and contingent liabilities associated with an acquisition are initially valued at fair value on the date of acquisition, regardless of the extent of any minority interests.

The surplus consisting of the difference between the acquisition cost and fair value of the Group's share of identifiable acquired net assets, debts and contingent liabilities is reported as goodwill.

Transactions and balance sheet items within the group as well as

unrealized profit and loss on transactions between Group companies are eliminated. Accounting principles in subsidiaries have in some cases been altered, to guarantee a consist application of Group principles.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with Group shareholders. Upon acquisition of non-controlling interests' shares, the difference between the consideration paid and the actual acquired share of the accounted value of the subsidiaries net assets is recognized as profit or loss. This profit or loss is recognized as a change in equity.

Altered accounting principles

The Group has altered its accounting principles for transactions with non-controlling interests and for accounting of when the Group loses control, as of January 1, 2010, when the revised IAS 27 »Consolidated and Separate Financial Statements« entered into force.

Formerly, the Group treated transactions with non-controlling interests as transactions with a third party. Disposal to minority shareholders resulted in profit and loss for the Group and was recognized in the income statement and acquisitions were recognized as goodwill.

The Group applies the new accounting principles going forward for transaction occurring after January 1, 2010. Therefore, no alterations have been needed to sum previously presented in the group accounts.

Translation of foreign Group companies

The financial statements of all foreign Group companies are translated to Swedish kronor using the current method. This means that the assets and liabilities of foreign subsidiaries are translated at year-end rate, while all income statement items are translated at the average rate for the year. Translation differences are taken direct to consolidated equity.

Translation of foreign currency

Functional currency and reporting currency

Items included in the financial reports of the various units of the Group are valued in the currency used in the economic environment in which each company principally operates (functional currency). In the consolidated accounts, SEK is used, which is the Parent Company's functional and reporting currency.

Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency according to the exchange rates applicable on the transaction date. Exchange-rate gains and losses arising through the payment of such transactions and on the translation of monetary assets and liabilities in foreign currencies to balance sheet date exchange rates are recognized through profit or loss. The exception is where the transactions represent hedges that meet the requirements for hedge accounting of cash flows or net investments, where gains and losses are recognized in equity.

Revenue recognition

Current account agreements

Essentially all invoicing is based on current account agreements with the client. Projects are recognized as revenue when the client approves delivery.

Fixed price agreements

Revenue from fixed price agreements is recognized based on percentage of completion using labor hours incurred as a measure of progress. Production costs include all direct material and worked costs and indirect costs related to contract performance. Revenue not yet invoiced to clients for fixed price projects is recognized as accrued income in the balance sheet. If the invoiced amount exceeds the total completed project value, additional invoicing is reported as advances from clients. Revenue from maintenance contracts is deferred and recognized pro rata over the contractual periods during which services are performed. An estimated loss in a project is recognized immediately as reduced sales.

Operating expenses

Fees for operating leases

Fees for operating leases are recognized through profit or loss on a straight

line basis over the term of the lease. Benefits received in connection with a lease are recognized through profit or loss as a reduction in leasing fees on a straight line basis over the term of the lease.

Fees for finance leases

Minimum lease fees are divided between interest expenses and amortization of the outstanding liability. Interest expenses are distributed over the term of the lease so that every accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognized during each period.

Interest income

Interest income is recognized proportionately over time using the effective interest method. When the value of a receivable has decreased, the Group reduces the carrying amount of the recoverable amount, which consists of the estimated future cash flow discounted by the original effective interest rate for the instrument, and continues to treat the discounting effect as interest income.

Segment reporting

A segment can be comprised of geographical areas engaged in providing products or services within an economic environment that is subject to risks and returns different from those in other economic environments. A segment can also comprise a business area made up of a group of assets and operations which is engaged in providing products or services that are subject to risks and opportunities different from those in other operating areas. The Group's primary segmentation is geographical areas, defined as Sweden, Nordic region and Other.

Government grants

Government grants are reported at fair value when there is reasonable assurance that the grant will be received and the Group will meet all the conditions.

Government grants related to expected costs are postponed and reported as deferred income. A grant is recognized as revenue in the period when the cost arises that the government grant is intended to compensate. Government grants for the acquisition of property, plant, and equipment reduce the carrying amount of the asset.

Employee benefits

The Group companies have differing pension plans. They are often financed through payments to insurance companies or trustee-administrated funds, where payments are established based on periodic actuary calculations. The Group has both defined benefits and defined contribution pension plans.

Defined contribution plans

A defined contribution pension plan is a pension plan in which the Group agrees to pay set fees to a separate legal entity. In this case, the size of the employee's pension depends upon the fees the Group pays and the proceeds from the contributions. The Group has no legal or informal obligations to pay further fees if this legal entity should not have enough assets to pay employees remuneration for their service during current or previous periods. These fees are accounted for as personnel costs when they fall due.

Defined benefit plans

A defined benefit pension plan is a pension plan without defined contribution. Such plans are characterized in that they stipulate the pension benefits an employee will receive after pensioning, usually based on factors such as age, years of service and wages. The Group vouches for the payment of stipulate benefits.

Pensions to leading executives are ensured through defined contribution plans. Among other employees, 89 percent have defined contribution pension plans and 11 percent have defined benefit plans through insurance with Alecta. This is a defined benefit plan covering multiple employers.

At the present time Alecta does not have access to the information necessary to report this as a defined benefit plan. Therefore, pension plans secured through insurance with Alecta have been reported as defined contribution plans.

Income taxes

Reported income tax consists of tax due to be paid or received during the current year, adjustments for the previous year's tax and changes in deferred tax.

All tax liabilities and assets are valued at nominal amounts according to the tax rules and tax rates that have been decided on or announced and are likely to be adopted. The tax effects of items recognized through profit or loss are also recognized through profit or loss.

The tax effects of items recognized directly in equity are also recognized directly in equity. Deferred taxes are calculated according to the balance sheet method, using temporary differences between reported and taxable values of assets and liabilities as a starting point. Temporary differences have mainly arisen due to provisions for anticipated bad debts and taxable surpluses.

A tax rate of 26.3 percent is used for Swedish companies, a tax rate of 28.0 percent for Norwegian companies and a tax rate of 26.0 percent for Finnish companies.

Noncurrent assets

Property, plant, and equipment

Property, plant, and equipment are reported at cost and reduced through depreciation. Costs for improvements in the performance of assets, over and above their original performance, increase the carrying amount of the assets. Costs for repairs and maintenance are reported as expenses. Property, plant, and equipment are systematically depreciated over the estimated useful life of the asset. If applicable, the residual value of the asset is taken into account when determining the depreciation amount.

Intangible assets

Goodwill and other intangible assets represent the difference between the cost and fair value of the Group's participation rights in the acquired subsidiary's assets, assumed liabilities and contingent liabilities at the time of acquisition. An assessment of the reported goodwill value is made whenever there is reason to believe the value of the goodwill has decreased. In cases where reported goodwill exceeds the calculated recoverable amount, the asset is immediately written down to its recoverable amount. Other intangible assets mainly consist of client relations and trademarks. These assets are reported at cost less accumulated amortization.

Depreciation and amortization

The straight-line method is used for all types of intangible assets and property, plant, and equipment. The following amortization periods are applied:

Equipment 5 years

Other intangibles 3-8 years

Computer equipment used in consulting operations is expensed directly at the time of acquisition.

Impairment losses

Assets with an undeterminable useful life, such as goodwill and intangible assets not ready for use, are not depreciated but annually tested regarding need for depreciation through a so called »impairment test«. Assets which are depreciated are valued when events or changed conditions indicate that the booked value may not be recoverable. Depreciation is made totaling the amount by which the assets booked value exceeds its recoverable value.

The recoverable value is the greater of the asset's fair value less sales costs and its value in use. When determining value in use, future cash flows are discounted using a discount rate that takes into account the risk-free interest rate and risk associated with the specific asset. If the calculated recoverable amount is less than the booked amount, depreciation is made to the recoverable amount. When assessing need for depreciation, assets are grouped at the lowest levels for which there are separate identifiable cash flows (cash-generating units). The cash-generating units in the Group consist of segments, as their cash-generating capabilities are large judged to be independent of other assets. As regards assets other than financial assets and goodwill, as previously mentioned, on each balance sheet day, they are tested to see if reversal should be carried out.

An impairment loss is recognized in the income statement. Impairment of assets attributable to a cash-generating unit (group of units) is allocated primarily to goodwill, after which a proportionate impairment loss is applied to other assets in the unit (group of units). When a decrease in the fair



value of available-for-sale financial assets has previously been recognized in shareholders' equity and there is objective proof of an impairment loss, the cumulative loss recognized in shareholders' equity is transferred to profit or loss. The decrease in value recognized through profit or loss is the difference between cost and current fair value less any previously expensed impairment losses.

Calculation of recoverable amount

The recoverable amount of assets in the categories held-to-maturity investments and loans and receivables recognized at amortized cost is calculated as the present value of future cash flows discounted using the effective rate at initial recognition of the asset. Assets with short maturities are not discounted.

The recoverable amount of other assets is the higher of fair value less selling costs and value in use. When determining value in use, future cash flows are discounted using a discount rate that takes into account the risk-free interest rate and risk associated with the specific asset. For an asset that does not generate cash flow largely independent of other assets, a common recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment losses

Impairment losses on held-to-maturity investments or loans and receivables recognized at amortized cost are reversed if a later increase in the recoverable amount can objectively be attributed to an event that occurred after the impairment loss. Goodwill impairment is not reversed. Impairment losses on other assets are reversed if there has been a change in the assumptions that served as the basis for the calculation of the recoverable amount. Impairment losses are reversed only to the extent the carrying amount of the assets following the reversal does not exceed the carrying amount that the asset would have had if the impairment had not been recognized, taking into account the depreciation or amortization that would have been recognized.

Leases

Leases are classified as either finance or operating leases. In a finance lease, the economic risks and rewards associated with ownership of the leased asset are essentially transferred to the lessee; otherwise the lease is classified as an operating lease. This means that Know IT reports both owned assets and assets that are utilized through finance leases as equipment in the consolidated balance sheet. When signing a finance lease, a value corresponding to the future obligation for leasing fees is accounted as a liability and divided between short-term and long-term liabilities. Depreciation and amortization are calculated using the same economic lives as other equivalent assets. Lease payments are recognized as interest expenses and amortization of the liability.

Financial assets

The Group has financial assets in the form of loans and receivables. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of financial assets upon initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets with the exception of items with a maturity more than 12 months after the balance sheet date, which are classified as non-current assets.

Financial liabilities

Liabilities are classified as other financial liabilities, meaning they are recognized at fair value.

Accounts payable

Accounts payable are classified under other financial liabilities. Accounts payable have a short expected maturity and are carried without discounting their nominal amount.

Outstanding loans

Outstanding loans are initially recognized at the amounts received after deducting transaction costs. Thereafter, outstanding loans are recognized as amortized costs and any difference between the amount received (net after transaction costs) and the amount to be reimbursed is recognized in the income statement, divided over the term, applying the effective rate method.

Currency hedge accounting

The effective part of changes in fair value of derivative instruments as hedges of net investments in foreign operations and which meet the requirements for hedge accounting, are accounted in a separate section. Profit or loss relating to the non-effective part is recognized directly in the income statement.

Provisions

Provisions are reported when the Group has a legal or informal obligation due to events that have occurred, it is more likely than not that an outflow of resources will be required and a reliable estimate can be made. Restructuring provisions are made when a detailed, formal plan for these measures is prepared and those who will be affected by such measures have well-founded expectations. If there are a number of similar obligations, the probability of whether an outflow of resources will be required is assessed for the group of undertakings as a whole. A provision is reported even if the probability of an outflow for a specific entry in this group of obligations is minimal.

Equity

Common shares are classified as shareholders' equity.

Transaction costs directly attributable to the issuance of new shares or options are recognized in equity as a deduction from the issue proceeds.

When the Group repurchases shares, the equity related to the Parent Company's shareholders is reduced by the price paid, including any transaction costs. If these shares are sold, the price received is reported in the portion of equity attributable to the Parent Company's shareholders.

Cash flow analysis

The cash flow analysis is prepared using the indirect method. Reported cash flow includes only those transactions that have involved receipts or disbursements. Cash and bank balances are classified as cash and cash equivalents, as are other short-term investments with a maturity of less than three months from the date of acquisition.

Important assumptions and estimates in financial reports

When preparing the annual accounts and financial reports, the Board of Directors and Management make important assumptions and estimates. These lead to projections that affect the values of assets and liabilities and revenues and expenses, as well as the information reported in explanations and disclosures. Assumptions and estimates are evaluated regularly based on historical experience and other factors, including expectations of future events that are considered reasonable under current conditions. Estimates and assumptions have been made in the following areas:

Assessment of need for depreciation of goodwill

The Group annually researches if there is need for depreciation of goodwill. Impairment losses for cash-generating units has been established through calculation of the recoverable amount. For such calculations, some assumptions must be made (note 9).

Appraisal of impaired receivables

Appraisal of impaired receivables is based on individual assessment.

Revenues

Revenues pertaining to fixed price arrangements are assessed based on the probability that the project will be completed as calculated, taking into account the price level as well as completed work and remaining time to completion. An evaluation is conducted to assess the need for an adjustment of reported or future revenues based on risks related to the undertaking and the project's degree of completion.

Income taxes

The Group must pay taxes in many different countries. Extensive assessments are needed to established current tax claims and tax payable, as well



was provisions for deferred tax claims and deferred taxes. The final tax in each country in which the Company operates must be assessed individually. The management must also assess the likelihood that deferred tax claims can be used for future tax surpluses.

Additional consideration in acquisitions

Management continuously monitors the financial performance of acquired units with outstanding additional consideration stipulations and estimates future outcomes. Estimated outcomes are reported as liabilities.

Parent Company's accounting principles

The Parent Company has prepared its annual financial statements in accordance with the Swedish Annual Accounts Act and Swedish Financial Accounting Standards Council's recommendation RFR 2.2 Accounting for Legal Entities. RFR 2.2 states that the Parent Company, in the annual financial statements of the legal entity, must apply all IFRS standards and statements adopted by the EU to the extent this is practicable within the framework of the Annual Accounts Act and taking into account the relation between accounting and taxation. The recommendation specifies the exceptions and additions from IFRS standards.

Differences between the Group and Parent Company's accounting principles

Subsidiaries

Shares in subsidiaries are reported in the Parent Company according to the acquisition value method. As the amendments to IFRS 3, is regards to the accounting of costs relating to acquisitions are at odds with the Annual Accounts Act, such costs in the Parent Company's account will in future still be active and make up part of Shares of Group companies.

Only dividends received on the condition they are attributable to profits earned after acquisition are recognized as revenue. Dividends exceeding these earnings are considered a repayment of the investment and reduce the carrying amount of the shares.

Financial instruments

In the Parent Company, financial noncurrent assets are valued at cost less any impairment losses, while financial current assets are valued according to the lowest value principle.

Transactions with related parties

The Parent Company maintains close relations with its subsidiaries. 48 percent of its sales relate to subsidiaries and 45 percent of purchases have been made from subsidiaries. Receivables and liabilities vis-à-vis subsidiaries are indicated in the balance sheet. The Group and Parent Company's transactions with key persons are shown in note 8, Salaries and other remuneration to Management and the Board, and note 25, Related parties. Know IT has not granted any loans, issued any guarantees or offered any sureties to, or on behalf of, any members of the Board or senior executives.

The following accounting principles for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial reports.

Sale of goods and rendering of services

Services are recognized in revenue in accordance with chapter 2, section 4 of the Annual Accounts Act when the service is completed. Until then, work on contract is carried at the lower of cost and net realizable value as of balance sheet date.

Property, plant and equipment

Owned assets

The Parent Company reports property, plant, and equipment at cost less accumulated depreciation and any impairment losses in the same way as for the Group, but with an addition for any revaluations.

Leased assets

All of the Parent Company's leases are reported according to the rules for operating leases.

Loan costs

The Parent Company's loan costs are recognized as an expense in the period in which they are incurred.

Group contributions

Group contributions and their tax effect are reported directly through equity.

NOTE 2 Critical valuation and risk factors

The Group is through its operations exposed to a number of risks, both valuation risks and financial risks. Management has assessed the factors and risks that could impact the consolidated accounts in the financial reports through the application of the principles for valuation of assets and liabilities detailed in note 1. Below is an account of the most critical valuation and risk factors.

Valuation factors

Goodwill

The total value of goodwill on December 31, 2010 is approximately SEK 861 million, making it an important factor in the valuation of consolidated earnings.

Impairment tests have been conducted to determine the value of goodwill using anticipated future cash flows for the Group's cash-generating units. The Group's segments are, as of 2010, cash-generating units. The assessments are based on each unit's past performance and anticipated future prospects. Sensitivity analyses have been conducted with regard to changes in interest rates.

Fixed price projects

Fixed price projects also pose a risk to financial results. Fixed price projects accounted for around 12 percent of total sales in 2010. Since the projects are recognized as revenue in relation to their degree of completion, great demands are placed on the organization's ability to evaluate and assess each individual project.

Risk factors

Know IT's material business risks involve reduced demand for consulting services owing to changes in economic conditions or loss of a major client, delivery risks in fixed-price projects, operational risks such as difficulty in attracting and retaining competent employees, price pressure and competition, as well as financial risks associated with credit, exchange rates, liquidity and interest rates.

Market risks

The demand for consultancy services is expected to develop to the better during 2011. Know IT's large number of frame agreements, and diversification through industry fields and geographically gives the Group strong possibilities of coping with weakened demands. Know IT is not dependent on any one client, as the ten largest clients provide about 33 (41) percent of net sales. No client provided more than about 8 percent of sales during 2010.

Price risks

The pressure from clients that Know IT lower prices has decreased since it was at its peak, during the last two quarters of 2008. Strict cost control, combined with meticulous follow-up of billing minimizes the effect this will have on Know IT. There should be space for a slight increase in prices during 2011.

Price risks fixed-price assignments

Fixed-price projects account for 12 (14) % of net sales 2010, and because of its extensive experience with such projects Know IT considers the risk of costly miscalculations to be low.



Personnel risks

The competition for qualified personnel is expected to increase over the next year, both for managers and consultants. This will mean that Know IT is required to offer attractive terms, tasks and professional development. Know IT offers training and education to all personnel and regularly reviews employment terms to ensure that they are fair.

Credit risks

Credit risks are handled on a group-wide level, excepting credit risks regarding accounts receivable. Each group company is responsible for following up and analyzing the credit risk of each new client before standard terms of payment and delivery are offered. As Know IT's clients are mainly large companies and organization with strong finances, the credit risk is assessed to be small. The Group is judged to have routines to handle credit exposure vis-à-vis each client.

Credit risk also occurs through cash and cash equivalents and outstanding accounts in banks and financial institutes. The Group's investment policy is that all invested liquidity be in banks with negligible risks for value change.

Exchange rate risks

The Group operates internationally and is exposed to exchange rate risk from various currencies, mainly Norwegian kroner (NOK) and Euro (EUR). Exchange rate risks arise from future business transactions, accounted assets and liabilities and net investments in foreign operations.

The Group owns several foreign operations, the net assets of which are exposed to exchange rate risks. Exposure arising from net assets in the Group's foreign operations are handled mainly through loans in the currencies concerned, note 21.

If the Swedish krona was weakened/strengthened by ten percent as compared to the Norwegian krona, with all other things constant, the profit for the year before taxes on December 31, 2010, would have been SEK 4.6 (2.1) million higher/lower.

If the Swedish krona were weakened/strengthened by ten percent as compared to the euro, with all other things constant, the profit for the year before taxes on December 31, 2010, would have been SEK 0.8 (9) million higher/lower.

Liquidity risks

The supply of cash and cash equivalents are a financial risk. Management follows running prognoses regarding the Group's liquidity reserves based on expected cash flow and has a continuous dialogue with creditors to be prepared if financing needs should arise.

Interest risks

The Group's interest risks are mainly due to investment of cash and cash equivalents and to loans taken. The Group's loans are with floating interest, usually fixed for periods of three months. A change in the interest rate by one percent is expected to affect results after financial items by +/- SEK 1.5 million.

Capital risks

The Group's goal regarding capital structure is to safeguard the Group's ability to continue operations, so that it can continue to generate returns to shareholders and benefit other interested parties, and to retain the best possible capital structure to keep capital costs down. In order to retain or adjust the capital structure, the Group can alter dividends paid to shareholders, return invested capital to shareholders, issue new shares or sell assets to decrease liabilities.

Sensitivity analysis

A 1 percentage price change would have an effect of SEK 8-10 million on EBITA. A sensitivity analysis shows that a 1 percentage point change in the billing ratio would affect pre-tax earnings by +/- SEK 12-14 million.

NOTE 3

Net sales by classification

SEK 000s	2010	GROUP 2009	PARENT COMPANY 2010	PARENT COMPANY 2009
Consulting services	1,656,868	1,355,295	31,149	41,442
Software licenses	11,418	13,036	—	—
Other	30,159	16,970	29,950	26,291
TOTAL	1,698,445	1,385,301	61,099	67,733

Net sales by geographical market

SEK 000s	2010	GROUP 2009	PARENT COMPANY 2010	PARENT COMPANY 2009
Sweden	1,274,193	1,192,066	60,156	67,061
Norway	270,130	163,304	759	561
Finland	126,195	10,408	17	—
Germany	8,557	6,824	—	—
Denmark	5,623	2,525	—	—
Italy	4,280	7,937	—	—
Ireland	3,951	—	167	111
Estonia	1,759	430	—	—
England	1,422	—	—	—
Spain	1,375	—	—	—
Netherlands	685	769	—	—
France	—	459	—	—
Other	275	579	—	—
TOTAL	1,698,445	1,385,301	61,099	67,733

NOTE 4

Segment reporting

Know IT's main geographic markets are Sweden, the Nordic region and Other. None of the markets are divided into subareas and they are not assessed differently as pertains to risks or possibilities. The Group's units are not restricted geographically.

2010 SEK 000s	SWEDEN	NORDIC REGION	OTHER	PARENT COMPANY 2010	TOTAL
External net sales	1,304,404	394,041	—	—	1,698,445
Net sales between segments	915	1,074	—	-1,989	—
NET SALES	1,305,319	395,115	—	-1,989	1,698,445
Operating profit before amortization of intangible assets	132,947	64,437	—	-20,853	176,531
Depreciation of non-current and intangible assets	-19,507	-14,903	—	—	-33,600
Profit/loss after financial items	137,482	53,574	—	-44,864	146,192
PROFIT/LOSS FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	111,813	35,804	—	-44,864	102,753
Total noncurrent assets	645,038	363,032	300	-5,482	1,002,888
Total current assets, excl. cash and bank balances	189,097	80,447	1,251	80,243	351,038
Cash and bank balances	897	120,029	1,789	38,175	160,890
TOTAL ASSETS	832,032	563,508	3,340	112,936	1,514,816
Shareholders' equity	117,105	121,329	3,340	474,738	716,512
Deferred tax	12,332	1,561	—	41,703	55,596
Long-term liabilities	31,171	4,231	—	176,789	212,191
Current liabilities	38,286	111,675	—	380,556	530,517
TOTAL EQUITY AND LIABILITIES	198,894	238,796	3,340	1,073,786	1,514,816
Investments in noncurrent assets, including leasing	—	2,965	—	1,326	4,291
Depreciation noncurrent assets	-1,938	-1,846	—	-6,153	-9,937
Investments in intangible assets	20,243	249,633	—	—	269,876
Depreciation intangible assets	-11,416	-12,247	—	—	-23,663
Average number of employees	1,044	308	15	9	1,376

NOTE 4 Segment reporting cont'd

2009 SEK 000s	SWEDEN	NORDIC REGION	OTHER	PARENT COMPANY	TOTAL
External net sales	1,221,882	159,191	4,228	—	1,385,301
Net sales between segments	561	—	—	-561	—
NET SALES	1,222,443	159,191	4,228	-561	1,385,301
Operating profit before amortization of intangible assets	154,333	24,186	-3,894	-20,426	154,193
Depreciation of noncurrent and intangible assets	-21,473	-3,273	—	—	-24,746
Profit/loss after financial items	111,507	21,465	-4,048	2,891	131,815
PROFIT/LOSS FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	79,275	14,642	-4,055	4,230	94,092
Total noncurrent assets	619 921	175 198	820	-19 894	776 045
Total current assets, excl. cash and bank balances	181 933	33 264	1 196	61 802	278 195
Cash and bank balances	751	51 684	4 721	73 432	130 588
TOTAL ASSETS	802 605	260 146	6 737	115 340	1 184 828
Shareholders' equity	98,132	67,229	3,233	389,415	558,009
Deferred tax	37,303	0	0	6,525	43,828
Long-term liabilities	10,735	0	89	155,711	166,535
Current liabilities	61,258	42,569	3,415	309,214	416,456
TOTAL EQUITY AND LIABILITIES	207,428	109,798	6,737	860,865	1,184,828
Investments in noncurrent assets, including leasing	4,593	137	272	1,341	6,342
Depreciation noncurrent assets	-7,714	-487	-214	-1,150	-9,565
Investments in intangible assets	487	-	-	-	487
Depreciation intangible assets	-12,303	-2,878	-	-	-15,181
Average number of employees	995	97	21	10	1,123

Other units are operations in England, USA and Estonia.

Non-divided costs consist of the Parent Company's group-wide costs for management, financing and marketing. Non-divided assets and liabilities pertain to posts attributable to group-wide liquidity and financing.

NOTE 5 Purchases and sales between Group companies

PARENT COMPANY

Of the Parent Company's sales, 48 (37) percent is attributable to invoicing to subsidiaries and 45 (47) percent of the Parent Company's costs is attributable to purchasing from subsidiaries.

NOTE 6 Compensation to the auditors

SEK 000s	2010	GROUP 2009	PARENT COMPANY 2010	PARENT COMPANY 2009
PwC				
Audit assignment	1,028	1,270	270	381
Auditing outside the audit assignment	444	721	416	684
Tax counseling	22	—	—	—
Other assignments	159	130	—	—
TOTAL	1,653	2,121	686	1,065
KPMG				
Audit assignment	61	—	—	—
Tax counseling	2	—	—	—
Other assignments	36	—	—	—
TOTAL	99	—	—	—
Baker & Tilly				
Audit assignment	188	258	—	—
Other assignments	2	63	—	—
TOTAL	190	321	—	—
Myrdahl & Steen				
Audit assignment	272	390	—	—
Other assignments	173	—	—	—
TOTAL	445	390	—	—
O'Connor & Desmaris, P.C.				
Audit assignment	0	130	—	—
TOTAL	0	130	—	—
GROUP TOTAL	2,387	2,962	—	—

The audit assignment pertains to fees for statutory auditing, i.e. work necessary to present the auditor's report and so-called audit counseling in connection with the audit assignment. All other auditing activities are considered to be other assignments. This includes, for example, cursory reviewing of Know IT's interim reports.

NOTE 7 Average number of employees

	EMPLOYEES 2010	MALE 2010	EMPLOYEES 2009	MALE 2009
Sweden	9	5	10	6
TOTAL IN PARENT COMPANY	9	5	10	6
Subsidiaries				
Sweden	1 044	820	995	806
Norway	172	145	97	87
Estonia	10	7	14	12
USA	5	5	7	7
Finland	136	92	-	-
TOTAL IN SUBSIDIARIES	1,367	1,069	1 113	912
GROUP TOTAL	1,376	1,074	1 123	918



NOTE 8

Salaries, other remuneration and social security expenses

SEK 000s	2010			2009		
	SALARIES REMUNERATION	SOCIAL SECURITY EXPENSES	OF WHICH PENSION COSTS	SALARIES AND REMUNERATION	SOCIAL SECURITY KOSTNADER	OF WHICH PENSION COSTS
Parent Company	12,264	6,959	2,401	11,974	7,124	2,084
Subsidiaries in Sweden	543,003	234,920	60,095	504,608	227,131	54,816
Subsidiaries in Norway	123,011	28,633	4,897	81,035	15,389	4,078
Subsidiaries in Finland	67,247	14,770	11,039	—	—	—
Subsidiaries in other countries	5,019	646	—	2,610	622	—
TOTAL IN SUBSIDIARIES	738,280	278,949	76,031	588,253	243,142	58,894
GROUP TOTAL	750,254	285,908	78,432	600,227	250,266	60,978

More than 11 percent of all employees qualify for the ITP defined benefit pension plan through Alecia. The others have defined contribution insurance solutions. The pension plan secured through insurance from Alecia is reported as a defined contribution plan. The retirement age for all employees is 65.

Salaries and other remuneration as divided between the Board, President, Management team and other employees

SEK 000s	2010			2009		
	BOARD AND PRESIDENT ¹⁾	OF WHICH BONUSES	OTHER EMPLOYEES	BOARD AND PRESIDENT ¹⁾	OF WHICH BONUSES	OTHER EMPLOYEES
Parent Company	10,214	2,017	2,050	9,913	2,344	2,061
Subsidiaries in Sweden	28,810	6,365	514,193	22,264	2,293	488,344
Subsidiaries in Norway	9,160	715	113,851	1,498	241	79,537
Subsidiaries in Finland	4,458	724	62,789	—	—	—
Subsidiaries in other countries	382	—	4,637	545	—	2,065
TOTAL IN SUBSIDIARIES	42,810	7,804	695,470	24,307	2,534	563,946
GROUP TOTAL	53,024	9,821	697,520	34,220	4,878	566,007

The number of CEOs in subsidiaries is 45 (26).

¹⁾ There were four senior executives for the Group during 2010, all male, and six Directors in the Parent Company.

For 2009 there were four senior executives for the Group, all male, and five Directors in the Parent Company.

Principles and remuneration to senior executives

Remuneration paid to the Chairman of the Board and Board members is determined by the Annual General Meeting. The AGM 2010 resolved that remuneration should be SEK 1,020,000 to the members of the Board, to be allocated as follows: SEK 320,000 to the Chairman and SEK 140,000 to other Directors. The employee representative does not receive a Director's fee.

Remuneration to the President and other senior executives is made up of a base salary, variable remuneration, other benefits and pensions.

The Chairman negotiates the President's terms of employment, which are set by the Board. The President negotiates the terms of employment of other senior executives, and the variable remuneration is approved by the Chairman.

Salaries and other remuneration to Board and senior executives

SEK 000s	BASE COMPENSATION	VARIABLE BENEFITS	OTHER COSTS	PENSION	TOTAL
2010					
Mats Olsson, Chairman	320	—	—	—	320
Carl-Olof By, Director	140	—	—	—	140
Pekka Seitola, Director	140	—	—	—	140
Anna Vikström Persson, Director	140	—	—	—	140
Kerstin Stenberg, Director	140	—	—	—	140
Ben Wrede, Director	140	—	—	—	140
Anders Nilsson, President	3,396	1,147	134	703	5,380
Other senior executives (4)	4,741	1,342	419	1,608	8,110
2009					
Mats Olsson, Chairman	265	—	—	—	265
Carl-Olof By, Director	132	—	—	—	132
Pekka Seitola, Director	132	—	—	—	132
Ulrika Simons, Director	132	—	—	—	132
Kerstin Stenberg, Director	132	—	—	—	132
Anders Nilsson, President	3,066	1,096	—	621	4,783
Other senior executives (4)	4,616	1,588	367	1,313	7,884

The Board consists of 6 members elected by the AGM, including 2 (2) women. Other senior executives in the Parent Company consist of 4 (4) persons, including 0 (0) women. The President of the Parent Company receives a base compensation of SEK 2,436,000 (2,160,000) and a variable benefit of SEK 675,000 (756,000), based on Group results and operating margin. Not other benefits have been given. Health insurance and pension premiums during

the year amounted to SEK 428,000 (428,000).

As President of the subsidiary Know IT Norrland AB, the Group President received fixed compensation of SEK 906,000 (906,000) and variable compensation of SEK 472,000 (340,000). Health insurance and pension premiums during the year amounted to SEK 275,000 (193,000). Other benefits amounted to SEK 187,000 (139,000).

Other senior executives received base salaries totaling SEK 4,741 (4,616) million and variable compensation, based on the Group's earnings and/or operating margin, of SEK 1,342 (1,588) million. Health insurance and pension premiums amounted to SEK 1,608 (1,313) million. Other benefits amounted to SEK 419,000 (367,000).

Severance pay

Know IT AB and the President have a mutual 12-month notice of termination. Severance is not payable. Other senior executives have a term of notice of between 6 and 12 months. Severance is not payable.

Pension

The pension premium for the President and other seniors executives, is set at a maximum of 35 percent of base salary, however always the maximum tax deductible sum.

New CEO 2011

Per Wallentin, who became CEO and President in February 2011, has a base salary of SEK 2,580,000 and a variable compensation which depends on the Group's results, with a ceiling of 60 percent of base salary for 2011 and 2012 and 50 percent as of 2013. He has health insurance and pension premiums with a ceiling of 30 percent of base salary and car benefits. Notice of termination is 24 months on the part of the company and 12 months on the part of the CEO.

Absenteeism

GROUP	2010	2009
Total absenteeism as percentage of normal working hours	2.8	3.0
Absenteeism among women as percentage of normal working hours	3.7	4.0
Absenteeism among men as percentage of normal working hours	2.6	2.8
Absenteeism age 29 or younger	0.2	0.3
Absenteeism age 30-49	2.4	2.3
Absenteeism age 50 or older	0.3	0.5

Absences during a continuous period of 60 days or more accounted for 5.0 (5.0) percent of total absenteeism.

NOTE 9 Intangible assets

GROUP SEK 000s	2010	GOODWILL 2009	OTHER INTANGIBLES 2010	2009
Accumulated cost				
Opening balance	677,055	660,865	98,049	95,211
Business acquisitions	188,731	353	60,902	–
Increased provisions for additional consideration, previous acquisitions	-1,611	-3,758	–	–
Increased provisions for additional consideration, non-controlling interests	21,854	3,892	–	–
Translation differences	-25,435	15,703	-6,411	2,838
CLOSING BALANCE	860,594	677,055	152,540	98,049
Accumulated amortization				
Accumulated amortization				
Opening balance	–	–	-29,102	-13,368
Amortization for the year	–	–	-23,663	-15,181
Translation differences	–	–	481	-553
CLOSING BALANCE	–	–	-52,284	-29,102
Carrying amount	860,594	677,055	100,256	68,947
Allocation of goodwill				
Know IT Business				
Consulting AB	24,051	27,743		
Know IT Create Group	65,812	65,962		
Know IT Dataunit AB	14,431	14,431		
Know IT IM Helikopter AB	39,617	36,673		
Know IT IM Innograte AB	43,024	43,120		
Know IT Norrlands	29,685	33,097		
Know IT Objectnet Group	130,380	140,413		
Know IT Stockholm AB	71,470	64,982		
Know IT Technology				
Management AB	18,364	11,355		
Know IT Yahn Sweden AB	29,075	29,075		
Endero Group	50,609	–		
Know IT Net Result Group	162,546	162,457		
Reaktor Group	121,454	–		
Others, 8 (15)	60,076	44,747		
TOTAL	860,594	677,055		
Allocation of other intangibles assets				
Client relations			99,642	67,543
Trademarks			225	756
Licenses			389	648
TOTAL			100,256	68,947

The recoverable amount for cash-generating units has been determined based on the units' value in use, which consists of the present value of anticipated future cash flows.

Calculations of future cash flows are based on an assessment of anticipated growth and margins using next year's business plan, management's long-term expectations for the business and historical developments. For next year and the following three years, a growth rate of zero percent was used to extrapolate cash flows. For subsequent periods, the growth rate used was 3 (3) percent.

The discount rate used in the cash flow forecasts is the weighted average capital expenditure before tax for each unit. The discount rate for the various Swedish units is 12.0 (12.5) percent, while it is 13.0 (13.6) percent for Nordic units. Scenarios in which the variables for growth rate, margins and the discount rate vary are used to obtain an interval between a lowest value and an expected value for the operation. Even the lowest calculated value shows that the recoverable amount for goodwill is greater than the book value in all cash-generating units. Cash-generating units are classified into segments. A sensitivity analysis shows that the goodwill value would be retained if the discount rate were increased by two percent.

NOTE 10 Property, plant and equipment

SEK 000s	2010	GROUP 2009	PARENT COMPANY 2010	2009
Equipment				
Acquisitions value brought forward	31,043	26,837	8,809	7,478
Through acquisition of Group companies	9,591	1,471	–	–
Purchases	4,291	2,913	1,326	1,341
Through sale of Group companies	-265	–	–	–
Sales/disposals	-2,248	-358	-109	-10
Translation difference	-662	180	–	–
ACQUISITION VALUE CARRIED FORWARD	41,750	31,043	10,026	8,809
Depreciation brought forward	-22,674	-17,318	-5,444	-4,304
Through acquisition of Group companies	-592	-1,372	–	–
Through sale of Group companies	7	–	–	–
Sales/disposals	1,534	41	86	10
Depreciation for the year	-5,094	-3,904	-1,320	-1,150
Translation difference	259	-121	–	–
Depreciation carried forward	-26,560	-22,674	-6,678	-5,444
DEPRECIATION CARRIED FORWARD	-26,560	-22,674	-6,678	-5,444
CLOSING RESIDUAL VALUE	15,190	8,369	3,348	3,365
Finance leases				
Acquisition value brought forward	30,647	32,807		
Purchases	3,536	3,429		
Sales/disposals	-4,286	-5,589		
ACQUISITION VALUE CARRIED FORWARD	29,897	30,647		
Amortization brought forward	-11,460	-10,551		
Sales/disposals	3,536	4,752		
Amortization for the year	-4,843	-5,661		
AMORTIZATION CARRIED FORWARD	-13,072	-11,460		
CLOSING RESIDUAL VALUE	16,825	19,187		
TOTAL PROPERTY, PLANT, AND EQUIPMENT	32,015	27,566		

For more information, see the section on Leases in the Accounting Principles

Operating leases

Remaining lease costs reach maturity as follows:

SEK 000s	2010	GROUP 2009	PARENT COMPANY 2010	2009
Within one year	30,722	24,751	9,237	8,043
Between one and five years	33,748	26,808	7,911	14,766
TOTAL	64,470	51,559	17,148	22,809

Lease costs refer almost exclusively to rental costs for offices.

NOTE 11 Result from financial investments

SEK 000s	2010	GROUP 2009	PARENT COMPANY 2010	PARENT COMPANY 2009
Result from participations in Group companies				
Dividends	–	–	46,918	38,639
TOTAL	–	–	46,918	38,639
Result from other securities				
Capital gain	9	20	–	–
TOTAL	9	20	–	–
Other interest income and similar profit/loss items				
Interest income Group companies	–	–	440	634
Other interest income	1,833	1,903	58	497
Exchange rate differences	–	–	5,433	197
TOTAL	1,833	1,903	5,931	1,328
Interest expenses and similar profit/loss items				
Interest expenses Group companies	–	–	-1,109	-1,183
Interest expenses leasing	-549	-867	–	–
Interest expenses bank loans	-4,648	-6,497	-4,402	-5,919
Other interest expenses	-1,626	-1,756	-768	-673
Discounted interest costs	-1,695	–	–	–
Exchange rate differences	–	–	–	-8,624
TOTAL	-8,518	-9,120	-6,279	-16,399

NOTE 12 Taxes

SEK 000s	2010	GROUP 2009	PARENT COMPANY 2010	PARENT COMPANY 2009
Current tax	-41,798	-32,291	-12,776	-8,666
Deferred tax	-361	-5,432	22,146	20,941
TOTAL	-42,129	-37,723	9,370	12,275
Current tax				
Reported result before tax	146,192	131,815	9,647	-8,045
Taxes according to current tax rate 26.8 % (26.59 %)	-39,179	-35,050	–	–
Taxes according to current tax rate 26.3 % (26.3 %)	–	–	-2,537	2,116
Tax effects of non-deductible expenses				
Amortization of intangible assets	-6,342	-4,037	–	–
Other non-deductible expenses	-3,559	-2,849	-320	-208
Tax effects of tax-exempt income				
Other tax-exempt income	536	624	–	–
Tax effects of tax-exempt items not expensed	1,025	1,372	–	–
Dividends	–	–	12,344	10,163
Adjustment of tax, previous year	-117	216	-117	204
Effect of depreciation of intangible assets (interest tax shield)	5,560	3,958	–	–
TAX ON PROFIT FOR THE YEAR ACCORDING TO INCOME STATEMENT	-42,129	-37,723	9,370	12,275
Deferred taxes				
Starting balance	43,828	38,789		
This year's provisions for untaxed reserves	7,134	8,582		
Effect of this year's acquisitions	11,364	–		
Effect of depreciation of intangible assets	-5,506	-3,958		
Exchange differences	-1,224	415		
CLOSING BALANCE	55,596	43,828		

Deferred taxes attributable to loss carry forwards calculated using the current tax rate, is SEK 6,520,000 (2,094,000). The increase is mainly attributable to Endero. The Group's hedge accounting has lead to taxes totaling SEK -1,538,000 (2,216,000) being accounted for as other total results.

NOTE 13 Participations in Group companies

COMPANY	CORP. ID NO.	REG.OFFICE	PARENT COMPANY'S HOLDINGS		CARRYING	
			SHAREHOLDING	% OF EQUITY	AMOUNT OF HOLDING 2010	2009
Endero Oy	1053026-7	Helsinki	555	100	101,116	-
Endero OOO	7841341587	St. Petersburg	-	-	-	-
Know IT Business Consulting AB	556666-4818	Linköping	1,000	100	31,651	28,148
Know IT Business Consulting AS	993 193 321	Bergen	900,000	95	977	-
Know IT Create Group Sweden AB	556640-6772	Malmö	1,670	100	70,824	70,824
Know IT Create Information AB	556559-1566	Malmö	-	-	-	-
- MS Technical Communications Ltd ¹⁾	4448563	Cheltenham	-	-	-	-
Know IT Create in Lund AB	556587-2198	Lund	-	-	-	-
Know IT Create Technology AB ²⁾	556736-6405	Stockholm	-	-	-	-
Know IT Dalarna AB	556411-6985	Borlänge	2,000	100	1,739	1,839
Know IT Dataunit AB	556436-6259	Stockholm	200,000	100	24,963	24,963
Know IT Enterprise Information Technology AB ³⁾	556432-9679	Stockholm	100,000	100	120	120
Know IT Estonia OÜ ⁴⁾	11403741	Tallinn	-	100	172	172
Know IT Gävleborg AB	556633-4305	Gävle	1,000	100	4,299	-
Know IT Gävleborg i Sandviken AB ³⁾	556802-2239	Sandviken	-	-	-	-
Know IT Göteborg AB	556277-9479	Göteborg	750,000	100	702	702
Greatly SEO AB ²⁾	556774-2639	Göteborg	-	-	-	-
Know IT Jönköping AB	556499-1163	Jönköping	-	-	-	-
Know IT System Development AB	556762-7129	Göteborg	-	-	-	-
Markewärn Services AB	556806-0460	Göteborg	-	-	-	-
Know IT HIBC AB ⁴⁾	556702-7809	Malmö	1,000	100	915	915
Know IT HT AB	556772-8729	Göteborg	550	55	2,755	2,055
Know IT IM AB	556313-5291	Karlstad	1,000	100	5,150	5,150
Know IT IM Göteborg AB	556643-7892	Göteborg	-	-	-	-
Know IT IM Malmö AB ⁴⁾	556736-6413	Malmö	-	-	-	-
Know IT IM Oslo AS	986 011 080	Oslo	-	-	-	-
Know IT IM Stockholm AB	556568-9188	Karlstad	-	-	-	-
Know IT Karlstad AB	556515-8069	Karlstad	-	-	-	-
Know IT IM Helikopter AB	556524-1014	Stockholm	100,000	100	62,068	59,477
Know IT IM Innograte AB	556568-2159	Stockholm	1,022	100	44,136	44,233
Know IT IM Linköping AB	556672-9488	Linköping	1,000	100	1,944	1,944
Know IT Mälardalen AB	556563-9472	Västerås	1,000	100	10,351	10,351
Know IT Mälardalen i Västerås AB ³⁾	556694-1166	Västerås	-	-	-	-
Know IT Net Result International AB	556719-3262	Stockholm	10,000	100	203,411	208,036
Know IT Net Result AB	556590-4561	Stockholm	-	-	-	-
Net Result North America Inc ²⁾		Reston	-	-	-	-
Know IT Estonia Consulting OÜ	11430169	Tallinn	-	-	-	73
Know IT Norrland AB	556534-3174	Sundsvall	13,250	100	16,847	16,847
Know IT Objectnet AS	980 713 520	Oslo	19,000 000	100	146,905	146,612
Know IT Stavanger AS ⁵⁾	993 579 572	Oslo	-	-	-	-
Know IT Stockholm AB	556531-0454	Stockholm	5,000	100	52,938	49,583
Know IT Stockholm AMHS AB ⁶⁾	556779-8193	Stockholm	-	-	-	-
Know IT Technology Management AB	556582-3399	Göteborg	1,000	100	13,884	13,884
Know IT Technology Management i Sthlm AB ⁷⁾	556768-7859	Stockholm	-	-	-	-
Know IT Technology Management Linköping AB	556831-5294	Linköping	-	-	-	-
Know IT Uppsala AB	556736-0622	Uppsala	670	67	1,189	2,671
Know IT Yahm Sweden AB	556710-2172	Staffanstorps	1,000	100	29,693	30,356
Reaktor AS ⁸⁾	974 849 856	Bergen	135,870	53	61,250	-
Reaktor Consulting AS ⁹⁾	984 098 170	Bergen	-	-	-	-
- Reaktor Consulting Oslo AS	988 191 108	Oslo	-	-	-	-
- Reaktor OFS AS	991 993 436	Bergen	-	-	-	-
- Reaktor Click AS	994 790 706	Oslo	-	-	-	-
- Reaktor AB	556742-3552	Stockholm	-	-	-	-
- Reaktor Cvision AS	981 078 365	Bergen	-	-	-	-
Reaktor ID AS ¹⁰⁾	981 428 862	Bergen	-	-	-	-
- Reaktor Design AS	992 145 269	Bergen	-	-	-	-
- Reaktor Magma AS ¹¹⁾	979 738 331	Bergen	-	-	-	-
- Reaktor Emerge AS	996 118 606	Bergen	-	-	-	-
Reaktor IT Service AS ¹²⁾	982 390 591	Bergen	-	-	-	-
- Reaktor Data Center AS	993 956 945	Bergen	-	-	-	-
Fused, sold or liquidated companies 2010 (n=6))			-	-	-	3,674
TOTAL, SUBSIDIARIES					889,999	722,629

1) Owned by Know IT Create Information AB. 2) Dormant company 3) Know IT Gävleborg AB owns 54 %. 4) Know IT IM Helikopter AB owns 50 %, Know IT IM Göteborg AB and Know IT IM Innograte AB own 25 % each. 5) Know IT Objectnet AS owns 79 %. 6) Know IT Stockholm AB owns 75 %. 7) Know IT Technology Management AB owns 52 %. 8) Reaktor AS owns 69 % of Reaktor Consulting AS, 58 % of Reaktor ID AS, 68 % of Reaktor IT Services AS. 9) Reaktor Consulting AS owns 75 % of Reaktor Consulting Oslo AS, 80 % of Reaktor OFS AS, 71 % of Reaktor AB and 35 % of Reaktor Cvision AS. 10) Reaktor IS AS owns 66 % of Reaktor Design AS and 50 % of Reaktor Magma AS. 11) Reaktor Magma AS owns 50 % of Reaktor Emerge AS. 12) Reaktor IT Service AS owns 50 % of Reaktor Data Center AS.

NOTE 13 Participations in Group companies cont'd

PARENT COMPANY SEK 000s	2010	2009
Accumulated cost		
Opening balance	847,783	847,431
Acquisitions	168,645	4,200
Sales and liquidations	-1,275	-3,848
CLOSING BALANCE	1,015,153	847,783
Accumulated write-downs		
Opening balance	-125,154	-125,154
Write-downs for the year	–	–
CLOSING BALANCE	-125,154	-125,154
TOTAL	889,999	722,629

NOTE 14 Other long-term receivables

GROUP SEK 000s	2010	2009
Deposits for rented premises	32	29
Loans to employees	2,930	–
TOTAL	2,953	29

NOTE 15 Accounts receivable

GROUP SEK 000s	2010	2009
Accounts receivable not overdue	247,498	182,610
Accounts receivable overdue 1-15 days	35,470	39,432
Accounts receivable overdue 16-45 days	6,259	6,186
Accounts receivable overdue more than 45 days	6,255	6,001
Reserve for impaired receivables	-947	-986
TOTAL	294,535	233,243

Reserve for impaired receivables is based on an individual assessment.

NOTE 16 Prepaid expenses and accrued income

SEK 000s	2010	GROUP 2009	PARENT COMPANY 2010	PARENT COMPANY 2009
Prepaid expenses and accrued income				
Accrued income	30,586	23,689	–	–
Prepaid rent	5,690	5,445	2,617	2,128
Other items	5,854	9,692	1,401	1,731
TOTAL	52,130	38,826	4,018	3,859

NOTE 17 Share capital

SEK	NO. OF SHARES	QUOTA VALUE SEK	SHARE CAPITAL SEK
As of Jan. 1, 2009	14,027,018	1	14,027,018
New share issue, additional consideration for acquisitions			
Know IT Compliance & Governance AB	104,512	1	104,512
Know IT Create Group Sweden AB	56,054	1	56,054
Real M Holding AB	228,160	1	228,160
Know IT Information Management			
Innograte	246,118	1	246,118
Know IT Technology Management AB	165,883	1	165,883
Know IT Net Result International AB	95,226	1	95,226
PER DEC. 31, 2009	14,922,971		14,922,971
As of Jan. 1, 2010	12,374,675	1	12,374,675
New share issue, additional			
Endero Oy	1,345,050	1	1,345,050
Reaktor AS	856,149	1	856,149
Per Dec. 31, 2010	17,124,149		17,124,149

NOTE 18 Long-term liabilities

SEK 000s	2010	GROUP 2009	PARENT COMPANY 2010	PARENT COMPANY 2009
<i>Interest-bearing long-term liabilities</i>				
Loans, EUR	10,712	–	10,712	–
Loans, NOK	82,005	61,608	78,549	61,608
Loans, SEK	–	82,450	–	82,450
Finance leases	9,324	10,735	–	–
Future consideration/ dividends	89,817	–	–	–
Other	801	89	–	–
<i>Deferred taxes</i>	<i>55,596</i>	<i>43,828</i>	–	–
<i>Other long-term provisions</i>				
Future consideration	19,532	–	–	–
Future additional consideration	–	11,653	–	11,653
CLOSING BALANCE	267,787	210,363	89,261	155,711

All long-term liabilities fall due within five years.

	2010	GROUP 2009	PARENT COMPANY 2010	PARENT COMPANY 2009
<i>Provisions for additional consideration</i>				
Ingående balans	11 653	39 836	11 653	35 633
Opening balance	11,653	39,836	11,653	35,633
Provisions, acquisitions during the year	–	28,437	–	26,885
Provisions, previous years' acquisitions	–	-2,468	–	-2,468
Reclassified to current liabilities	-11,653	-25,715	-11,653	-21,512
CLOSING BALANCE	–	11,653	–	11,653

Aside from the fixed purchase price, many acquisitions involve additional consideration contingent on the acquired company's performance relative to earnings and operating margin targets over a 3–5 year period. Additional consideration can be paid in cash or with shares in Know IT AB. These financial liabilities are encumbered with discounted interest, which for 2010 totaled SEK 1,695.

NOTE 19 Financial instruments by category

GROUP, 2010, SEK 000s	LOANS AND RECEIVABLES	TOTAL	FAIR VALUE
Assets in balance sheet			
Other long-term securities holdings	550	550	550
Other long-term receivables	2,953	2,953	2,953
Accounts receivable and other receivables	298,047	298,047	298,047
Cash and cash equivalents	161,751	161,751	161,751
TOTAL	463,301	463,301	463,301
GROUP, 2010, SEK 000s	OTHER FINANCIAL	TOTAL	FAIR VALUE
Liabilities in the balance sheet			
Interest-bearing liabilities	303,658	303,658	303,658
Accounts payable	69,354	69,354	69,354
Other liabilities	96,447	96,447	96,447
TOTAL	469,459	469,459	469,459
GROUP, 2009, SEK 000s	LOANS AND RECEIVABLES	TOTAL	FAIR VALUE
Assets in balance sheet			
Other long-term securities holdings	364	364	364
Other long-term receivables	29	29	29
Accounts receivable and other receivables	239,006	239,006	239,006
Cash and cash equivalents	130,951	130,951	130,951
TOTAL	370,350	370,350	370,350
GROUP, 2009, SEK 000s	OTHER FINANCIAL LIABILITIES	TOTAL	FAIR VALUE
Liabilities in the balance sheet			
Interest-bearing liabilities	216,367	216,367	216,367
Accounts payable	59,400	59,400	59,400
Other liabilities	68,624	68,624	68,624
TOTAL	344,391	344,391	344,391

NOTE 20 Interest-bearing liabilities

GROUP SEK 000s	INTEREST RATE, % ON BALANCE SHEET DAY	2010	2009
Long-term liabilities			
Finance lease liabilities	2.5/2.43	9,324	10,735
Loans, EUR	2.27/-	10,712	-
Loans, NOK	3.45/2.77	82,806	61,608
Loans, SEK	-1.60	-	82,539
Future consideration/dividends	3.5/-	89,817	-
TOTAL		192,659	154,882
Current liabilities			
Finance lease liabilities	2.43/4.10	7,968	9,040
Loans, EUR	2.27/-	21,425	-
Loans, NOK	3.45/2.77	29,847	20,536
Loans, SEK	-1.60	15,000	31,909
Future consideration/dividends	3.5/-	-	-
TOTAL		110,999	61,485
TOTAL INTEREST-BEARING LIABILITIES		303,658	216,367

Finance lease liabilities

Finance lease liabilities fall due for payment as follows:

GROUP SEK 000s	2010			2009		
	MINIMUM LEASE FEES	INTEREST	PRINCIPAL	MINIMUM LEASE FEES	INTEREST	PRINCIPAL
Within one year	8,307	339	7,968	9,653	613	9,040
Between one and five years	9,508	184	9,324	10,981	246	10,735

Other interest-bearing liabilities

GROUP SEK 000s	2010		2009	
	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
Within one year	3,553	36,759	-	-
Between one and five years	3,599	89,917	-	-

Liabilities to credit institutions

Loans are amortized as follows:

PARENT COMPANY SEK 000s	2010		2009	
	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
Within one year	4,390	66,272	4,103	52,445
Between one and five years	2,428	93,518	5,844	144,147

The interest rate on the loan in EUR and NOK is set quarterly in advance.

The interest rate on the loan in SEK is floating.

Other interest-bearing liabilities refers to expected future considerations for acquisition of non-controlling interests and future dividends on such.

NOTE 21 Currency hedge accounting

Hedging of net accounting

The effective part of changes in fair value of derivative instruments as hedges of net investments in foreign operations and which meet the requirements for hedge accounting, are accounted in a separate section. Profit or loss relating to the non-effective part is recognized directly in the income statement.

GROUP 000s	2010	2009
Net investment at fair value, NOK	310,976	156,322
Long-term loan, NOK	68,361	49,800
Short-term loan, NOK	25,880	16,600
TOTAL	94,241	66,400
Net investment at fair value, EUR	10,100	—
Long-term loan, EUR	1,193	—
Short-term loan, EUR	2,385	—
TOTAL	3,578	—

For 2010, an item of SEK 4,310,000 (-6,211,000) has been entered as change of equity as a result of these hedges.

NOTE 22 Accrued expenses and deferred income

SEK 000s	2010	GROUP 2009	PARENT COMPANY 2010	PARENT COMPANY 2009
Accrued expenses and deferred income				
Accrued salaries	110,914	89,034	3,479	3,283
Accrued social security expenses	59,732	54,699	1,913	1,780
Deferred income	18,783	13,838	—	—
Other items	22,426	9,257	3,321	1,704
TOTAL	211,855	166,828	8,713	6,767

NOTE 23 Pledged assets and contingent liabilities

SEK 000s	2010	GROUP 2009	PARENT COMPANY 2010	PARENT COMPANY 2009
Pledged assets for credit institutions				
Shares in subsidiaries	290,671	301,912	267,513	279,953
Pledged accounts receivable	None	None	None	None
Chattel mortgages	None	None	None	None
Equipment used under finance leases	16,825	19,187	None	None
TOTAL	307,496	321,099	265,479	267,513
Contingent liabilities				
Sureties	None	None	None	175
TOTAL	NONE	NONE	NONE	175

The Parent Company's sureties relate to the finance leases of several subsidiaries.

NOTE 24 Earnings per share

GROUP	2010	2009
Profit for the year attributable to shareholders of the Parent Company		
Before dilution, SEK	6.15	6.48
Diluted, SEK	6.10	6.48
Average number of shares, 000s		
Before dilution *)	16,717	14,519
Subscription options	117	—
Diluted *)	16,834	14,519
Number of shares on balance sheet date, 000s		
Before dilution *)	17,075	14,874
Diluted *)	17,593	15,392

*) After taking into account 49 repurchased shares.

NOTE 25 Related parties

A company partially owned by CEOs in the Know IT Create Group, Mikael Kretz and Håkan Paulsson, has during 2010 received remuneration totaling SEK 454,000 (312,000) for accounting services provided to companies within the Group.

NOTE 26 Acquired businesses

As of January 1, Endero Oy was acquired. The acquired business works mainly with consulting in Testing & Quality Management and Web & Collaboration.

As of June 1, 2010, Reaktor AS was acquired. The acquired business works mainly with consulting in Web & Collaboration.

The total value of acquired assets and liabilities, purchase considerations and effect on the Group's cash and cash equivalents of all businesses acquired during the year was as follows:

SEK 000s	ENDERO	REAKTOR	2010 TOTAL	2009 TOTAL
Cash consideration	18,702	0	18,702	1,598
Fair value of new share issues	79,366	56,720	136,086	–
Provisions for additional consideration/Deferred consideration	3,000	114,234	117,234	–
TOTAL CONSIDERATION	101,068	170,954	272,022	1,598
Fair value, acquired net assets	-15,856	-6,533	-22,389	-1,245
GOODWILL AND OTHER NON-CURRENT ASSETS	85,212	164,421	249,633	353

Goodwill is attributable to the high profitability of the acquired companies and the expected synergies with other Know IT firms.

Other intangible assets are attributable to the client relationships of the acquired businesses.

Fair value of new share issues is based on the listed share price. The number of shares issued totaled 1,345,050 and 856,149 respectively.

Assets and liabilities included in the acquisitions were as follows:

	ACQUIRED ENDERO	BOOKED VALUE REAKTOR	TOTAL	FAIR VALUE ENDERO	FAIR VALUE REAKTOR	2010 TOTAL	2009 TOTAL
Goodwill and other intangible assets	0	0	0	85,212	164,421	-249,633	-353
Property, plant and equipment	1,185	7,814	8,999	1,185	7,814	-8,999	-99
Financial non-current assets	209	5,654	5,863	209	5,654	-5,863	–
Deferred tax liabilities	6,498	360	6,858	6,498	360	-6,858	–
Current assets	20,837	27,564	48,401	20,837	27,564	-48,401	-1,752
Cash and cash equivalents	10,883	29,237	40,120	10,883	29,237	-40,120	-747
Other liabilities	-19,291	-57,197	-76,488	-19,291	-57,197	76,488	1,218
Deferred tax claims	–	–	–	-4,465	-6,899	11,364	135
Net assets	20,321	13,432	33,753	101,068	170,951	272,019	-1,598
Acquired net assets	20,321	13,432	33,753	101,068	170,951	272,019	–
Consideration settled in cash				-18,702	0	-18,702	-1,598
Equity in acquired companies				10,883	29,240	40,123	747
Effects of this years' acquisitions on the Group's cash and cash equivalents				-7,819	29,240	21,421	-851
Additional consideration paid for acquisitions from previous years				–	–	32,112	-42,649
Effect of acquisitions on the Group's cash and cash equivalents						-10,691	-43,500

In addition to the above acquisition, Know IT Technology Management AB has acquired the operations of Svenska ProjektSpecialisten AB.

In connection with the application of the amended IFRS 3, a sum totaling SEK 4.2 million has been recognized in equity and a sum of SEK 0.9 million has been booked. The SEK 4.2 million refer to transaction costs during 2009 and the SEK 0.9 million refer to transaction costs during 2010.

The acquisition of Reaktor AS occurs through majority acquisition in 2010, through the purchase of around 53.5 percent of company shares, while non-controlling interests in both Parent company and most subsidiaries are acquired in accordance with agreement over the next four years. Therefore, no non-controlling interest holdings are reported. Consideration for these acquisitions depends upon the companies' results and Know IT's price on the Exchange. Altered predictions regarding these considerations have, in accordance with IAS 27, been recognized in equity, as SEK 14.9 million. During these years, the companies will be maximizing dividends.

NOTE 27 Appropriations and untaxed reserves

PARENT COMPANY, 000s	2010	2009
Appropriations		
Provision to tax allocation reserve	-16,044	-11,000
Difference between book depreciation and depreciation according to plan	-26	64
TOTAL	-16,070	-10,936
Untaxed reserves		
Tax allocation reserve	40,098	24,054
Accelerated depreciation	781	755
TOTAL	40,879	24,809

NOTE 28 Proposed dividend

Directors and the President propose a dividend of SEK 2.75 (2.25) per share, or a total of SEK 47,091,468 (36,603,047).

NOTE 29 Notable events after the end of the financial year

Per Wallentin succeeded Anders Nilsson as President and CEO on February 4, 2011.

Net sales and results for the operations acquired in 2010

SEK 000s	ENDERO OY	REAKTOR AS	TOTAL
Net sales	116,891	156,213	273,104
Results after financial items	12,825	30,055	42,880

Of which are included in the consolidated accounts for 2010

SEK 000s	ENDERO OY	REAKTOR AS	TOTAL
Net sales	116,891	95,550	212,441
Results after financial items	12,825	22,828	35,653

Certification

The Board of Directors and the President certify that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and provide a true and fair view of the Group's financial position and results of operations. The annual report has been prepared in accordance with generally accepted accounting standards and provides a true and fair view of the Parent Company's financial position and results of operations.

The Directors' Report for the Group and the Parent Company provides a true and fair overview of the operations, financial position and results of

the Group and the Parent Company and describes the substantial risks and uncertainties faced by the Parent Company and companies in the Group.

The annual report and consolidated financial statements have been approved for release by the Board of Directors on March 25, 2011.

The income statements and balance sheets of the Group and the Parent Company are subject to the approval of the Annual General Meeting on April 20, 2011.

Stockholm, March 25 2011

Carl-Olof By

Mats Olsson
Chairman

Pekka Seitola

Kerstin Stenberg

Per Wallentin
CEO

Anna Wikström Persson

Ben Wrede

Göran Åkerström



Our audit report has been submitted on March 21, 2011

Öhrlings PricewaterhouseCoopers AB

Lars Wennberg
Authorized Public Accountant

Audit Report

To the annual meeting of the shareholders of Know IT AB (publ.) Corporate identity number 556391-0354

We have audited the annual accounts, the consolidated accounts, except the corporate governance statement on pages 40-44, the accounting records and the administration of the board of directors and the managing director of Know IT AB (publ.) for the year 2010. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 37-69. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts 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 that the annual accounts and the consolidated accounts are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any 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 opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. Our opinions do not cover the corporate governance statement on pages 40-44. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statement and balance sheet of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the statutory administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Auditor's report on the Corporate Governance Statement

It is the board of directors and the managing director who is responsible for the corporate governance statement on pages 40-44 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the corporate governance statement has been prepared and is consistent with the other parts of the annual accounts and the consolidated accounts, we have read the corporate governance statement and assessed its statutory content based on our knowledge of the company.

A corporate governance statement has been prepared and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm March 25, 2011. Öhrlings PricewaterhouseCoopers AB
Lars Wennberg. Authorized Public Accountant



Information about the Annual General Meeting

DATE The AGM will take place on Wednesday, April 20, 2011 at 3 p.m. Registration opens at 2:30 p.m.

LOCATION Know IT AB's office, Klarabergsgatan 60, Stockholm

PARTICIPATION To be entitled to vote at the meeting, shareholders must be entered in the register of shareholders and must notify the company.

REGISTRATION IN REGISTER OF SHAREHOLDERS Shareholders must be recorded in the register of shareholders maintained by the Euroclear Sweden AB no later than Thursday, April 14, 2011. Shareholders whose shares are registered in the name of a trustee must temporarily re-register the shares in their own names with Euroclear Sweden AB. Shareholders who want to re-register must inform their trustee well in advance of April 14, 2011.

NOTIFICATION Shareholders must notify the Company of their intention to participate at the meeting by 4 p.m. (CET) on Monday, April 18, 2011 at the following address:

Know IT AB (publ) Box 3383, SE-103 68 Stockholm, Sweden
or by telephone +46-8-700 66 00 or e-mail: info@knowit.se.

Shareholders are asked to include their name, address, personal identification number and number of shares registered.

PROXIES Shareholders represented by proxies must issue an original, dated power of attorney for the proxy. If the power of attorney is issued by a legal entity, a certified copy of its certificate of registration must be enclosed as well. The power of attorney and certificate of registration must be sent by letter well in advance of the meeting to the address above.

NOMINATION COMMITTEE In accordance with the resolution of the Annual General Meeting on April 22, 2010, at the end of the third quarter the Chairman of the Board convenes Know IT's three largest shareholders to each select one representative for the Nomination committee.

THE NOMINATION COMMITTEE FOR THE AGM 2011

- » Mats Olsson, Chairman of the Board and convener
- » Ben Wrede, Atine Group Oy
- » Frank Larsson, Handelsbanken fonder
- » Björn Franzon, Swedbank Robur fonder

The task of the Nomination committee is to propose, during the AGM 2011, the Chairman of the AGM, the Board members to be elected by the AGM, the Chairman of the Board, Directors' fees, auditors' fees and the Nomination committee's procedures.

NOTICE Notice of the annual general meeting, including a proposed agenda and the Board's suggested resolutions is published in Post- och Inrikes Tidningar and the company's website at the earliest six weeks, but no later than four weeks prior to the AGM. That notice has been published is announced in Svenska Dagbladet.

FINANCIAL CALENDAR

Interim report January – March 2011, April 20 2011

Interim report January – June 2011, July 19 2011

Interim report January – September 2011, October 20 2011

Definitions

ABSENTEEISM Absences in hours in relation to total hours.

ACID TEST RATIO Current assets excluding inventories in relation to current liabilities.

AVERAGE NUMBER OF EMPLOYEES Average number of employees during the year.

BILLING RATIO Number of hours invoiced in relation to possible hours based on normal working hours less vacations taken.

CAPITAL EMPLOYED Total assets less non-interest-bearing liabilities and provisions.

EARNINGS PER SHARE Profit for the year after tax in relation to the average number of shares.

EMPLOYEE TURNOVER Number of employees who have left the Company on their own initiative in relation to the average number of employees.

EQUITY/ASSETS RATIO Equity as a percentage of total assets.

EQUITY PER SHARE Equity in relation to the number of shares on the balance sheet date.

NET CASH AND CASH EQUIVALENTS

Cash and bank balances plus short-term investments less interest-bearing liabilities.

NET DEBT/EQUITY RATIO Interest-bearing liabilities less financial interest-bearing assets in relation to equity.

OPERATING MARGIN

Profit before amortization of intangible noncurrent assets (EBITA) in relation to net sales for the period.

P/E RATIO Share price on the balance sheet date in relation to earnings per share.

PROFIT AFTER FINANCIAL INCOME/EXPENSE PER EMPLOYEE Profit after financial income/expense divided by the average number of employees.

PROFIT MARGIN Profit after financial items expressed as a percentage of sales.

RETURN ON EQUITY Profit after full tax as a percentage of average equity including non-controlling interests.

RETURN ON CAPITAL EMPLOYED Profit after financial items plus interest expenses as a percentage of average capital employed.

RETURN ON TOTAL CAPITAL Profit after financial items plus financial expenses expressed as a percentage of average total capital.

VALUE-ADDED PER EMPLOYEE Operating profit after depreciation and amortization plus payroll expenses, including payroll overhead, in relation to the average number of employees.



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