



# Annual Report 2010

Cybercom Group



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## Cybercom in brief

Cybercom is a consulting firm focused on advanced IT and telecom solutions. The company creates business value for customers by delivering top-quality cost-efficient solutions. Through its global delivery capacity, local presence, and close co-operation with customers, Cybercom strengthens its clients' operations using end-to-end solutions that merge technology and reality.

**“With 25 offices in 10 countries, Cybercom takes on assignments from large parts of the world.”**

Cybercom partners actively with its customers, while offering global delivery capabilities. Cybercom's operations have a firm base in the Nordics, are well established in eastern Europe and Asia, and have sales offices in the US and Dubai. With 25 offices in 10 countries, Cybercom takes on assignments from large parts of the world. Cybercom is a growing company that has mainly expanded through acquisitions; its sales increased from some SEK 535 million in 2006 to over SEK 1,500 million in 2010. Thanks to its more than 1,700 employees with extensive industry knowledge and experience, Cybercom has established itself as a solutions partner for internet and mobile services, security, embedded systems, and telecom management. Telecom makes up the largest portion of Cybercom's sales, 51 per cent, followed by the public sector, industry, media, retail, and banking and finance. The company was founded in 1995. Since 1999, its share has been quoted on the NASDAQ OMX Nordic Exchange.



## CEO's report 2010

### A cautious market

Recovery of the Nordic IT market was more cautious than expected in 2010. Early on we saw steadily increasing demand for each of Cybercom's core areas, but customers continued to be cautious regarding turnkey solutions, and it took time to finalise deals. In April and May, the market declined again, mainly due to economic instability in southern Europe. However, recovery was quicker during the second half of the year.

For Cybercom, this volatile market led to us taking several major actions. Following a change in the local market in southern Sweden, we were forced to quickly adapt our operations. We also streamlined our nearshore capacity and closed our office in Estonia.

### A more effective Cybercom

Since 2006, Cybercom has been a growing company that has evolved significantly on the basis of several major acquisitions. The market swings of recent years and the global driving forces that apply to our business motivated a review and optimisation of our Group structure. These measures have made us well adapted for the coming years.

“Cybercom is a growing company that has evolved significantly since 2006.”

During the second half of the year, we invested time in implementing a new organisation. In Sweden we merged three companies into one and reorganised into nationwide business areas that reflect our core offerings. We mirrored this organisation in Finland, and we anticipate significant potential for future synergies. We began to strengthen our sales capacity in the Nordics, and established a clearer strategy for our offshore units associated with the Swedish and Finnish business areas. In short, we are creating a centre of excellence for our core offerings.

A more effective organisation improves our long-term profitability, but we must also reduce our short-term costs. During the year, we rapidly amortised on the loans resulting from our acquisitions. We have a robust equity/assets ratio, and our cash flow from operating activities is satisfactory. We have also successfully broadened our customer base.

### Strategic decisions

The Nordics is a key home market in our strategy. From our strong Nordic platform and our international operations in eastern Europe, the US, the Middle East, and Asia, Cybercom can attractively and efficiently offer global delivery. Cybercom's international structure also allows us to follow our customers around the world as they evolve and expand strategically. We also see that our customers' future growth will mostly be outside the Nordics, which reinforces Cybercom's global sourcing strategy. Through its world-leading global delivery capacity, Cybercom strengthens its clients' operations using turnkey solutions that merge technology and business.



Patrik Boman  
President and CEO

“Cybercom is moving toward new markets, segments, and sectors.”

Cybercom holds a strong position with telecoms in the Nordics and increasingly in other parts of the world. With pride, I note that our services are in demand in the strongest market in the world today, China, and by several leading operators there. Our strategic assignments to build mobile networks in emerging markets continue in Africa and the Middle East, and we are gaining new ground in South America.

The telecom sector is very technology-intensive and vital to technological development; development that is increasingly moving from the Nordics to Asia and the west coast of the US. Cybercom's presence in these places is an investment in our future business.

A clear position within telecom is crucial for Cybercom. However, our strategic efforts to actively broaden our operations outside the sector continue, to create new business opportunities with customers that do not have telecom as their core business. They offer the potential for us to create major business value. Cybercom is moving toward new markets, segments, and sectors. Our conscious efforts to increase our business toward the public sector have paid off, and we are an increasingly important player in the automotive and media sectors. Cybercom's new organisation and executives in Sweden and Finland are links in our strategy to break new ground and broaden our customer base.

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**“We act as a catalyst between telecom and other sectors, providing solutions and reusing knowledge.”**

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Through our expertise in the cross-sector fields of internet and mobile services, security, and embedded systems, Cybercom acts as a catalyst between telecom and other sectors, where we provide solutions and reuse knowledge. Intelligent vehicle technologies and infotainment solutions for the automotive industry are examples of exclusive collaborations Cybercom has won with leading auto manufacturers. Mobile banking solutions are further examples: we help leading Nordic banks develop cutting-edge transaction solutions and financial services. We develop exciting mobile applications for new clients and in sectors in which we have not previously had extensive exposure.

This year we made a strategic decision to create a broad portfolio of offerings based on cloud services. This is a long-term investment with key partners. It has opened up wider opportunities in the public sector, where we won one of the largest framework agreements ever. This services portfolio will also give us business opportunities in other sectors. Cloud services will be a major driving force for our entire industry in coming decades, and Cybercom's early investments will meet this growing market.

## **+1 and a strong brand**

For Cybercom employees, +1 is the expression of Cybercom's soul and values and it means always striving to exceed the expectations of our clients, colleagues, and partners. I am surprised every day by the fantastic +1 spirit that our consultants show through their work. We win new, exciting deals through the expertise and operations experience of our employees. Cybercom's brand is built on its good reputation. Cybercom has earned international recognition of its specialist expertise in IT security, telecom management, and mobile services, for which we have strong references in the Nordics and internationally.

+1 also means that Cybercom always strives to behave responsibly in all countries and in all contexts in which the Group is active. Our accountability is based on Cybercom's core values. All our operations in the Group, irrespective of country, recognise and adhere to Cybercom's code of conduct. This is important for those of us who work in many geographic regions and cultures.

Cybercom is a knowledge-based company with a desire to contribute to knowledge advancement in countries where we have ongoing projects. Cybercom supports SOS Children's Villages in Rwanda, where we also are constructing mobile networks that will give the country potential to develop. Through SOS Children's Villages, we also give vulnerable children in the country the opportunities of a family, security, and education.

Through its partnership with Eurocard and the Swedish Childhood Cancer Foundation, Cybercom was also first in Sweden to offer its employees a corporate payment card that contributes a portion of all purchases to the fight against childhood cancer. At Cybercom, we're very proud of this.

This is +1.

## **Positive outlook**

We took several steps in 2010 to deflect the difficulties we met on specific markets and to be equipped for an improved market in 2011. I believe that Cybercom's outlook for 2011 is good. We have consolidated our operations to create a more uniform focus and to clarify our offering. The Nordic market, where Cybercom has most of its operations, is now more stable. Our continued focus on profitability and growth will build an international Cybercom for long-term business.

Stockholm, March 2011

Patrik Boman  
President and CEO

## Goals and strategies

Cybercom aims to create shareholder value through robust growth and strong profitability. These are achieved when customers view Cybercom as an attractive provider of high-quality, cost-efficient services performed by qualified, motivated employees.

### Business concept

Through its world-leading global delivery model and local presence, Cybercom strengthens its customers' operations using end-to-end solutions that merge technology and business.

### Vision

Cybercom will successfully dominate its chosen markets in a leading position for customers, employees, and owners.

### Operational objectives

Cybercom's long-term operational objectives are to:

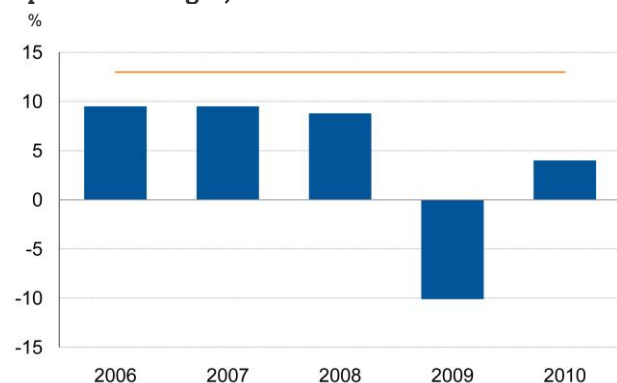
- Become a well-known brand among customers, employees, and job seekers.
- Strengthen the company's presence in existing markets and continue its expansion beyond the Nordics.
- Broaden the customer base so that no single customer represents more than 15 per cent of sales.
- Expand global sourcing services so that they comprise a larger part of sales.

### Financial targets

Cybercom's financial targets are:

- Earnings before interest and taxes (EBIT) – 13 per cent in the long term.
- Organic growth – 15 per cent on average per year over a business cycle.

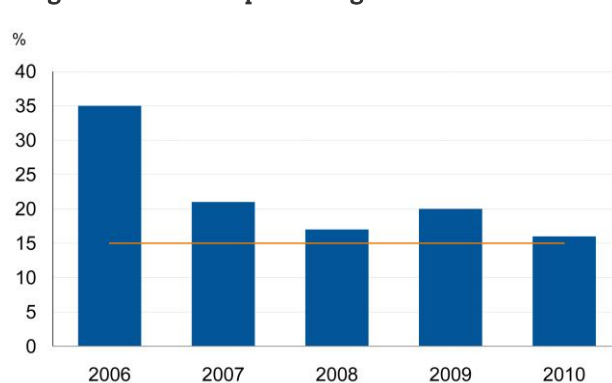
#### Operation margin, EBIT



**Target:** A 13 per cent operating margin (EBIT) in the long term.

**Fulfilment:** In 2010, the operating margin rose to 4 per cent. The Nordic market was characterised by volatile recovery, mainly related to turnkey assignments that are somewhat later in the business cycle.

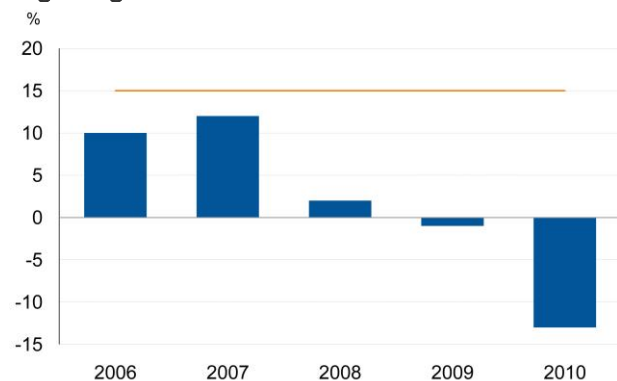
#### Largest customer's percentage of sales



**Target:** Long term, the largest customer's share of sales must not exceed 15 per cent.

**Fulfilment:** Cybercom's dependence on individual customers has gradually lessened over the years as the company has actively broadened its customer base. In 2010, its largest customer accounted for 16 per cent of sales.

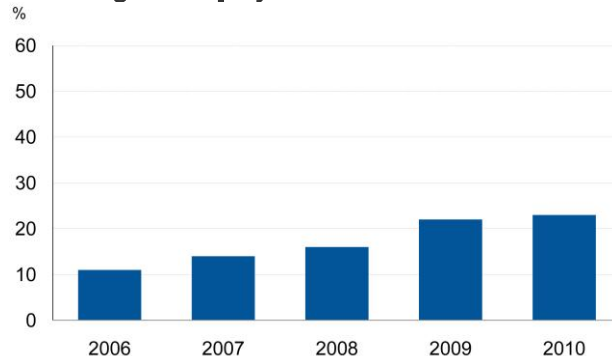
#### Organic growth



**Target:** Organic growth of 15 per cent on average per year over a business cycle.

**Fulfilment:** In 2010, organic growth was -13 per cent. This was mainly due to the cutback in southern Sweden and Cybercom closing its office in Estonia due to projects being concluded by major customers.

#### Percentage of employees outside Nordic countries



**Target:** In the long term, Cybercom is aiming for greater expansion outside of the Nordics.

**Fulfilment:** Cybercom is expanding geographically into new markets. In 2010, 23 per cent of employees worked outside of the Nordics and 43 per cent outside of Sweden.

## Strategy

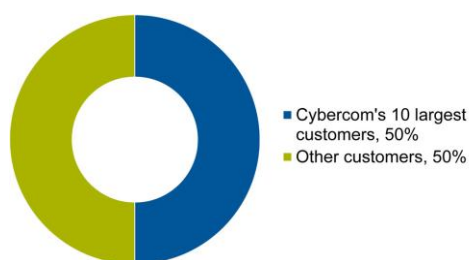
Cybercom's foundational strategy is to build on its strong Nordic platform to be a consulting firm with global delivery capacity for IT services. Cybercom's strategy, on which the development of the business is based, focuses on profitability and growth, as well as on building a strong brand.

Cybercom constantly works on developing its organisation in order to be an attractive partner. One important element in this effort is +1, which clearly reflects Cybercom's values, corporate culture, and soul. Briefly, +1 means the constant endeavour to exceed existing expectations. Cybercom's customers place high demands on quality and commercially functional solutions. Close collaboration with customers is essential to achieve high customer satisfaction.

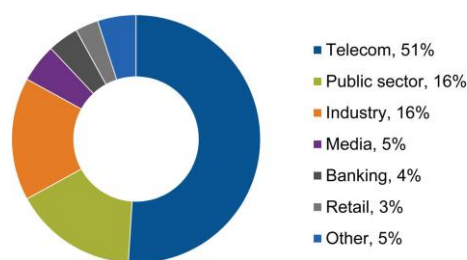
The key strategies governing Cybercom's operations are to:

- Strengthen its focus on profitability and growth. Cybercom is to choose its customers strategically and focus on clients and projects in which it can multiply business value, thus contributing to higher profitability for the company.
- Create lasting value for customers and a long reaching partnership by only recruiting employees with a keen +1 attitude.
- Be fast-paced and concentrate on packaged service offerings directed at markets and areas of strong growth.
- Expand within its five core offerings: internet services, mobile services, security, embedded systems, and telecom management.
- Continually maintain efficient operations in all areas in which the company is active by using unified processes and common support systems.
- Actively sell its global delivery capabilities, and combine these with a decentralised organisation that has short decision paths. Internally and externally Cybercom is to act as one company – one culture – one team through the common values that unify the company.
- Reinforce its reputation and attractiveness among customers, employees, and job seekers via brand-boosting activities.

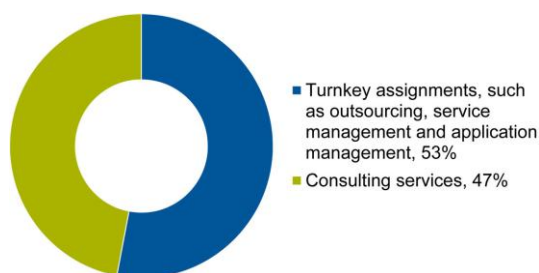
### 10 largest customers' proportion



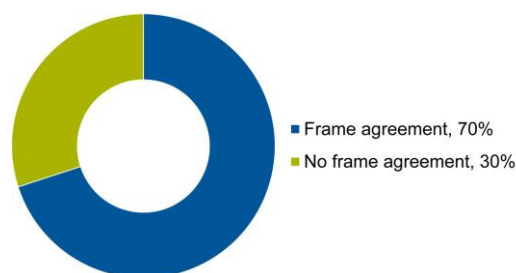
### Sales by sector



### Sales by assignment



### Sales by type of agreement



## Directors' Report

The board and CEO of Cybercom Group AB (publ), corporate identity number 556544-6522, hereby submit their annual report for the 1 January 2010–31 December 2010 period. All amounts are recognised in SEK thousands, unless otherwise specified.

Numbers enclosed in parentheses refer to 2009. Words such as "Cybercom", "the company", "the Group", and similar expressions refer in all cases to the parent company, Cybercom Group AB, and its subsidiaries.

## Summary 2010

- Due to staff layoffs in 2009 and early 2010 and exchange rate effects, Cybercom's sales dropped to SEK 1,528.9 million from SEK 1,751.6 million in 2009.
- EBITDA margin amounted to 7.3 per cent (8.2), and EBIT margin amounted to 4 per cent (-10).
- Cybercom won a number of new strategic customers and projects during the year, including the Swedish Legal, Financial, and Administrative Services Agency, Scalado, Wireless Maingate, Danmarks Radio, CECT Chinacomm (China's largest broadband supplier), and Telkomsel in Indonesia.
- Sales to several major existing customers showed good growth. However, a substantial decline occurred with Nokia Siemens Networks since the customer moved a major portion of its operation from Finland during the year.
- A restructuring program was implemented in southern Sweden in Q1 as a result of completed projects with two major customers there. Program costs amounted to SEK 18 million.
- Excluding restructuring program costs, the operating margin (EBITDA) was 8.5 per cent.
- In 2010 Cybercom closed down its Estonian operation but increased focus on deliveries from the Romanian office, which had good growth.
- Cash flow from operating activities, SEK 76.8 million (128.4), continued to be satisfactory, the equity/assets ratio increased to 61.5 per cent (52.3), and the company has a stable financial position.

## Operations and organisation

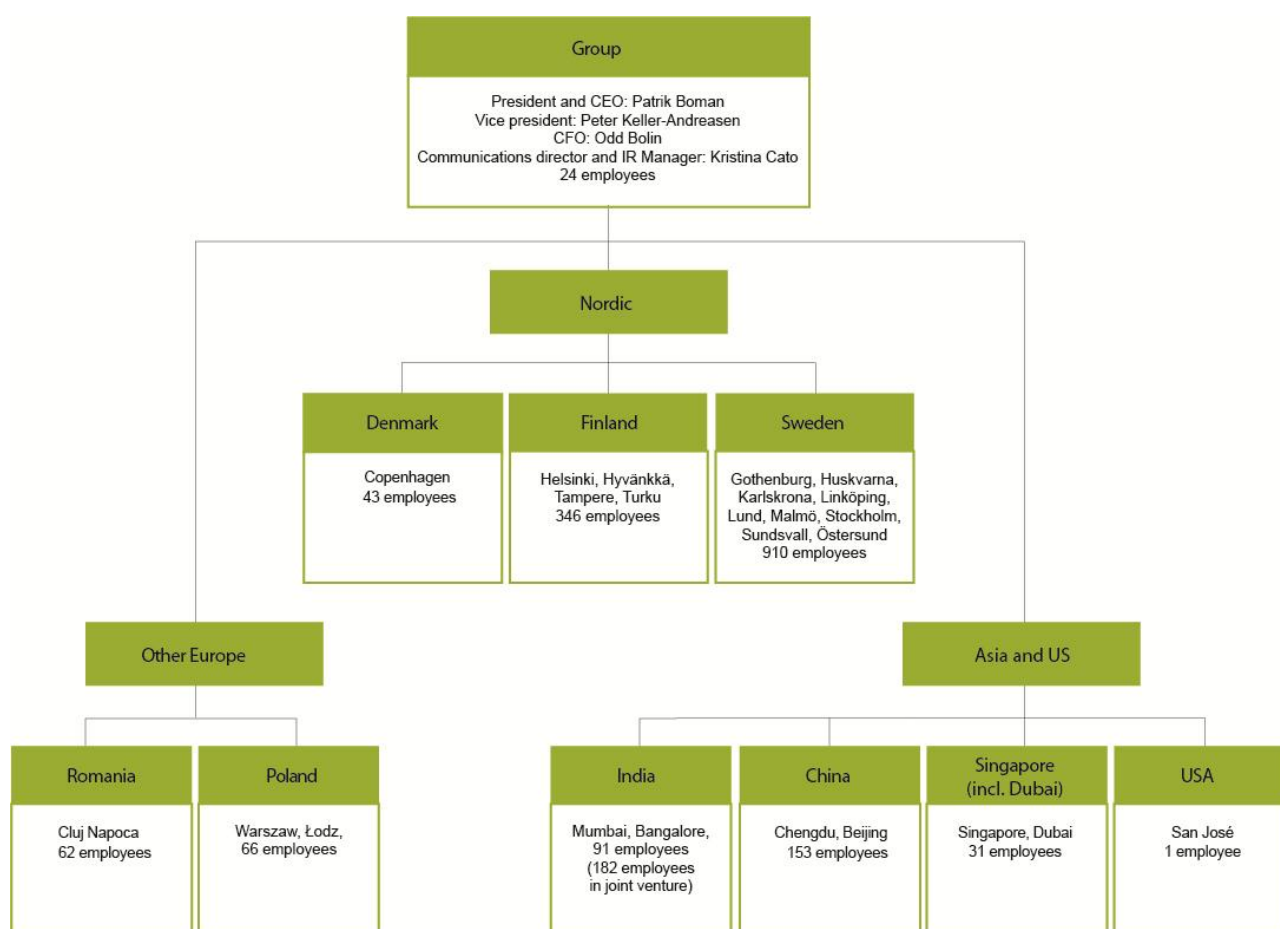
Cybercom is a leading Nordic supplier of advanced IT consultancy services, with global operations in selected market segments such as telecom and security solutions. With 1,727 employees in ten countries at the end of 2010, Cybercom is extremely well positioned to be able to offer international enterprises sophisticated, cost-effective services that help customers improve their value proposition and operations.

Cybercom's value proposition focuses on five main areas: Internet services, Mobile services, Security, Embedded systems, and Telecom management. The company's broad expertise is the common denominator for all of these areas, and as a result, the company has long been a major supplier to leading international companies such as Alma Media, Ericsson, Kone, Millicom, Nokia, Sony Ericsson, TeliaSonera, and Volvo.

The company's strategy also includes a focus on turnkey solutions, where Cybercom assumes full responsibility for projects rather than merely providing customers with extra staffing. In 2010, turnkey solutions accounted for 53 per cent of operations, and the objective is to further increase that percentage.

In 2010 Cybercom conducted business in three geographic segments: the Nordics, Other Europe, and Asia. The delivery model is based on combining local presence and sensitivity to customer needs with cost-effective delivery capacity, both locally and from the company's operations in India, China, Poland, and Romania.

Cybercom was founded in 1995 and has been quoted on the NASDAQ OMX Nordic exchange since 1999.



Cybercom conducts business in three geographic segments: the Nordics, Other Europe, and Asia.

## Market and market developments

Initially in 2010, the IT consultancy industry continued to be influenced by the aftermath of the recession. Demand for IT consulting services continued to be weak in the entire Nordic region for a large part of the year. In the second half of the year, there was a marked improvement in resource sales, that is, consultants acting as extra staff for the client. Procurement of large-scale and turnkey projects did not take off in 2010.

In the telecom sector, a differentiation occurred between Cybercom's major customers in 2010. Demand from several of these customers was relatively stable, but in some cases there were substantial declines. The trend toward more sourcing of services from low cost countries continued to accelerate. This benefits Cybercom, which offers cost-effective solutions as part of its global delivery offering. Nevertheless, competition for assignments continues to intensify; many local players are being forced to cut prices just to stay in the running, while major international players are becoming increasingly competitive as assignments become more global.

Demand in the manufacturing export industry, especially in Finland, made a relatively weak recovery during the year. The international recession had a severe impact on many major manufacturers in the Nordics, which in turn resulted in austerity measures, including within IT. These customers are also more interested in low-cost deliveries, though so far to a lesser extent than the telecom industry.

Through its cross-sector expertise in internet and mobile services, security, and embedded systems, Cybercom can act as a catalyst between telecom and other sectors, providing solutions and reusing knowledge. Examples in this area are intelligent vehicle technologies and infotainment solutions for the automotive industry where Cybercom has exclusive concept development partnerships with leading auto makers. The automotive industry has recovered from the recession relatively quickly.

Continued strong demand in the public sector benefits Cybercom, especially in the Stockholm region and Denmark. Effects of the recession came somewhat later in Denmark than in the other Nordics.

Demand for qualified consultancy services for deployment of new mobile telephony services in the developing world continued to be solid during the year.

### Internet services

Demand for internet services continued to be relatively good. Many companies continue to invest in portal solutions and e-commerce services, in part because of lower transaction costs. The internet is also continuing to evolve from being a shop window to becoming a complete market place. This trend drives demand for increasingly complex internet services. Prices stabilised during the year and in some cases rose slightly.

Important customers in internet services include the Swedish Public Employment Service, ASSA ABLOY, H&M, the Swedish Municipal Workers' Union, and Sony Ericsson.

### Mobile services

Demand for mobile services was good during the year. Cybercom has benefitted to some extent from the challenges that many telecom companies currently face, where one important response is to develop new services and products. Some parts of the telecom industry, such as mobile phone manufacturers, are undergoing restructuring. This general trend is expected to continue, which could potentially result in reduced demand for Cybercom's services. Cybercom is preparing for this possibility by broadening its customer base and reducing dependence on individual customers. One important measure is to increase sales to international telecom operators for whom Cybercom conducts much interesting application development.

Prices for staffing assignments in customer projects are under constant pressure, in part due to increased internationalisation, which entails increased competition from major international consultancies. Cybercom is approaching this challenge by working as much as possible with turnkey solutions that generate potential for improved profitability and by offering cost-effective delivery capacity from its operations in China, India, Romania, and Poland.

Major customers in the field of mobile services include Ericsson, Sony Ericsson, Nokia, and TeliaSonera. A clear trend in 2010 was that customers outside the telecom segment were eager to develop mobile applications to keep in touch with their customers. New customers include Scalado, the Swedish Meteorological and Hydrological Institute, and the Swedish Transport Administration.

### Security

Demand for security services continued to be good in 2010. Security issues are growing in importance in all IT segments and Cybercom's value proposition is competitive, which is reflected by its rapidly growing customer base of major companies in fields such as financial services. The price scenario for Cybercom's services is good, with no downward pressure on prices.

Important customers in security include Bankgirocentralen, Finansiell ID-Teknik (BankID), Stockholm Public Transport, and SOS Alarm. Due to the business-critical, sensitive nature of many of these assignments, it is common practice not to mention the names of customers in this segment.

### Embedded systems

Demand for embedded systems rose gradually, especially from the automotive industry. Cybercom's expertise in development of communications solutions has been in demand. Cybercom has developed a concept for "intelligent" vehicles called Auto App Store, which has attracted strong interest from a number of non-Nordic auto makers.

Major customers in the field of embedded systems include Ericsson, Kapsch TrafficCom, Saab, and Volvo AB.

## Telecom management

Demand has been strong in telecom management for most of 2010. Cybercom provides services to telecom operators that are associated with their initiatives to plan, build, test, and run networks. Cybercom is active mainly in Africa, the Middle East, Asia, and South America, where there is a strong need to

expand network capacity, which is the basis of the solid demand for the company's services. Cybercom's operations in this segment are based in Singapore, with sales offices in Dubai. The operation is run based on a limited number of highly qualified Cybercom employees who are backed up by a large number of subcontractors.

# Sales and earnings

The company continued to focus on streamlining operations and strengthening and developing its customer offerings in 2010. Integration of acquired operations continued, in part to take advantage of synergistic opportunities involving the expertise in the various operations within the Group and in part to improve operating and financial management and follow-up. The continued flagging demand for IT services early in the year accelerated initiatives aimed at reducing non-personnel-related expenses and increasing delivery efficiency.

As a result of a completed project, operations in southern Sweden were adjusted in Q1, which resulted in staff cuts of 59 persons. The action program soon had a beneficial effect on efficiency and utilisation, and full impact on the company's costs is expected in 2011.

In the autumn, a consolidation of Cybercom's operations in Sweden was begun and was largely carried through. The three Swedish subsidiaries were merged into one, with an integrated customer offering, common business processes, support systems, etcetera. Cybercom Sweden now has five divisions: Internet Services, Test & Verification Services, Communication & Integration Services, Connected Devices, and Security & Strategy Services.

A similar consolidation occurred in Finland during the year. Cybercom Finland now has two divisions: Internet Services and Connected Devices.

At year-end the Group had 1,727 employees (1,818).

## Sales

| SEK m                      | 2010    | 2009    | Change, % |
|----------------------------|---------|---------|-----------|
| Sales                      | 1,528.9 | 1,751.6 | -12.7     |
| Sales (2009 exchange rate) | 1,574.3 | 1,751.6 | -10.1     |
| Difference                 | 3.0%    |         |           |

Group sales fell 12.7 per cent. Currency effects had a negative impact on sales. Based on the average exchange rate in 2009, sales in 2010 would have been 3.0 per cent higher. The overshadowing reason for the sales decline is the lower number of company consultants.

The number of billable employees (full-time equivalents) declined to 1,415 (1,544), primarily because of the restructuring program mentioned previously. Net sales per employee amounted to SEK 931 thousand (995). The decrease is an effect of mixed deliveries from the Nordics and low-cost countries. Average price per sold hour to external customers showed a weak negative trend, excluding exchange rate effects and

considering the increased number of deliveries from low-cost countries.

Demand for supplemental staffing on customers' own projects took off in the second half of 2010. Some price increases were possible as a result of this, but prices are generally still low. Cybercom's focus on projects and turnkey solutions means that this improved demand has not fully impacted the company's profitability.

## Financial position

| SEK m                                         | 2010           | 2009           | Change, %    |
|-----------------------------------------------|----------------|----------------|--------------|
| <b>Sales</b>                                  | <b>1,528.9</b> | <b>1,751.6</b> | <b>-12.7</b> |
| Personnel expense                             | -989.6         | -1,079.3       | -8.3         |
| Other direct expenses                         | -238.0         | -281.4         | -15.4        |
| <b>Gross profit</b>                           | <b>301.3</b>   | <b>391.0</b>   | <b>-22.9</b> |
| Other external expenses                       | -189.1         | -246.9         | -23.4        |
| <b>Operating profit, EBITDA</b>               | <b>112.2</b>   | <b>144.1</b>   | <b>-22.1</b> |
| Depreciation and amortisation                 | -50.7          | -41.8          | 21.3         |
| Write-down, goodwill                          | -              | -280.0         | -            |
| <b>Operating profit/loss, EBIT</b>            | <b>61.5</b>    | <b>-77.7</b>   | <b>134.6</b> |
| Financial items                               | -21.1          | -27.3          | -22.7        |
| <b>Profit/loss before tax</b>                 | <b>40.4</b>    | <b>-205.0</b>  | <b>119.7</b> |
| Tax                                           | 2.3            | -4.1           | 156.1        |
| <b>Profit/loss from continuing operations</b> | <b>42.7</b>    | <b>-209.1</b>  | <b>120.4</b> |
| Discontinued operations                       | 0.9            | -0.4           | 325.0        |
| <b>Profit/loss for the year</b>               | <b>43.6</b>    | <b>-209.5</b>  | <b>120.8</b> |

Salary expenses as a percentage of total costs increased somewhat in 2010. This is because other direct expenses, mainly costs for subcontractors, fell 15 per cent, principally due to lower volume. Personnel expense per employee decreased 3.4 per cent to SEK 573,000 (593,000).

The restructuring program initiated in Q1 affected 59 employees in southern Sweden who had to leave the company. The total cost of the program was SEK 18 million. The program had a very positive effect on the capacity utilisation of the unit concerned.

As an integral component of development and governance of its operations, Cybercom continually monitors its cost base to increase efficiency and strengthen competitiveness. The non-recurring costs related to this action program had a negative impact of SEK 18 million on operating profit. These costs are included under *Other external expenses* in the preceding table.

Excluding these expenses, EBITDA was SEK 130.2 million, equivalent to an EBITDA margin of 8.5 per cent. EBIT excluding

these expenses is SEK 79.5 million, or an EBIT margin of 5.2 per cent.

Net financial items stood at SEK -21.1 million (-27.3); this figure includes interest expenses of SEK -9.2 million (-17.5) for loans taken to acquire auSystems (2007) and Plenware (2008). Profit before tax amounts to SEK 40.4 million (-205.0), equivalent to a net margin of 2.6 per cent (-11.7)

In 2010, an extra amortisation payment of SEK 50 million was made on existing loans due to a revamping of the company's financial framework. The amortisation had a positive effect on interest expenses.

The Group's effective tax rate for 2010 cannot be calculated (2.0 per cent). Tax from prior years was repaid, giving tax revenue of SEK 3.8 million. A deferred tax liability of SEK 7.8 million was dissolved since the Finnish tax rules changed so that fiscal and consolidated values are aligned.

Excluding these adjustments, the tax rate is 23.3 per cent. Tax expense is calculated based on the current tax rate for the parent company and each subsidiary. Temporary differences and existing loss carry-forwards are taken into account.

#### Nordics

| 2010<br>SEK m                          | Nordics        | Sweden         | Finland      | Denmark     |
|----------------------------------------|----------------|----------------|--------------|-------------|
| <b>Revenue from external customers</b> | <b>1,411.6</b> | <b>1,068.9</b> | <b>284.5</b> | <b>58.2</b> |
| Revenue from other segments            | 11.4           | 13.0           | 1.7          | 6.4         |
| <b>EBITDA</b>                          | <b>111.9</b>   | <b>79.5</b>    | <b>23.0</b>  | <b>9.4</b>  |
| Number of employees                    | 1,299          | 910            | 346          | 43          |

| 2009<br>SEK m                          | Nordics        | Sweden         | Finland      | Denmark     |
|----------------------------------------|----------------|----------------|--------------|-------------|
| <b>Revenue from external customers</b> | <b>1,622.1</b> | <b>1,215.3</b> | <b>358.4</b> | <b>48.4</b> |
| Revenue from other segments            | 20.8           | 10.2           | 2.4          | 11.0        |
| <b>EBITDA</b>                          | <b>161.8</b>   | <b>111.8</b>   | <b>37.0</b>  | <b>13.0</b> |
| Number of employees                    | 1,402          | 1,012          | 352          | 38          |

#### Cybercom Sweden

The operation in western Sweden focuses primarily on services in embedded systems and wireless communications solutions, including Bluetooth technology. Cybercom is the development partner of several leading Swedish and foreign companies thanks to the company's expertise in wireless communication and user interfaces.

In southern Sweden, Cybercom works with mobile services and portal solutions projects for telecom customers, among others.

In central and northern Sweden, Cybercom mainly works in telecom, industry, and the public sector and has a highly competitive offering, particularly in security solutions.

Major customers include the National Labour Market Board, ASSA ABLOY, Ericsson, Nokia, SAAB, Sony Ericsson, Stockholm Public Transport, Stockholm County Council, Tele2, TeliaSonera, and Volvo.

The number of employees at year-end was 910 (1,012). The action program during Q1 2010 reduced the number of employees by 59. In addition, some adjustments to delivery capacity were made continuously throughout 2010.

#### Cybercom Finland

Cybercom's operation in Finland primarily focuses on telecom, industry, and media. Its assignments comprise development of mobile solutions, intelligent machines, and service management. Cybercom also has several hosting assignments; about five per cent of Finland's internet traffic passes through Cybercom's hosting services.

Major customers include Alma Media, Kone, Nokia Terminals, and Sandvik. The number of employees at year-end was 346 (352).

#### Cybercom Denmark

The operation in Denmark provides advanced system development, including services relating to Oracle's database products.

AMS, BEC, Nordea, Elsparefonden, and PFA Pension are among its key customers.

The company had 43 (38) employees at year-end.

#### Other Europe

| SEK m                                  | 2010        | 2009        |
|----------------------------------------|-------------|-------------|
| <b>Revenue from external customers</b> | <b>10.4</b> | <b>10.2</b> |
| Revenue from other segments            | 28.4        | 32.7        |
| <b>EBITDA</b>                          | <b>-0.5</b> | <b>-2.6</b> |
| Number of employees                    | 128         | 148         |

#### Cybercom Poland

Cybercom has two offices in Poland: Warsaw and Lodz. Cybercom Poland provides some qualified services to Cybercom Sweden and its customers, but its local operation is also growing.

Important customers include Sicap, Sony Ericsson, and ST Ericsson.

The company had 66 (61) employees at year-end.

#### Cybercom Romania

Cybercom Romania conducts qualified development and testing services with a focus on the telecom industry. The company is a subcontractor to Cybercom's Nordic companies.

Major end customers include Itella, Metso, and Nokia.

The company had 62 (53) employees at year-end.

#### Cybercom Estonia

Cybercom closed down its operation in Estonia in 2010, so the numbers of employees at year-end were 0 (34).

#### Asia

| SEK m                                  | 2010         | 2009         |
|----------------------------------------|--------------|--------------|
| <b>Revenue from external customers</b> | <b>106.8</b> | <b>118.4</b> |
| Revenue from other segments            | 38.8         | 23.8         |
| <b>EBITDA</b>                          | <b>21.8</b>  | <b>11.9</b>  |
| Number of employees                    | 276          | 248          |

#### Cybercom India (JV)

India offers advanced development, testing, and maintenance services to Cybercom companies, primarily Sweden, and strengthens Cybercom's global sourcing proposition. The company is a joint venture with the Indian company Datamatics, which enables flexible, efficient staffing.

Major customers include ASSA ABLOY, HSB, and Sony Ericsson.

The company had 182 (162) employees at year-end, half of whom are counted as Cybercom employees.

### Cybercom China

Cybercom China provides qualified development and testing services with a focus on the telecom industry. The company provides some subcontracting to Cybercom's Nordic operations, but its local sales are also growing rapidly.

Major customers include China Mobile and Nokia.

The company had 153 (138) employees at year-end.

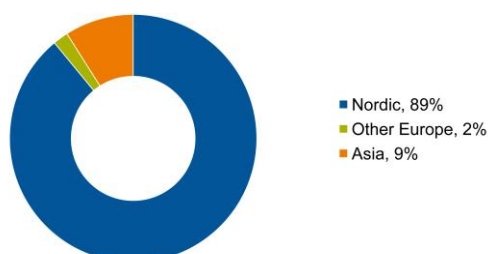
### Cybercom Singapore

Cybercom's Singapore operation offers strategic consulting and outsourcing services ("Managed Services") for construction and operation of telecom networks in nearby regions such as Africa, the Middle East and Southeast Asia.

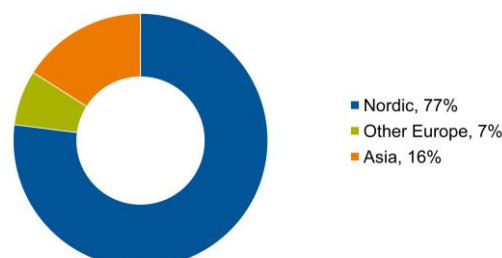
Major customers include Etisalat and Millicom.

The company had 31 (28) employees at year-end. The operation also engaged a large number of subcontractors during the year, equivalent to about 60 FTEs.

Sales by segment



Employees per segment



## Cash flow and financial position

| Consolidated cash flow (abbreviated)               |              |              |
|----------------------------------------------------|--------------|--------------|
| SEK m                                              | 2010         | 2009         |
| Cash flow before changes in working capital        | 71.4         | 117.4        |
| Change in working capital                          | 5.4          | 11.0         |
| <b>Cash flow from operating activities</b>         | <b>76.8</b>  | <b>128.4</b> |
| Cash flow from investing activities                | -34.7        | -26.5        |
| Cash flow from financing activities                | -121.0       | -85.6        |
| <b>Year's cash flow from continuing operations</b> | <b>-78.9</b> | <b>16.4</b>  |
| Year's cash flow from discontinued operation       | 0.9          | -0.5         |
| <b>Cash flow for the year</b>                      | <b>-78.0</b> | <b>15.9</b>  |
|                                                    |              |              |
| Cash generation                                    | 108%         | 109%         |

### Cash flow from operating activities

During the period cash flow from operating activities was SEK 76.8 million (128.4).

Despite a general trend toward longer collection periods among many customers, especially large international companies, operating capital has developed favourably due to substantial efforts by the company to manage accounts receivable and accounts payable more efficiently. Efforts to streamline management of operating capital continue in order to tie up as little capital as possible, given the conditions in the markets where Cybercom is active.

### Cash flow from investing activities

Cash flow from investing activities was SEK -34.7 million (-26.5) in 2010. In addition to investments in property, plant, and equipment and intangible assets, the additional purchase price to Teleca of SEK -13.6 million for 50 per cent of the tax effect Cybercom can utilise for tax depreciation on goodwill from transfer of assets, which was included in the acquisition of auSystems in 2007, is also included.

Net investments in property, plant, and equipment totalled SEK 15.4 million (7.4) in 2010. Net investments in intangible assets totalled SEK 5.2 million (7.8). Together these investments account for 1.4 per cent (0.9) of sales in 2010.

### Cash flow from financing activities

Cash flow from financing activities was SEK -121.0 million (-85.6) in 2010. Cybercom repaid about SEK 155 million (170) on existing loans in 2010, of which SEK 50 million (100) was extra amortisation, and also reduced its leasing commitments.

| Consolidated balance sheet (abbreviated) |                |                |
|------------------------------------------|----------------|----------------|
| SEK m                                    | 31 Dec 2010    | 31 Dec 2009    |
| <b>ASSETS</b>                            |                |                |
| Non-current assets                       | 1,121.3        | 1,193.1        |
| Working capital balance (assets)         | 286.0          | 356.8          |
| Other assets                             | 6.7            | 2.0            |
| Cash and cash equivalents                | 98.6           | 183.5          |
| <b>Total assets</b>                      | <b>1,512.6</b> | <b>1,735.4</b> |
| <b>EQUITY AND LIABILITIES</b>            |                |                |
| Equity                                   | 930.6          | 906.9          |
| Working capital balance (liabilities)    | 300.3          | 358.3          |
| Interest-bearing liabilities             | 228.5          | 403.1          |
| Other liabilities                        | 53.2           | 67.1           |
| <b>Total equity and liabilities</b>      | <b>1,512.6</b> | <b>1,735.4</b> |

Working capital balance (assets) = non-interest-bearing current receivables adjusted for tax assets.

Working capital balance (liabilities) = non-interest-bearing current liabilities adjusted for tax liabilities.

### Non-current assets

Property, plant, and equipment accounted for 3.5 per cent (4.0) and intangible assets for 91.7 per cent (90.7) of total non-current assets as of 31 December 2010.

### Working capital

Tied-up working capital was SEK -14.3 million (-1.5) as of 31 December 2010. Although the reduction compared with 2009 was to some extent affected by lower sales, it is mainly due to steady efforts to improve the efficiency of working capital.

### Liquidity

On 31 December 2010, Group cash and cash equivalents stood at SEK 98.6 million compared with SEK 183.5 million on 31 December 2009.

It is the company's assessment that existing liquidity will cover the company's needs for the foreseeable future.

### Debt profile

The company has loans denominated in SEK and in EUR. On 31 December 2010 outstanding liability was SEK 82.5 million (120) and EUR 10.4 million (19.8). The loans are being amortised quarterly until mid-2012. Cybercom also has an overdraft facility of SEK 50 million, of which SEK 40 million was in use on 31 December 2010.

Attaining certain key figures, covenants, is a prerequisite for loan financing. The key figures are based on factors such as Cybercom's profit/loss, net financial items, cash flow, and debt/equity ratio. Cybercom continually analyses these key figures.

### Equity

Equity on 31 December 2010 stood at SEK 930.6 million (906.9), which corresponds to a 61.5 per cent equity/assets ratio (52.3). Equity per share was SEK 25.79 (25.13).

# Employees

## 2010 employee data

- Average number of employees: 1,642 (1,760).
- Total number of employees on 31 December: 1,727 (1,818).
- Gender distribution: 19 per cent women, 81 per cent men (18/82).
- Education level: 87 per cent (88) have academic credentials.
- External training expense: SEK 5,724,000 (6,746,000).
- Average age: 35 (35).
- Consultants' average number of years in sector: 10 (9).

## Productivity and capacity utilisation

Capacity utilisation improved somewhat in many of the Group's operations in 2010 due to a combination of successful sales campaigns and constant monitoring of company expenses.

## Professional training and development

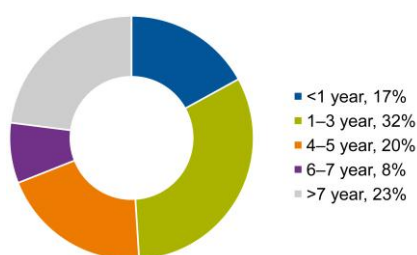
Professional training and development constitute one of the most critical factors for ensuring Cybercom's future competitiveness. Staff skills are enhanced in external and internal courses, skills groups, and customer projects. Alongside clear-cut skills development, seminars are held throughout the Group that highlight the corporate culture, new technology, methods, project management, and even health and wellness programs.

Professional training and development enhance and revitalise Cybercom's knowledge base. Results of such training and development include more employees certified in high-priority areas and improved competitiveness, which could ultimately increase capacity utilisation and hourly rates.

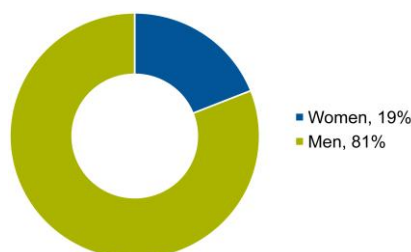
Cybercom runs several programs that offer a structured approach to skills development for managers and employees. Professional training and development focus on the areas in which the company has strong value propositions. Cybercom defines measurable competence requirements; fulfilment of these requirements forms the foundation for setting salary and benefits.

Cybercom conducts regular employee surveys to measure leadership, communication, employeeship, job conditions, and professional training and development. Results from the 2010 survey improved in most of these areas compared with 2009.

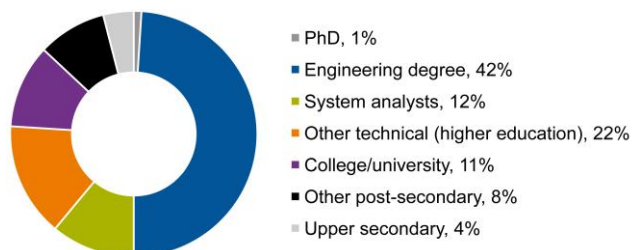
### Years of employment



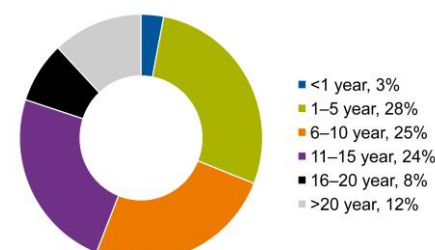
### Gender distribution



### Level of education



### Years of industry experience



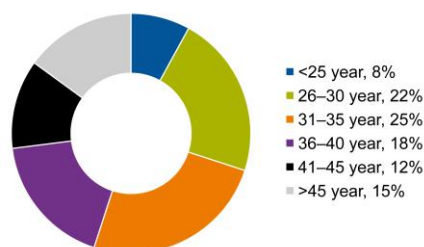
## Recruitment

Recruitment is one of the most critical factors required to ensure Cybercom's continued profitability and growth. Cybercom concentrates on systematically identifying future knowledge needs to secure access to skilled staff.

Keeping key employees and attracting new ones is a strategic issue for Cybercom. The company works continually with working conditions, leadership, and professional skills development to ensure that it is an attractive employer for its employees.

Cybercom has a broad recruitment base that covers all industries. The purpose of the company's recruitment process is to ensure that its staff has the experience and expertise that customers demand – experience and expertise that are consistent with Cybercom's offering. The company has a detailed recruitment process based on these criteria. Employees must also have good social skills, work effectively with quality, and be in the habit of sharing their knowledge with each other.

## Age distribution



# Corporate responsibility and good citizenship

Cybercom's aim is to act responsibly in all countries and contexts in which the Group operates. Cybercom's view of humanity, social responsibility, working conditions, and the environment are rooted in the company's fundamental values and the UN Global Compact. By becoming involved in these issues, Cybercom supports human rights and works against corruption, discrimination, and all forms of forced labour.

Cybercom's board adopted the first edition of its Code of Conduct in 2004. The code is updated regularly and contains rules for business behaviour and for its responsibility in relation to colleagues, customers, vendors, shareholders, regulatory authorities, and the world at large. The code applies to the entire group and all employees can access it on the Cybercom intranet.

## Supporting SOS Children's Villages and Childhood Cancer Foundation

Cybercom supports SOS Children's Villages through a long-term partnership agreement and finances a major part of the

activities at a primary school for 200 children in Gikongoro, Rwanda. Cybercom runs customer projects worldwide, including in Rwanda, where it constructs mobile networks and optimises their performance. Partnering with Eurocard and the Swedish Childhood Cancer Foundation, Cybercom was the first in Sweden to offer its employees company credit cards for which a percentage of all purchases go to fighting childhood cancer.

## Environment

Cybercom's operations have a relatively limited direct impact on the environment, but the company strives to minimise such effects as far as possible. Some parts of the company's business comply with ISO14001, an international environmental certification standard. Cybercom has launched a long-term initiative to have all of its operations certified.

# Remuneration guidelines for senior executives

## Proposal for remuneration guidelines for senior executives 2011

The Board of Directors proposes that the AGM resolves on these remuneration guidelines for senior executives. The board's proposal follows the remuneration guidelines for senior executives that were adopted by the 2010 AGM, and are based on

existing contracts between the company and the individual executives. The term *senior executives* refer to the CEO and other people in Group management as presented on Cybercom's website.

#### FIXED SALARY AND VARIABLE COMPENSATION

The company offers a market-based total compensation package to enable recruitment and retention of senior executives. Remuneration to senior executives consists of a fixed salary, variable compensation, pension, and other benefits such as a car. The variable portion is based on achieved operational objectives, of which the absolute majority relate to financial targets. Variable pay for the CEO has a ceiling of 30 per cent of fixed salary, SEK 792,000, while variable pay may not exceed two months' salary, SEK 952,000, for other senior executives.

#### PENSION AND OTHER BENEFITS

Retirement age for senior executives is 65. Cybercom annually allocates an amount equivalent to 30 per cent of the CEO's annual salary for pension and insurance benefits, SEK 792,000. Other senior executives receive pension benefits as per the Group's premium plan, based on age and salary, of SEK 622,000.

All executives, including the CEO, may terminate their employment by giving six months' notice. If Cybercom terminates the employment contract, a 6 month period of notice applies for the CEO, while a 6-18 month period applies for other executives. In such cases, the CEO and certain other executives are entitled to six months' severance pay, besides salary, during the period of notice. Other benefits must be of limited value in relation to total remuneration and equivalent to normal market terms and conditions.

The board may make exceptions to these guidelines if, in an individual case, there is reason to do so, though this did not occur in 2010.

#### Remuneration in the event of ownership change

One senior executive may also terminate employment and receive remuneration from the company in the event of a change in ownership or major organisational changes. Such remuneration may not exceed 15 months' salary.

## Risk and risk management

Cybercom is exposed to a number of risks that could affect the Group's results. Cybercom continually evaluates, identifies, and manages the company's risks. The risks deemed most significant to the company are classified below as operational, market, or financial risks.

#### Operational risks

##### CUSTOMER FOCUS

The 10 largest customers account for 50 per cent of sales. Cybercom often has many simultaneous but independent projects with large customers. Cybercom has long working relationships with its customers – several have been on the customer list for many years. Although a few customers account for a large proportion of sales, Cybercom has distributed the risk between different companies, both within the Group and with the customer.

##### FRAME AGREEMENTS

Frame agreements have become more significant in recent years. Many customers now choose to work with a small number of suppliers, but they select them very carefully. Besides quality and sophisticated technical expertise, a robust financial position is today of utmost importance in order to rank among the companies that customers choose as their frame agreement suppliers. Cybercom currently has frame agreements with the majority of its major customers. To reduce the risks of non-renewal of these agreements, the crucial key is to deliver quality and results, and maintain fruitful dialogue with the customer.

#### EMPLOYEES

Cybercom is a service company and depends as such on the motivation and skills of its employees. Qualified consultants are a prerequisite for successfully implementing customer projects and satisfying customers. A high staff turnover or the loss of key people could therefore adversely affect the company, so Cybercom actively works on ensuring employees' job satisfaction through continual skills development, social activities, and competitive salary models. In addition, resources are earmarked for training and recruitment activities, such as participation in conferences, seminars, and courses.

#### ASSIGNMENTS/PROJECTS

In certain cases, a customer may end projects at short notice. This may entail a capacity utilisation risk for Cybercom, because the consultants affected cannot be given alternative assignments immediately. In fixed-price projects the company is exposed to risks if the project cannot be concluded within the given cost frameworks. The company continually improves its procedures for assessing and controlling fixed-price assignments.

#### CHANGES IN OWNERSHIP

In case of a change of ownership or a public takeover bid, certain customers have the option of terminating their contracts with the company, which could negatively affect the business.

There is also a possibility of Cybercom's lenders terminating financing agreements with the company in conjunction with major ownership changes, including public takeover bids.

One senior executive has a change in ownership clause in his contract that allows him to consider himself as having received notice of dismissal; this also entails additional remuneration.

## Market risks

### STRUCTURAL CHANGES

Many of Cybercom's customers comprise large international groups that in turn request few, yet large, international suppliers. Cybercom has adapted to this by actively working toward greater internationalisation, which has mainly been achieved through strategic acquisitions.

## Financial risks

Cybercom has identified four financial risks that could affect results:

### LIQUIDITY AND FINANCING RISK

The goal is that, irrespective of the market situation, the Group is to be able to meet its financial commitments at a reasonable cost while retaining its positive brand. The Group's policy is to minimise the need for borrowing by utilising excess liquidity in the Group wherever possible. The liquidity risks for the Group are managed centrally in the parent company.

There is a risk of a major Cybercom customer being adversely affected by the market trend and opting to reduce its purchases of consulting services substantially, which could entail a drop in Cybercom's capacity utilisation in the short term. Cybercom aims to strike a good balance between customers from various industries and geographic areas to avoid excessive dependence on one individual customer. The goal is that no customer will account for more than 15 per cent of the company's revenue over time.

Cybercom has taken out consultant liability insurance, which pays compensation if the company is liable to pay a customer for damages caused by work performed by Cybercom.

Loan financing is dependent on a number of key figures, covenants, being met. This involves a risk, because if they are not met, the company may be forced to renegotiate its financing. Cybercom monitors these covenants continually and takes the action deemed necessary to meet them.

## INTEREST RATE RISK

Interest rate risk may lead to changes in fair values and cash flows. The fixed interest period is a key factor that affects the interest rate risk. The company's debt financing has three-month periods of interest, but was largely hedged using interest rate swaps in 2010. Their purpose is to ensure that the Group's interest expense is easily foreseeable.

## CURRENCY RISKS

Cybercom is exposed to various types of currency risks. In certain projects, subsidiaries are exposed to currency risks, which – when it is deemed favourable – are hedged through suitable financial instruments such as forward foreign exchange contracts. Cybercom's policy is to only hedge existing and well-known foreign currency flows, principally certain customer contracts. The company does not hedge any forecasted currency flows. In 2010, a number of minor customer contracts were hedged, which had a positive effect on the respective projects but a very marginal impact on consolidated earnings.

The largest currency exposure in 2010 was to the euro. The accounts only apply hedge accounting to net investments in foreign subsidiaries, so hedge accounting is not applied to interest rate swaps.

The parent company is mainly exposed to currency risk when translating assets and liabilities of foreign subsidiaries. It is also exposed to currency risks regarding payment flows for loans in foreign currency.

## CUSTOMER CREDIT RISKS

Cybercom is exposed to risks in accounts receivable in certain markets and projects, primarily in developing countries. These risks are managed through a combination of credit checks before the projects commence, and clear internal procedures for handling accounts receivable.

Read more about financial risk management in note 25.

# Additional information

## Disputes

There are no disputes deemed able to have a material effect on the company.

## Acquisitions and disposals

In Q1 2010, Cybercom acquired net assets from SunGard, including two employees. The agreement also entailed Cybercom's assumption of administrative responsibility for some of SunGard's customers. The purchase price was SEK 0.5 million, of which SEK 0.5 million constitutes customer relationships.

As per the purchase agreement between Cybercom and Teleca for acquisition of auSystems in 2007, Teleca is to receive 50 per cent of the tax effect Cybercom can utilise for tax

depreciation on goodwill from transfer of assets that was included in the acquisition. SEK 13.6 million was paid in Q3 as part of the remaining consideration.

## Research and development

Cybercom's expertise in development of communications solutions for the automotive industry has been in demand. The company has developed a concept for "intelligent" vehicles called AutoAppStore, which has attracted strong interest from a number of auto makers outside the Nordics.

The benchmark treatment is that expenditures for development are recognised directly in the income statement if they do not relate to development initiated by customers and if they are considered saleable separately, in which case expenditures are

capitalised in the balance sheet. In 2010, all expenditures for development (SEK 0.9 million) were capitalised.

### Corporate governance and internal control

Cybercom prepares a separate corporate governance report, found on page 56, which is separate from the formal annual

report. The corporate governance report includes information on the Group's system for internal control and risk management.

## Share development and ownership structure

### Cybercom's share

Cybercom's share has been quoted on the Stockholm stock exchange (now NASDAQ OMX Nordic) since 1 December 1999. Cybercom's ticker symbol is CYBE.

### Share capital

Cybercom's share capital amounted to SEK 36.1 million (36.1) on 31 December 2010, distributed over 36,087,899 outstanding shares (36,087,899). All shareholders have equal right to a share in the company's assets and profits. The share's quotient value is 1.

### Dividend

The board proposes to the AGM that a dividend of SEK 0.50 (0) per share be issued for the 2010 fiscal year.

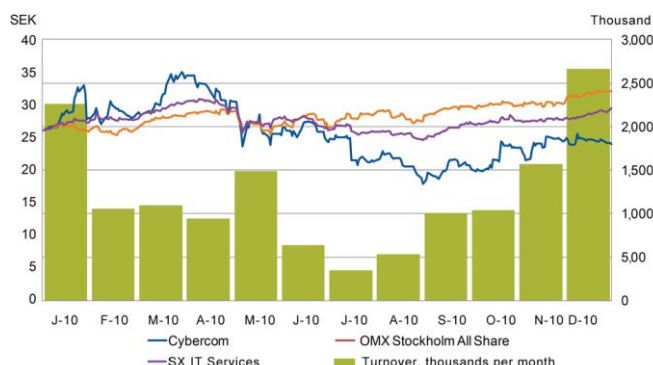
### Shareholders

To the company's knowledge, no agreements exist between shareholders that restrict their right to transfer their shares.

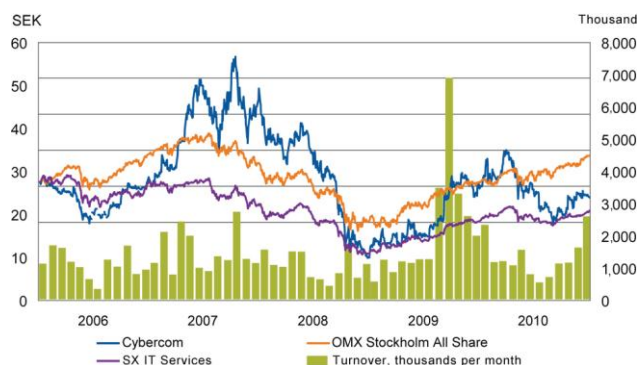
#### The largest shareholders as of 31 December 2010, by holdings

| Name                                | No. of shares     | Holdings, %   |
|-------------------------------------|-------------------|---------------|
| JCE Group AB                        | 12,965,290        | 35.93         |
| LivförsäkringsAB Skandia            | 4,373,049         | 12.12         |
| Swedbank Robur Funds                | 2,975,187         | 8.24          |
| Didner & Gerge Aktiefond            | 1,674,779         | 4.64          |
| Handelsbanken Funds                 | 1,249,630         | 3.46          |
| Skarpebo Invest AB                  | 945,232           | 2.62          |
| Second AP fund                      | 833,320           | 2.31          |
| UBS AG LND IPB Segregated Client A  | 756,458           | 2.10          |
| JP Morgan Bank                      | 611,740           | 1.70          |
| Länsförsäkringar fondförvaltning AB | 553,340           | 1.53          |
| <b>Total</b>                        | <b>26,938,025</b> | <b>74.65</b>  |
| Other                               | 9,149,874         | 25.35         |
| <b>Total shares</b>                 | <b>36,087,899</b> | <b>100.00</b> |

### Stock price trend, 2010



### Stock price trend, 2006-2010



## Outlook

Cybercom has a strong platform in the Nordics, where the company is a leading player. Thanks to its presence in Eastern Europe, India, Singapore, and China, Cybercom is well positioned as an attractive partner for new and existing customers.

New types of business models are increasingly in demand.

Cybercom's strategy is to offer customers cross-sector expertise with delivery from several different geographic regions. Along with an improved market, this provides opportunities for future growth and higher profitability.

Cybercom makes no forecasts.

## Important events after year-end

Nokia, one of Cybercom's customers in Finland, announced a change of strategy in February 2011 that includes a partnership with Microsoft. Cybercom's operations in Finland are affected by Nokia's new strategy. No agreements will be terminated; on-going contracts will remain in effect until they expire, which for many agreements will happen in Q2 2011.

In 2010, Nokia accounted for just under four percent of Cybercom's total revenue. Revenue related to Nokia is expected

to fall in 2011 and have a moderate effect on earnings for the year. This has motivated an impairment test since Nokia as a customer has contributed to a Group-wide surplus value attributable to customer relationships since Cybercom's acquisition of Plenware Oy.

The Board has decided to recognise an impairment loss of SEK 16 million attributable to this balance sheet item. The impairment loss does not affect cash flow.

## Parent company

The parent company primarily manages group-wide functions such as legal, finance, PR and marketing communications, administration, and internal systems. At the end of the period the parent company had 18 (14) employees. The average number of employees during the period was 16 (14).

- Sales totalled SEK 31.0 million (33.4).
- Operating loss totalled SEK -27.7 million (-29.7).
- Loss after net financial items totalled SEK -18.4 million (-65.3).
- The parent company's liquidity as of 31 December 2010 was SEK 45.6 million (119.3).
- Investments in property, plant, and equipment and intangible non-current assets totalled SEK 3.9 million (2.0).

The parent company administers and is responsible for the Group's financial transactions. The overall goal is to minimise adverse impact on consolidated earnings. The parent company also handles the Group's various financial risks, especially liquidity and financing, interest rate, and currency risks.

See the "Directors' report" section for the Group for more information about the parent company's operations, financial position, and performance.

## Consolidated income statement

|                                                      | NOTE       | 2010          | 2009            |
|------------------------------------------------------|------------|---------------|-----------------|
| Net sales                                            | 2          | 1,501,842     | 1,714,426       |
| Other operating income                               | 2, 5       | 27,086        | 37,179          |
| Employee benefits                                    | 3          | -989,669      | -1,079,258      |
| Other external expenses                              | 4, 26      | -419,913      | -516,983        |
| Other operating expenses                             | 5          | -7,143        | -11,276         |
| Depreciation, amortisation, and impairment losses    | 11, 12, 13 | -50,677       | -321,779        |
| <b>Operating profit/loss</b>                         |            | <b>61,526</b> | <b>-177,691</b> |
| Finance income                                       | 6          | 9,033         | 6,966           |
| Finance costs                                        | 6          | -30,110       | -34,233         |
| <b>Profit/loss before tax</b>                        |            | <b>40,449</b> | <b>-204,958</b> |
| Tax                                                  | 8          | 2,247         | -4,106          |
| <b>Year's profit/loss from continuing operations</b> |            | <b>42,696</b> | <b>-209,064</b> |
| Year's profit/loss from discontinued operations      | 9          | 931           | -450            |
| <b>Year's profit/loss</b>                            |            | <b>43,627</b> | <b>-209,514</b> |

### Earnings per share

9, 10

#### Basic, SEK

|                                           |      |       |
|-------------------------------------------|------|-------|
| Earnings per share, total operations      | 1.21 | -6.23 |
| Earnings per share, continuing operations | 1.18 | -6.22 |

#### Diluted, SEK

|                                           |      |       |
|-------------------------------------------|------|-------|
| Earnings per share, total operations      | 1.21 | -6.23 |
| Earnings per share, continuing operations | 1.18 | -6.22 |

## Consolidated statement of comprehensive income

|                                                                   |                |                 |
|-------------------------------------------------------------------|----------------|-----------------|
| <b>Year's profit/loss</b>                                         | <b>43,627</b>  | <b>-209,514</b> |
| Translation differences in translating data in foreign operations | -32,677        | -11,244         |
| Currency risk hedging in foreign operations                       | 17,574         | 9,857           |
| Tax effect on currency risk hedging in foreign operations         | -4,622         | -2,592          |
| <b>Year's other comprehensive income</b>                          | <b>-19,725</b> | <b>-3,979</b>   |
| <b>Year's comprehensive income</b>                                | <b>23,902</b>  | <b>-213,493</b> |

## Consolidated statement of changes in equity

|                                          | Share capital | Other capital contributions | Translation difference | Accumulated profit/loss | Total equity   |
|------------------------------------------|---------------|-----------------------------|------------------------|-------------------------|----------------|
| <b>Opening balance, 1 January 2009</b>   | <b>24,585</b> | <b>744,806</b>              | <b>40,704</b>          | <b>187,971</b>          | <b>998,066</b> |
| Year's loss                              | -             | -                           | -                      | -209,514                | -209,514       |
| Year's other comprehensive income        | -             | -                           | -3,979                 | -                       | -3,979         |
| New share issues                         | 11,503        | 110,820                     | -                      | -                       | 122,323        |
| <b>Closing balance, 31 December 2009</b> | <b>36,088</b> | <b>855,626</b>              | <b>36,725</b>          | <b>-21,543</b>          | <b>906,896</b> |
| Year's profit                            | -             | -                           | -                      | 43,627                  | 43,627         |
| Year's other comprehensive income        | -             | -                           | -19,725                | -                       | -19,725        |
| New share issues                         | -             | -150                        | -                      | -                       | -150           |
| <b>Closing balance, 31 December 2010</b> | <b>36,088</b> | <b>855,476</b>              | <b>17,000</b>          | <b>22,084</b>           | <b>930,648</b> |

# Consolidated balance sheet

|                                                      | NOTE   | 2010             | 2009             |
|------------------------------------------------------|--------|------------------|------------------|
| <b>ASSETS</b>                                        |        |                  |                  |
| <b>Non-current assets</b>                            |        |                  |                  |
| Goodwill                                             | 11     | 923,755          | 950,662          |
| Other intangible non-current assets                  | 12     | 104,562          | 131,742          |
| Property, plant, and equipment                       | 13     | 39,703           | 48,284           |
| Non-current financial assets                         | 14, 15 | 1,061            | 995              |
| Deferred tax assets                                  | 20     | 52,169           | 61,444           |
| <b>Total non-current assets</b>                      |        | <b>1,121,250</b> | <b>1,193,127</b> |
| <b>Current assets</b>                                |        |                  |                  |
| Accounts receivable                                  | 16, 25 | 212,997          | 274,002          |
| Tax assets                                           |        | 6,746            | 1,972            |
| Other receivables                                    | 17     | 51,403           | 52,850           |
| Prepaid expenses                                     | 18     | 21,625           | 30,000           |
| Cash and cash equivalents                            | 30     | 98,638           | 183,500          |
| <b>Total current assets</b>                          |        | <b>391,409</b>   | <b>542,324</b>   |
| <b>Total assets</b>                                  |        | <b>1,512,659</b> | <b>1,735,451</b> |
| <b>EQUITY AND LIABILITIES</b>                        |        |                  |                  |
| <b>Equity</b>                                        |        |                  |                  |
|                                                      | 19     |                  |                  |
| Share capital                                        |        | 36,088           | 36,088           |
| Other capital contributions                          |        | 855,476          | 855,626          |
| Translation reserve                                  |        | 17,000           | 36,725           |
| Retained earnings including profit/loss for the year |        | 22,084           | -21,543          |
| <b>Total equity</b>                                  |        | <b>930,648</b>   | <b>906,896</b>   |
| <b>Non-current liabilities</b>                       |        |                  |                  |
| Deferred tax liability                               | 20     | 33,542           | 51,089           |
| Other non-current liabilities                        | 21     | 73,587           | 276,682          |
| <b>Total non-current liabilities</b>                 |        | <b>107,129</b>   | <b>327,771</b>   |
| <b>Current liabilities</b>                           |        |                  |                  |
| Advances from customers                              |        | 26,944           | 37,770           |
| Restructuring provision                              | 22     | 4,208            | 6,583            |
| Accounts payable                                     |        | 78,233           | 87,188           |
| Tax liabilities                                      |        | 15,472           | 9,459            |
| Other current liabilities                            | 22     | 214,899          | 176,636          |
| Accrued expenses and deferred income                 | 23     | 135,126          | 183,148          |
| <b>Total current liabilities</b>                     |        | <b>474,882</b>   | <b>500,784</b>   |
| <b>Total equity and liabilities</b>                  |        | <b>1,512,659</b> | <b>1,735,451</b> |
| <b>Pledged assets and contingent liabilities</b>     |        |                  |                  |
|                                                      | 27     |                  |                  |

## Consolidated cash flow statement

|                                                                                 | NOTE 30, 31 | 2010            | 2009           |
|---------------------------------------------------------------------------------|-------------|-----------------|----------------|
| <b>Operating activities</b>                                                     |             |                 |                |
| Profit/loss before tax                                                          |             | 40,449          | -204,958       |
| Adjustments for items not included in cash flow                                 |             | 42,799          | 335,216        |
| <b>Cash flow from operations</b>                                                |             | <b>83,248</b>   | <b>130,258</b> |
| Income tax paid                                                                 |             | -11,882         | -12,813        |
| <b>Cash flow from operating activities before change in working capital</b>     |             | <b>71,366</b>   | <b>117,445</b> |
| Increase/decrease accounts receivable                                           |             | 55,941          | -34,925        |
| Increase/decrease other current receivables                                     |             | 6,664           | 39,848         |
| Increase/decrease accounts payable                                              |             | -7,790          | 9,062          |
| Increase/decrease other current liabilities                                     |             | -49,415         | -2,983         |
| <b>Cash flow from operating activities</b>                                      |             | <b>76,766</b>   | <b>128,447</b> |
| <b>Investing activities</b>                                                     |             |                 |                |
| Investments in intangible non-current assets                                    |             | -5,247          | -7,823         |
| Investments in property, plant, and equipment                                   |             | -15,413         | -7,402         |
| Investments in non-current financial assets                                     |             | -103            | —              |
| Acquisition of subsidiaries/net assets, net effect on cash and cash equivalents |             | -13,882         | -11,302        |
| <b>Cash flow from investing activities</b>                                      |             | <b>-34,645</b>  | <b>-26,527</b> |
| <b>Financing activities</b>                                                     |             |                 |                |
| New share issue                                                                 |             | -150            | 92,524         |
| Borrowings                                                                      |             | 40,000          | —              |
| Amortisation payments of debt                                                   |             | -160,878        | -178,086       |
| <b>Cash flow from financing activities</b>                                      |             | <b>-121,028</b> | <b>-85,562</b> |
| <b>Year's cash flow from continuing operations</b>                              |             | <b>-78,907</b>  | <b>16,358</b>  |
| Cash flow from discontinued operations' investing activities                    | 9           | 931             | -450           |
| <b>Year's cash flow from discontinued operations</b>                            |             | <b>931</b>      | <b>-450</b>    |
| <b>Year's cash flow</b>                                                         |             | <b>-77,976</b>  | <b>15,908</b>  |
| Cash and cash equivalents at year's start                                       |             | 183,500         | 169,687        |
| Exchange difference in cash and cash equivalents                                |             | -6,886          | -2,095         |
| <b>Cash and cash equivalents at year's end</b>                                  |             | <b>98,638</b>   | <b>183,500</b> |

## Income statement – parent company

|                                               | NOTE       | 2010           | 2009           |
|-----------------------------------------------|------------|----------------|----------------|
| Net sales                                     |            | 31,002         | 33,269         |
| Other operating income                        | 5          | 11             | 167            |
| <b>Operating income</b>                       |            | <b>31,013</b>  | <b>33,436</b>  |
| Other external expenses                       | 4          | -24,454        | -28,251        |
| Employee benefit expense                      | 3          | -26,925        | -27,365        |
| Depreciation and amortisation                 | 11, 12, 13 | -7,190         | -7,225         |
| Other operating expenses                      | 5          | -182           | -293           |
| <b>Operating expenses</b>                     |            | <b>-58,751</b> | <b>-63,134</b> |
| <b>Operating loss</b>                         |            | <b>-27,738</b> | <b>-29,698</b> |
| Profit/loss from interests in Group companies | 6          | 3,438          | -42,981        |
| Interest income and similar income items      | 6          | 20,243         | 17,248         |
| Interest expense and similar expense items    | 6          | -14,380        | -9,815         |
| <b>Profit/loss from financial items</b>       |            | <b>9,301</b>   | <b>-35,548</b> |
| <b>Loss after financial items</b>             |            | <b>-18,437</b> | <b>-65,246</b> |
| Appropriations                                | 7          | 810            | -3,346         |
| Tax on year's profit/loss                     | 8          | 3,645          | 5,029          |
| <b>Year's loss<sup>1</sup></b>                |            | <b>-13,982</b> | <b>-63,563</b> |

<sup>1</sup> Year's loss corresponds with Year's comprehensive income

## Statement of changes in equity – parent company

|                                                 | Share capital | Statutory reserve | Share premium reserve | Retained earnings | Total equity   |
|-------------------------------------------------|---------------|-------------------|-----------------------|-------------------|----------------|
| <b>Opening balance, 1 January 2009</b>          | <b>24,585</b> | <b>178,962</b>    | <b>468,123</b>        | <b>122,865</b>    | <b>794,535</b> |
| Group contributions received/paid               | –             | –                 | –                     | 43,122            | 43,122         |
| Tax effect on Group contributions received/paid | –             | –                 | –                     | -11,341           | -11,341        |
| Year's loss                                     | –             | –                 | –                     | -63,563           | -63,563        |
| New share issues                                | 11,503        | –                 | 110,820               | –                 | 122,323        |
| <b>Closing balance, 31 December 2009</b>        | <b>36,088</b> | <b>178,962</b>    | <b>578,943</b>        | <b>91,083</b>     | <b>885,076</b> |
| Group contributions received/paid               | –             | –                 | –                     | 13,424            | 13,424         |
| Tax effect Group contributions received/paid    | –             | –                 | –                     | -3,531            | -3,531         |
| Year's loss                                     | –             | –                 | –                     | -13,982           | -13,982        |
| New share issues                                | –             | –                 | -150                  | –                 | -150           |
| <b>Closing balance, 31 December 2010</b>        | <b>36,088</b> | <b>178,962</b>    | <b>578,793</b>        | <b>86,994</b>     | <b>880,837</b> |

## Balance sheet – parent company

|                                      | NOTE   | 2010             | 2009             |
|--------------------------------------|--------|------------------|------------------|
| <b>ASSETS</b>                        |        |                  |                  |
| Intangible non-current assets        | 11, 12 | 53,637           | 56,812           |
| Property, plant, and equipment       | 13     | 829              | 993              |
| Non-current financial assets         | 14     | 651,955          | 614,937          |
| Deferred tax asset                   | 20     | 819              | 707              |
| <b>Total non-current assets</b>      |        | <b>707,240</b>   | <b>673,449</b>   |
| Accounts receivable                  | 16     | –                | –                |
| Tax assets                           |        | 4,821            | 1,676            |
| Receivables from Group companies     |        | 435,642          | 294,644          |
| Other receivables                    | 17     | 1,286            | 2,284            |
| Prepaid expenses                     | 18     | 3,548            | 7,701            |
| Cash and bank balances               | 30     | 45,572           | 119,328          |
| <b>Total current assets</b>          |        | <b>490,869</b>   | <b>425,633</b>   |
| <b>Total assets</b>                  |        | <b>1,198,109</b> | <b>1,099,082</b> |
| <b>EQUITY AND LIABILITIES</b>        |        |                  |                  |
| Share capital                        |        | 36,088           | 36,088           |
| Statutory reserve                    |        | 178,962          | 178,962          |
| <b>Total restricted equity</b>       |        | <b>215,050</b>   | <b>215,050</b>   |
| Share premium reserve                |        | 578,793          | 578,943          |
| Retained earnings                    |        | 100,976          | 154,646          |
| Year's loss                          |        | -13,982          | -63,563          |
| <b>Total non-restricted equity</b>   |        | <b>665,787</b>   | <b>670,026</b>   |
| <b>Total equity</b>                  |        | <b>880,837</b>   | <b>885,076</b>   |
| <b>Untaxed reserves</b>              | 29     | <b>16,857</b>    | <b>17,667</b>    |
| Non-current liabilities              | 21     | 59,489           | 114,335          |
| <b>Total non-current liabilities</b> |        | <b>59,489</b>    | <b>114,335</b>   |
| Accounts payable                     |        | 6,452            | 3,558            |
| Liabilities to Group companies       |        | 71,450           | 30,720           |
| Tax liabilities                      |        | –                | –                |
| Other current liabilities            | 22     | 158,132          | 41,930           |
| Accrued expenses and deferred income | 23     | 4,892            | 5,796            |
| <b>Total current liabilities</b>     |        | <b>240,926</b>   | <b>82,004</b>    |
| <b>Total equity and liabilities</b>  |        | <b>1,198,109</b> | <b>1,099,082</b> |
| Pledged assets                       | 27     | 605,968          | 552,420          |
| Contingent liabilities               | 27     | –                | –                |

## Cash flow statement – parent company

|                                                                             | NOTE 30, 31 | 2010            | 2009            |
|-----------------------------------------------------------------------------|-------------|-----------------|-----------------|
| <b>Operating activities</b>                                                 |             |                 |                 |
| Loss after financial items                                                  |             | -18,437         | -65,246         |
| Adjustments for items not included in cash flow                             |             | -10,854         | 49,769          |
| <b>Cash flow from operations</b>                                            |             | <b>-29,291</b>  | <b>-15,477</b>  |
| Income tax paid                                                             |             | -3,143          | -5,568          |
| <b>Cash flow from operating activities before change in working capital</b> |             | <b>-32,434</b>  | <b>-21,045</b>  |
| Increase/decrease accounts receivable                                       |             | –               | 763             |
| Increase/decrease other current receivables                                 |             | -123,571        | 315,585         |
| Increase/decrease accounts payable                                          |             | 2,894           | -1,400          |
| Increase/decrease other current operating liabilities                       |             | 39,670          | -140,559        |
| <b>Cash flow from operating activities</b>                                  |             | <b>-113,441</b> | <b>153,344</b>  |
| <b>Investing activities</b>                                                 |             |                 |                 |
| Investments in intangible non-current assets                                |             | -3,814          | -1,498          |
| Investments in property, plant, and equipment                               |             | -38             | -464            |
| Disposal of non-current financial assets                                    |             | 979             |                 |
| Investments in subsidiaries                                                 |             | -42,548         | -203,744        |
| Disposal of subsidiaries                                                    |             | 6,631           | -450            |
| <b>Cash flow from investing activities</b>                                  |             | <b>-38,790</b>  | <b>-206,156</b> |
| <b>Financing activities</b>                                                 |             |                 |                 |
| New share issue                                                             |             | -150            | 92,524          |
| Borrowings                                                                  |             | 149,666         | –               |
| Amortisation payments of debt                                               |             | -71,041         | -42,623         |
| <b>Cash flow from financing activities</b>                                  |             | <b>78,475</b>   | <b>49,901</b>   |
| <b>Change in cash and cash equivalents</b>                                  |             | <b>-73,756</b>  | <b>-2,911</b>   |
| Cash and cash equivalents at year's start                                   |             | 119,328         | 122,239         |
| <b>Cash and cash equivalents at year's end</b>                              |             | <b>45,572</b>   | <b>119,328</b>  |

## Five-year overview

| Income statement, SEK million                                                    | 2010         | 2009          | 2008         | 2007         | 2006        |
|----------------------------------------------------------------------------------|--------------|---------------|--------------|--------------|-------------|
| Operating income                                                                 | 1,528.9      | 1,751.6       | 1,781.1      | 1,099.5      | 535.8       |
| Operating expenses                                                               | -1,416.7     | -1,607.5      | -1,587.3     | -982.9       | -478.8      |
| <b>Operating profit before depreciation, amortisation, and impairment losses</b> | <b>112.2</b> | <b>144.1</b>  | <b>193.8</b> | <b>116.6</b> | <b>57.0</b> |
| Depreciation, amortisation, and impairment losses                                | -50.7        | -321.8        | -37.8        | -12.5        | -6.2        |
| <b>Operating profit/loss</b>                                                     | <b>61.5</b>  | <b>-177.7</b> | <b>156.0</b> | <b>104.1</b> | <b>50.9</b> |
| Finance income                                                                   | 9.0          | 7.0           | 12.9         | 6.0          | 4.4         |
| Finance costs                                                                    | -30.1        | -34.3         | -52.3        | -28.1        | -5.1        |
| <b>Profit/loss before tax</b>                                                    | <b>40.4</b>  | <b>-205.0</b> | <b>116.6</b> | <b>82.0</b>  | <b>50.1</b> |
| Tax                                                                              | 2.3          | -4.1          | -30.0        | -21.1        | -14.4       |
| <b>Year's profit/loss from continuing operations</b>                             | <b>42.7</b>  | <b>-209.1</b> | <b>86.6</b>  | <b>60.9</b>  | <b>35.7</b> |
| Year's profit/loss from discontinued operations                                  | 0.9          | -0.4          | 47.4         | 6.1          | -0.4        |
| <b>Year's profit/loss</b>                                                        | <b>43.6</b>  | <b>-209.5</b> | <b>134.0</b> | <b>67.0</b>  | <b>35.3</b> |

| Balance sheet, SEK million                      | 2010           | 2009           | 2008           | 2007           | 2006         |
|-------------------------------------------------|----------------|----------------|----------------|----------------|--------------|
| Intangible non-current assets                   | 1,028.3        | 1,082.4        | 1,366.3        | 815.9          | 135.7        |
| Property, plant, and equipment                  | 39.7           | 48.3           | 67.8           | 20.7           | 10.9         |
| Non-current financial assets                    | 1.1            | 1.0            | 0.9            | 0.7            | 0.7          |
| Deferred tax assets                             | 52.2           | 61.4           | 50.1           | 63.3           | 1.8          |
| Current assets, excl. cash and cash equivalents | 292.7          | 358.9          | 373.6          | 405.8          | 170.7        |
| Cash and cash equivalents                       | 98.6           | 183.5          | 169.7          | 82.0           | 88.9         |
| <b>Total assets</b>                             | <b>1,512.6</b> | <b>1,735.5</b> | <b>2,028.4</b> | <b>1,388.4</b> | <b>408.7</b> |
| Equity                                          | <b>930.6</b>   | 906.9          | 998.1          | 708.4          | 272.4        |
| Non-current liabilities                         | 107.1          | 327.8          | 499.8          | 323.9          | 8.3          |
| Current liabilities                             | 474.9          | 500.8          | 530.5          | 356.1          | 128.0        |
| <b>Total equity and liabilities</b>             | <b>1,512.6</b> | <b>1,735.5</b> | <b>2,028.4</b> | <b>1,388.4</b> | <b>408.7</b> |

| Cash flow statement, SEK million                 | 2010         | 2009         | 2008         | 2007        | 2006        |
|--------------------------------------------------|--------------|--------------|--------------|-------------|-------------|
| Cash flow from operating activities              | 76.8         | 128.4        | 198.8        | 60.1        | 34.4        |
| Cash flow from investing activities              | -34.7        | -26.5        | -283.5       | -600.6      | 0.5         |
| Cash flow from financing activities              | -121.0       | -85.6        | 118.5        | 531.7       | —           |
| <b>Cash flow from continuing operations</b>      | <b>-78.9</b> | <b>16.4</b>  | <b>33.8</b>  | <b>-8.8</b> | <b>34.8</b> |
| Cash flow from discontinued operations           | 0.9          | -0.5         | 52.4         | 2.3         | -0.7        |
| <b>Cash and cash equivalents at year's start</b> | <b>183.5</b> | <b>169.7</b> | <b>82.0</b>  | <b>88.9</b> | <b>55.5</b> |
| Exchange difference in cash and cash equivalents | -6.9         | -2.1         | 1.5          | -0.4        | -0.7        |
| <b>Cash and cash equivalents at year's end</b>   | <b>98.6</b>  | <b>183.5</b> | <b>169.7</b> | <b>82.0</b> | <b>88.9</b> |

| Key data and ratios            | 2010 | 2009  | 2008 | 2007 | 2006 |
|--------------------------------|------|-------|------|------|------|
| Return on total capital, %     | 4.3  | -9.1  | 9.9  | 12.3 | 14.5 |
| Return on capital employed, %  | 5.8  | -12.0 | 12.9 | 18.0 | 21.2 |
| Return on equity, %            | 4.7  | -22.0 | 15.7 | 13.7 | 13.8 |
| Operating margin, %            | 4.0  | -10.1 | 8.8  | 9.5  | 9.5  |
| Net margin, %                  | 2.6  | -11.7 | 6.5  | 7.9  | 9.4  |
| Equity/assets ratio, %         | 61.5 | 52.3  | 49.2 | 51.0 | 66.6 |
| Debt/equity ratio, times       | 0.2  | 0.4   | 0.6  | 0.5  | 0    |
| Interest coverage ratio, times | 2.3  | -5.0  | 3.2  | 3.9  | 10.8 |

Five-year overview, cont.

| Employees                              | 2010  | 2009  | 2008  | 2007  | 2006  |
|----------------------------------------|-------|-------|-------|-------|-------|
| Number of employees, average           | 1,642 | 1,760 | 1,832 | 911   | 414   |
| Number of employees at year's end      | 1,727 | 1,818 | 1,982 | 1,262 | 481   |
| Number of consultants, average         | 1,415 | 1,544 | 1,612 | 793   | 357   |
| Sales per employee, SEK thousand       | 931   | 995   | 972   | 1,207 | 1,294 |
| Sales per consultant, SEK thousand     | 1,080 | 1,134 | 1,105 | 1,387 | 1,501 |
| Value added per employee, SEK thousand | 610   | 489   | 652   | 753   | 851   |

| Share data                                     | 2010       | 2009       | 2008       | 2007       | 2006       |
|------------------------------------------------|------------|------------|------------|------------|------------|
| Number of shares at year's end                 | 36,087,899 | 36,087,899 | 24,584,840 | 22,384,362 | 12,321,757 |
| Number of shares at year's end, after dilution | 36,087,899 | 36,087,899 | 24,584,840 | 22,384,362 | 12,436,757 |
| Equity per share, SEK                          | 25.79      | 25.13      | 40.60      | 31.65      | 22.11      |
| Equity per share after dilution, SEK           | 25.79      | 25.13      | 40.60      | 31.65      | 21.90      |
| Average number of shares                       | 36,087,899 | 33,633,275 | 27,251,721 | 15,033,438 | 12,321,757 |
| Diluted average number of shares               | 36,087,899 | 33,633,275 | 27,251,721 | 15,038,164 | 12,478,757 |
| Earnings per share, SEK                        | 1.21       | -6.23      | 4.92       | 4.46       | 2.86       |
| Diluted earnings per share, SEK                | 1.21       | -6.23      | 4.92       | 4.46       | 2.83       |
| Cash flow per share after dilution, SEK        | 2.13       | 3.82       | 7.29       | 4.00       | 2.75       |
| Dividend per share, SEK                        | 0.50       | 0          | 0          | 0          | 0          |

Except for balance sheet items, comparative figures for 2007 were recalculated for operations disposed of.

## Definitions

### Average number of shares

A weighted average number of outstanding shares for the year.

### Cash generation

Cash flow from operating activities divided by year's profit/loss for continuing operations adjusted for posts that do not affect cash flow.

### Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity.

### Diluted average number of shares

A weighted average of outstanding shares and potential shares.

### Diluted cash flow per share

Cash flow from operating activities divided by the average number of shares after dilution.

### Diluted earnings per share

Year's profit/loss divided by the average number of shares after dilution.

### EBIT

Earnings before interest and taxes (operating income).

### EBITDA

Earnings before interest, taxes, depreciation, and amortisation.

### Equity/assets ratio

Shareholders' equity as a percentage of the balance sheet total.

### Interest coverage ratio

Profit/loss plus financial income divided by financial costs.

### Net margin

Profit/loss before taxes as a percentage of sales.

### Operating margin

Operating profit/loss as a percentage of sales.

### Return on capital employed

Profit/loss plus financial income as a percentage of average capital employed.<sup>1</sup>

### Return on equity

Year's profit/loss expressed as a percentage of average shareholders' equity.<sup>1</sup>

### Return on total capital

Profit/loss plus financial income as a percentage of the average balance sheet total.<sup>1</sup>

### Value added per employee

Operating profit/loss plus labour costs divided by the average number of employees. Labour costs are salary expenses and reimbursements plus a standard 35 per cent for social security contributions.

<sup>1</sup> The OB+CB/2 method is applied when calculating average values for return on equity, return on capital employed, and return on total capital.

# Notes

## Note 1. Accounting policies

### Compliance with standards and laws

The consolidated accounts were prepared per International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB) and interpretive statements from the International Financial Reporting Interpretations Committee (IFRIC) that were approved for application within the EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups was also applied.

The parent company applies the same policies as the Group, except where otherwise stated below in the Parent company accounting policies section.

### Valuation methods used in preparing the financial statements

Assets and liabilities are recognised at historical cost, apart from financial assets and liabilities that are derivatives; these are recognised at fair value.

### Functional currency and reporting currency

The parent company's functional currency is Swedish kronor (SEK), which is also the reporting currency for the parent company and the Group. The financial statements are therefore presented in Swedish kronor – rounded off to the nearest thousand, unless otherwise specified.

### Judgements and estimates in the financial statements

Preparation of the financial statements using IFRSs requires that company management make judgements, estimates, and assumptions that affect application of the accounting policies and the recognised amounts of assets, liabilities, income, and expenses. The actual outcome may differ from these estimates and judgements.

Cybercom regularly reviews estimates and assumptions. Changes to estimates are recognised in the period when the change is made – if the change only affected that period. If the change affects current and future periods, it is recognised in the period when the change is made and in future periods.

### Key sources of uncertainties in estimates

Sources of uncertainties in estimates stated below refer to those that involve a significant risk for major adjustment to the value of assets or liabilities in the coming financial year.

### Goodwill impairment testing

Several assumptions about future conditions and estimates of parameters were made when calculating the recoverable amount of cash-generating units for goodwill impairment testing; see Note 11 for a description. As stated in Note 11, changes to conditions for these assumptions and estimates could have a material effect on the value of goodwill.

### Percentage of completion method

Cybercom applies the percentage of completion method when reporting fixed-price agreements. This means that revenue is recognised concurrently as the assignment is completed. The expected number of hours required for total completion of the project is used to calculate a project's degree of completion. This estimate is updated monthly, and revenue is reported accordingly.

### Loss carry-forwards

The carrying amount of deferred tax assets for loss carry-forwards was assessed at year-end, and use of the loss carry-forwards against surpluses in future taxation was deemed probable.

### Amended accounting policies

The next section describes the amended accounting policies that result from new or amended IFRSs that the Group has applied since 1 January 2010. Other IFRS amendments effective as of 2010 had no material impact on the consolidated accounts.

### Presentation of financial statements

The IASB's annual improvement project published in May 2010 changed the requirements of IAS 1 *Presentation of Financial Statements* regarding the layout of the changes in equity statement. Cybercom elected to implement these changes early starting with the 2010 annual report. The changes mean that reconciliation in the statement of changes in equity, such as reserves for accumulated other comprehensive income, does not need to specify each item of other comprehensive income. As permitted under this amendment, Cybercom has chosen to disclose information with detailed breakdowns of reserves and other components of equity in the notes instead of the statement of changes in equity. Such detailed reconciliation was also present in the 2009 annual report notes, but appears to be required in the statement of changes in equity under the version of IAS 1 that applies to 2010 without said early implementation. However, in compliance with the terms of the revised IAS 1, the previous line for the year's comprehensive income has been divided, with separate specification of the year's profit/loss and the year's other comprehensive income, respectively, in the statement of changes in equity. The revised presentation applies to the current year and comparative year. The changes have not resulted in any adjustments to amounts in the financial statements.

### Business combinations and consolidated financial statements

The Group has applied the amended IFRS 3 *Business combinations* and the revised IAS 27 *Consolidated and separate financial statements* since 1 January 2010. The impact of this includes a changed definition of a business, transaction fees on the acquisition date are to be recognised as an expense in profit for the year, contingent purchase prices are to be established at fair value on the acquisition date, and effects of revaluing

liabilities related to contingent purchase prices are to be recognised as income or expense in profit for the year.

The changes had no impact on the consolidated financial statements for 2010.

As the changes only have effects prospectively, comparative periods were not altered in the annual report.

### **New and amended IFRSs and interpretations not yet applied**

Some new or amended standards and interpretations will not be effective until coming financial years and were thus not applied in preparing these financial statements. Cybercom is not planning early application of new standards or amendments effective for financial years after 2010. If new or amended standards and interpretations are not described below, Cybercom has assessed that they do not impact the financial reporting.

#### **IFRS 9 Financial instruments**

IFRS 9 *Financial instruments* is meant to replace IAS 39 *Financial instruments: Recognition and measurement* no later than 2013. IASB has published the first of at least three parts that together will constitute IFRS 9. This first part deals with presentation and measurement of financial assets. Only two measurement categories will be available: one for fair value and another for amortised cost. Amortised cost is used for instruments held in a business model whose goal is to secure contractual cash flows, which will constitute payments of principal and interest on the principal at specified dates. Other financial assets are recognised at fair value. In November 2010, IASB also published the parts of IFRS 9 relating to presentation and measurement of financial liabilities. Most of it corresponds with the previous regulations of IAS 39. IFRS 9 has not been approved for implementation by the EU, and such approval will not come before all parts of IFRS 9 are completed. Therefore, IFRS 9 in its present form cannot be adopted early.

#### **Classifications**

Non-current assets and non-current liabilities essentially comprise amounts expected to be recovered or paid more than 12 months after the reporting date. Current assets and current liabilities essentially comprise amounts expected to be recovered or paid within 12 months after the reporting date.

#### **Operating segment**

An operating segment is a part of the Group that runs operations from which the Group may generate income and incur expenses and for which financial data are available. The company's most senior decision-making executive follows up the results of an operating segment in order to evaluate them and allocate resources to the operating segment. See Note 2 for an additional description of the division into and presentation of operating segments.

### **Consolidation policies**

#### **Subsidiaries**

Subsidiaries are companies over which Cybercom Group AB has a controlling influence. Controlling influence means, directly or indirectly, the right to draw up a company's financial and operational strategies with the aim of receiving economic benefits.

When judging whether the Group has controlling influence, potential shares with voting rights are accounted for, i.e., shares that can be used immediately or converted without delay.

Subsidiaries are recognised using the acquisition method. With this method, acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The acquisition cost on consolidation is established through an acquisition analysis in conjunction with the acquisition. The analysis establishes:

- The acquisition cost of the participating interests or business.
- The fair value, on the acquisition date, of acquired identifiable assets and assumed liabilities and contingent liabilities.

The acquisition cost for the subsidiary's shares and operations comprises the sum of fair values at the acquisition date for:

- Paid assets.
- Incurred or assumed liabilities.
- Issued equity instruments submitted as payment in exchange for the acquired net assets.

Transaction expenditures for acquisitions through 2009 are included in the cost, and transaction expenditures incurred after 2009 are expensed directly in the year's profit/loss. In business combinations in which the acquisition cost exceeds the fair value of acquired assets and assumed liabilities and contingent liabilities recognised separately, the difference is recognised as goodwill. Any negative difference is recognised directly in profit for the year.

Subsidiaries' financial statements are included in the consolidated accounts from the acquisition date until the date on which the controlling influence ceases.

#### **Joint ventures**

In accounting terms, a joint venture is a company in which the Group, through partnership agreements with one or more parties, has joint controlling influence on operational and financial governance. Holdings in joint ventures are consolidated in the Group accounts using the proportional method; consequently, Group ownership of a joint venture's income, expenses, assets, and liabilities, is recognised in the consolidated income statements and balance sheets. This is performed by combining the joint owner's proportion of assets, liabilities, income, and expenses in a joint venture company – item by item – with equivalent items in the joint owner's consolidated accounts. Only equity earned after the acquisition is recognised in the Group's equity. The proportional method is applied from the date when joint controlling influence is received and until the date it ceases.

#### **Transactions eliminated in consolidation**

Internal (intra-Group) receivables and liabilities, income or expenses, and unrealised gains or losses that arise from internal transactions between Group companies are entirely eliminated in preparation of the consolidated accounts. Unrealised gains arising from transactions with joint ventures are eliminated to the degree that corresponds to the Group's holding in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there are no impairment losses.

## Foreign currency

### Transactions in foreign currency

Transactions in foreign currencies are translated into the functional currency at the exchange rate that applied on the transaction date. The functional currency is the currency used in the primary economic environments in which the companies run their operations. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate on the reporting date. Exchange differences arising in the translations are recognised in the income statement. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate that applied on the transaction date. Non-monetary assets and liabilities recognised at fair value are translated into the functional currency at the exchange rate that applied on the date they were valued at fair value.

### Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other Group surpluses and deficits, are translated from the functional currency of the foreign operation to the Group's reporting currency, Swedish kronor, at the exchange rate applicable on the reporting date. Income and expenses in foreign operations are translated into Swedish kronor at an average rate that is an approximation of the exchange rates that applied on each transaction date. Translation differences arising in currency translation regarding foreign operations are recognised in other comprehensive income and are accumulated in the translation reserve in equity. In disposal of a foreign operation, the cumulative translation differences attributable to the operation from the translation reserve are realised in profit for the year.

Since 1 January 2004 – the transition date to IFRSs – translation differences have been recognised in the translation reserve included in equity.

### Hedging net investments in a foreign operation

On the consolidated balance sheet, investments in foreign operations are represented by recognised net assets in subsidiaries – including monetary items that are part of the net investments in the companies. To some extent, measures were taken to reduce currency risks associated with these investments. This was done by raising loans in the same currency as the net investments. On the reporting date, these loans are recognised after translation at the closing day rate. The effective part of the period's exchange rate changes – regarding hedging instruments – is recognised in other comprehensive income and is accumulated in the translation reserve in equity, to meet and partly match the translation differences recognised for net assets in the foreign operations that were hedged. The translation differences from net investment and hedging instruments are reversed and recognised in profit for the year upon disposal of the foreign operation. When the hedging is ineffective, the ineffective part is recognised directly in profit for the year.

## Revenue

### Rendering of service assignments

Revenue from service assignments is recognised in profit for the year based on degree of completion on the reporting date. Degree of completion is established by assessing work done on

the basis of inspections made. Revenue is not recognised if it is probable that the economic benefits will not flow to the Group. If there are considerable uncertainties about payment, appurtenant expenses, or guarantees, and if the seller remains involved in the day-to-day management normally associated with ownership, then no revenue recognition occurs. Consulting revenue is the main source of Group revenue and accounted for 98 per cent of sales. Other revenue made up 2 per cent of Group sales. Revenue comprises the fair value of services sold, excluding value-added tax and discounts and after elimination of intra-Group sales. Revenue is recognised as:

### SERVICE ASSIGNMENTS ON RUNNING ACCOUNTS

Running account assignments are recognised as profit or loss as the services are rendered, i.e., revenues and expenses are recognised in the period in which they were earned or incurred.

Earned – but not invoiced – fees on the reporting date are recognised as Time worked but not invoiced under the Other receivables heading.

### FIXED-PRICE SERVICES

If a fixed-price service assignment outcome can be reliably estimated, the assignment's income and expenditure are recognised as revenue and expenses, respectively, relative to the assignment's degree of completion on the reporting date (the percentage of completion method). The number of utilised hours at the reporting date, in relation to the assignment's estimated total hours, mainly determines the percentage of completion.

If estimation of a service assignment's outcome is difficult (e.g., a project is in an early phase), but it is likely that the customer will cover accrued expenses, then revenue is recognised at the reporting date at an amount corresponding to the assignment's accrued expenses, so no profit is recognised.

No revenue is recognised and accrued expenditure is reported as expenses if it is likely that the customer will not cover the expenses. An anticipated loss is booked immediately as an expense, in as much as it can be estimated.

Invoiced fees in fixed-price assignments for services not yet rendered are recognised as Advances from customers.

## Leasing

See the section on leased assets under property, plant, and equipment for classification of leases.

### Operating leases

Costs pertaining to operating leases are recognised in the income statement on a straight-line basis over the lease term. Incentives received in conjunction with signing a lease agreement are reported in the income statement as a reduction of the leasing payments on a straight-line basis over the lease term. Variable charges are expensed in the periods when they arise.

### Finance leases

Minimum lease payments are allocated between interest expense and amortisation payment of the outstanding liability. Interest expense is allocated over the lease term so that an amount corresponding to a fixed interest rate for the liability recognised during each period is charged to each period. Variable charges are expensed in the periods when they arise.

### Finance income and finance costs

Finance income comprises interest income on cash and cash equivalents and current investments, dividend income, gains on changes in value of financial assets at fair value through profit or loss, and gains on hedging instruments recognised in profit or loss for the year.

Interest income on financial instruments is recognised using the effective interest rate method. Dividend income is recognised when the right to receive dividend has been established.

Finance costs comprises interest expenses on loans, losses on changes in value of financial assets at fair value through profit or loss, and losses on hedging instruments recognised in profit or loss for the year. Borrowing costs are recognised in profit or loss using the effective interest rate method.

The effective interest is the interest that discounts the estimated future payments to be received and made during a financial instrument's expected term to maturity, to the reported net value of the financial asset or liability. The calculation includes all fees that are paid or received by the parties to the contract and that form part of the effective interest, transaction costs, and all surplus and deficit values.

### Taxes

Income taxes comprise current and deferred tax. Income taxes are reported in profit or loss for the year, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the related tax effect is recognised in other comprehensive income or in equity.

Current tax is payable or receivable for the current year, according to the tax rates enacted or substantially enacted at the reporting date. Current tax also includes adjustment of current tax attributable to earlier periods.

Deferred tax is calculated using the balance sheet method, based on temporary differences between the carrying amounts and tax bases of assets and liabilities. Temporary differences are not considered for differences that (i) arose in initial recognition of goodwill, (ii) arose in initial recognition of assets and liabilities that are not business combinations and which, at the time of the transaction, affect neither accounting nor taxable profit or loss, or (iii) are attributable to interests in subsidiaries that are not expected to reverse within the foreseeable future. Valuation of deferred tax is based on how underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates and rules enacted or substantially enacted at the reporting date.

Deferred tax assets regarding deductible temporary differences and loss carry-forwards are only recognised where it is deemed probable that they can be used. The value of deferred tax assets is reduced when their use is no longer deemed probable.

Any additional income tax that arises in conjunction with dividend is recognised when the dividend is recognised as a liability.

### Financial instruments

Financial instruments recognised on the balance sheet include (i) among assets: cash and cash equivalents, loan receivables, derivatives, and accounts receivable and (ii) among liabilities: accounts payable, derivatives, and borrowings.

### Recognition on and derecognition from the balance sheet

A financial asset or financial liability is recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the company has performed a service/supplied a product and the counterparty is contractually obliged to pay, even if an invoice has not yet been sent. Accounts receivable are entered on the balance sheet when an invoice is sent. A liability is entered when the counterparty has rendered a service or supplied a product and there is a contractual obligation to pay, even if an invoice has not yet been received. Accounts payable are recognised when an invoice is received.

A financial asset is removed from the balance sheet when the rights in the agreement are realised, expire, or the company loses control of them. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise expires. The same applies to a portion of a financial liability.

A financial asset and a financial liability are offset and reported at the net amount on the balance sheet only when there is a legal offset right for the amounts and the intention is to (i) settle the items at a net amount or (ii) realise the asset and settle the liability simultaneously.

### Classification and valuation

Financial instruments that are not derivatives are initially recognised at acquisition cost corresponding to the fair value of the instrument, plus transaction costs for all financial instruments apart from those in the category of financial assets at fair value through profit or loss; these are recognised at fair value excluding transaction costs. A financial instrument is classified on initial recognition based on, among other things, the purpose for which it was acquired. The classification determines how the financial instrument is valued subsequent to initial recognition.

Derivatives are initially recognised at fair value, so transaction costs have an impact on profit or loss for the period. Subsequent to initial recognition, derivatives are recognised as follows. If derivatives are used for hedge accounting, and to the extent that the latter is effective, changes in value of derivatives are recognised on the same line in profit for the year as the hedged item. Even if hedge accounting is not applied, increases and decreases in the value of derivatives are recognised as income and expenses, respectively, in operating profit, or among financial items, based on the purpose of the derivative's use and whether this use relates to an operating item or a financial item. In hedge accounting, the ineffective portion is recognised in the same way as changes in the value of derivatives that are not used for hedge accounting. If hedge accounting is not applied in use of interest rate swaps, the interest coupon is recognised as interest and any other change in value of the interest rate swap is recognised as other finance income or other finance costs.

Cash and cash equivalents comprise cash in hand, deposits held at call at banks and comparable institutions, and short-term liquid investments that have maturities of less than three months from the acquisition date and that are subject to insignificant risk of changes in value.

### Financial assets and liabilities at fair value through profit or loss

This category comprises financial assets and liabilities held for trading. Financial instruments in this category are continually measured at fair value, with changes in value recognised in profit or loss for the year. The category includes derivatives with a positive or negative fair value, except for derivatives that are an identified and effective hedging instrument.

### Loan receivables and accounts receivable

Loan receivables and accounts receivable are non-derivative financial assets that have fixed or determinable payments and are not quoted on an active market. These assets are valued at amortised cost, which is determined using the effective interest rate calculated on the acquisition date. Accounts receivable are recognised at the amounts expected to be received, that is, less bad debts.

### Other liabilities

This category contains loans and other financial liabilities, such as accounts payable; the liabilities are valued at amortised cost.

The Group's financial assets and liabilities were allocated to the categories as described in Note 25 Risk exposure and risk management. Recognition of finance income and costs is also described in the above accounting policy for recognition of finance income and costs.

### Derivatives and hedge accounting

The Group's derivatives were acquired as economic hedges for the risks of interest rate and foreign exchange exposure faced by the Group. Derivatives are initially recognised at fair value, so transaction costs have an impact on profit or loss for the period. Subsequent to initial recognition, derivatives are measured at fair value, and changes in value are stated as follows.

An unequivocal connection to the hedged item is required to meet the criteria for hedge accounting stated in IAS 39. The hedge must also effectively protect the hedged item, hedging documentation must be drawn up, and efficacy must be measurable. Gains and losses on hedges are recognised in profit for the year at the same time as gains and losses are recognised for the hedged items.

Cybercom only applies hedge accounting to hedging of net investments in foreign subsidiaries, so hedge accounting is not applied to interest rate swaps.

### Receivables and liabilities in foreign currency

Foreign exchange forward contracts are used for the economic hedging of receivables or liabilities against exchange rate risk. Hedge accounting is not applied as protection against currency risk, because an economic hedge is reflected in the accounts by the underlying receivable or liability and the hedging instrument being recognised at the exchange rate on the reporting date and the exchange rate changes being recognised over profit for the year.

Exchange rate changes regarding operating receivables and liabilities are recognised in operating profit, while exchange rate

changes regarding financial receivables and liabilities are recognised among financial items.

### Hedging exchange rate risk in foreign net investments

Investments in foreign subsidiaries (net assets including goodwill) were partially hedged by raising currency loans that were translated at the closing day rate on the reporting date. Translation differences on financial instruments used as hedging instruments when hedging net investment in a Group company are recognised – to the extent that the hedge is effective – in other comprehensive income and are accumulated in the translation reserve in equity. This neutralises the translation differences that affect equity in consolidation of the Group companies.

In disposal of a subsidiary, the cumulative change in value regarding the operation disposed of is transferred from equity to profit for the year.

### Property, plant, and equipment

#### Owned assets

Property, plant, and equipment are recognised in the consolidated accounts at cost, less accumulated depreciation and any impairment losses. Cost includes the purchase price and costs directly attributable to the asset to put it in place and in the right condition for the use for which it was acquired. Accounting policies for impairment are stated below.

The carrying amount of an item of property, plant, or equipment is derecognised from the balance sheet upon retirement or disposal of the asset or when no future economic benefits are expected from the asset's use, retirement, or disposal. Gains or losses that arise from an asset's disposal or retirement comprise the difference between the selling price and the carrying amount, less direct selling expenses.

#### Leased assets

Leases are classified as finance leases or operating leases. Finance leases are when the economic risks and rewards of ownership have been substantially transferred to the lessee. All other leases are classified as operating leases.

Assets leased under finance leases are recognised as non-current assets on the balance sheet and are initially measured at the lower of the leased item's fair value and the present value of the minimum lease payments at inception of the lease. The obligation to pay future lease charges is stated as non-current and current liabilities. The leased assets are depreciated over their individual useful lives, while lease payments are recognised as interest payments and liability repayments.

Assets leased under operating leases are not recognised as an asset on the balance sheet. Operating leases do not give rise to a liability.

#### Additional charges

Such charges are only added to the cost if it is probable that Cybercom will receive the future economic benefits associated with the asset and that the cost can be reliably calculated. All other additional charges are recognised as an expense in the period in which they arise.

### Depreciation policies

Depreciation occurs on a straight-line basis over the estimated useful life of the asset. Leased assets are also depreciated over their estimated useful life or – if shorter – over the contractually agreed lease term. Estimated useful lives:

- Buildings..... 50 years
- Computers..... 3–5 years
- Equipment..... 3–5 years

The depreciation methods used, residual values, and useful lives are reassessed at each year-end.

### Intangible assets

#### Goodwill

Goodwill is carried at cost, less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested at least once a year for impairment (see “Impairment”).

#### R&D

Expenditure for research aiming to obtain new scientific or technical knowledge is recognised as a cost when it arises.

Development expenditure, where research findings or other knowledge are applied to create new or improved products or processes, is recognised as an asset on the balance sheet, if the product or process is technically and commercially usable and Cybercom has sufficient resources to complete development and then use or sell the intangible asset. The carrying amount includes all directly attributable expenditure, such as material and services, employee benefits, registration of a legal right, amortisation of patents, and licences. Other development expenditure is recognised in profit or loss for the year as a cost when it arises.

Development expenditure recognised on the balance sheet is stated at cost, less accumulated amortisation and any impairment losses.

#### Other intangible assets

Other Group-acquired intangible assets comprise patents, licence rights, acquired customer relationships, and acquired trademarks. They are recognised at cost, less accumulated amortisation and impairment losses (see “Impairment”).

An acquired trademark judged to be an intangible asset with a useful life that cannot be determined is excluded from the above. The basis of this judgement is that the trademark is well established and known in the market. The trademark belongs to a cash-generating unit and is tested at least once a year for impairment (see “Impairment”).

#### Additional charges

Additional charges for capitalised intangible assets are only stated as an asset on the balance sheet if they increase the future economic benefits for the specific asset to which the charges refer. All other charges are expensed when incurred.

#### Amortisation policies

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible

assets, unless such useful lives cannot be determined. The useful lives are reassessed at least once a year. Goodwill is tested for impairment annually and as soon as indications arise that the value of the asset has decreased. Intangible assets with determinable useful lives are amortised from the date on which they become available for use. Estimated useful lives:

- Licence rights ..... 4–5 years
- Acquired customer relationships ..... 10 years
- Acquired trademarks..... 10 years
- Patents ..... 5 years
- Capitalised development costs ..... 3 years

The useful lives are reassessed annually.

### Impairment

The Group’s recognised assets are assessed on every reporting date to determine whether indications of impairment exist.

#### Impairment of property, plant, equipment, intangible assets, and interests in joint ventures

The recoverable amount of the asset is calculated (see below) if there is indication of impairment. The recoverable amount for goodwill is also calculated annually. If substantially independent cash flows to an individual asset cannot be established, and if the asset’s fair value less selling expenses cannot be used, then assets are grouped in impairment testing to the lowest level at which substantially independent cash flows can be identified – this grouping is called a cash-generating unit (CGU).

An impairment charge is recognised when the carrying amount of an asset or CGU exceeds the recoverable amount. Impairment loss is recognised in the income statement as an expense. When impairment has been identified for a CGU, the impairment loss is first allocated to goodwill. Then, a pro rata impairment loss is recognised for the other assets included in the unit.

The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating value in use, future cash flows are discounted using a discount rate that accounts for risk-free interest and the risk associated with the specific asset.

#### Impairment of financial assets

On each reporting date, Cybercom tests whether there is objective evidence that a financial asset is impaired. Objective evidence comprises observable past events that adversely affect the possibility of recovering the acquisition cost.

One observable event is a past due receivable. Cybercom has set rules for bad debt management; impairment losses regarding past due accounts receivable are recognised after individual assessment.

#### Reversal of impairment losses

Impairment losses on assets included in the application area for IAS 36 are reversed if there is (i) an indication that impairment has ceased and (ii) a change in the assumptions that formed the basis of calculating the recoverable amount. Impairment losses on goodwill are never reversed. A reversal only occurs to the

extent that the asset's carrying amount (after reversal) does not exceed the carrying amount that would have been stated (less depreciation or amortisation, where applicable), had no impairment loss been recognised.

Impairment losses on loan receivables and accounts receivable recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after impairment loss was recognised.

## Earnings per share

Calculation of earnings per share (EPS) is based on Group profit for the year attributable to the parent company's shareholders and the weighted average number of shares outstanding during the year. In calculating diluted EPS, the profit and the average number of shares are adjusted to account for effects of the diluting potential ordinary shares, which derive from warrants that employees subscribed for during the periods reported. Dilution from warrants affects the number of shares. It only occurs when the exercise price is below market price and it increases as the difference between the exercise price and market price increases.

## Employee benefits

### Defined contribution pension plans

All pension solutions in the Group are classified as defined contribution plans. Consequently, Cybercom's obligation is limited to the contributions that it has committed itself to pay. In such cases the size of the employee's pension depends on (i) the contributions that the company pays to the plan or to an insurance company and (ii) the contributions' return on capital. The employee thus bears the actuarial risk (that the remuneration will be lower than expected) and the investment risk (that the invested assets will not suffice to pay out the expected remuneration). Cybercom's commitments regarding payments to defined contribution plans are recognised as an expense in the income statement as they are earned over time by the employee rendering services for the company.

### Termination benefits

An expense for remuneration paid on termination of employment is only recognised if the company is demonstrably committed – without realistic option of withdrawal – to a detailed formal plan to terminate an employment contract before the normal end date. If benefits are offered to encourage voluntary redundancy, an expense is recognised if it is probable that the offer will be accepted and that the number of employees who will accept the offer can be reliably estimated.

### Short-term employee benefits

Short-term employee benefits are calculated without discounting and are recognised as a cost when the related services are rendered. A provision is reported for the expected cost of bonus payments when the Group has an applicable legal or informal obligation to make such payments due to services being rendered by employees and the commitment can be reliably calculated.

## Provisions

A provision differs from other liabilities because of prevailing uncertainty about payment date or the amount required to settle the provision. A provision is reported on the balance sheet when there is an existing legal or informal obligation due to a past event, it is probable that economic-resources outflow will be required to settle the obligation, and the amount can be reliably estimated.

The amount allocated to a provision is the best estimate of what is required to settle the existing obligation on the reporting date. When the payment date has a material impact, provisions are calculated through discounting the expected future cash flow at an interest rate before tax that reflects current market estimates of the time value of money and, where applicable, the risks associated with the liability.

### Guarantees

A provision for guarantees is recognised when the underlying services are sold. The provision is based on historical data on guarantees and a total appraisal of conceivable outcomes in relation to the probabilities to which the outcomes are linked.

### Restructuring

A provision for restructuring is reported when an established, detailed, and formal restructuring plan exists and the restructuring has either started or been publicly announced. No provision is made for future operating expenses.

### Onerous contracts

A provision for onerous contracts is recognised when the benefits that the Group expects to receive from a contract are lower than the unavoidable costs of fulfilling the contractual obligations.

### Contingent liabilities

A contingent liability is recognised when a possible obligation due to past events exists and (i) only one or more uncertain future events confirm occurrence of the obligation or (ii) there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

## Parent company accounting policies

The parent company prepared its annual accounts per the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. This board's statements for listed enterprises were also applied. RFR 2 means that, in the annual report for the legal entity, the parent company must apply all EU-approved IFRSs and interpretations as far as possible within the framework of the Annual Accounts Act and the law on safeguarding pension commitments, and with regard to the connection between accounting and taxation. The recommendation states which exceptions from and additions to IFRSs must be applied.

### Amended accounting policies

Unless otherwise specified below, changes in the parent company's accounting policies in 2010 are the same as stated above for the Group.

The revised IFRS 3 *Business combinations* have been applicable since 1 January 2010. As regards transaction costs, changes to the parent company's accounting policies are the not the same as changes applied in the Group for the revised IFRS 3 *Business combinations* and IAS 27 *Consolidated and separate financial statements*; see the Subsidiaries and joint ventures section.

### Differences between the accounting policies of the Group and parent company

These differences are stated below. The parent company's policies described below were applied consistently to all periods reported in the parent company's financial statements.

### Classification and presentation

The parent company's income statement and balance sheet are presented per the Annual Accounts Act. The main difference to IAS 1 *Presentation of financial statements* – applied in preparation of the Group's financial statements – is recognition of finance income, finance costs, and equity.

### Subsidiaries and joint ventures

Interests in subsidiaries and joint ventures are recognised in the parent company using the cost method and include transaction costs directly attributable to the acquisition. Contingent considerations are recognised as before only when a likely and reliable amount can be calculated, and any reassessments of the value are recognised only on the balance sheet. In the consolidated accounts, contingent considerations are valued at fair value with any changes in value recognised in earnings.

The policies for impairment of shares in subsidiaries comply with the *Impairment of property, plant, equipment, intangible assets, and interests in joint ventures* section for the Group.

### Revenue

#### Rendering of service assignments

In the parent company's results, service assignments are recognised upon completion of the service. Until completed, service assignments in progress for another party are recognised at the lower of the cost and net realisable value on the reporting date.

### Financial guarantees

The parent company's financial guarantee agreements comprise surety. Financial guarantees mean that the company is obliged to compensate a debt instrument holder for losses incurred to the holder due to non-payment by a given debtor on the contractually agreed due date. When recognising financial guarantee agreements, the parent company applies a Swedish

Financial Reporting Board rule that allows certain exceptions from the requirements stated in IAS 39. This rule applies to financial guarantee agreements issued to benefit subsidiaries, associates, and joint ventures. The parent company recognises financial guarantee agreements as provisions on the balance sheet when the company has an obligation that probably requires payment in order to be settled.

### Financial instruments and hedge accounting

Due to the connection between accounting and taxation, Cybercom does not apply the IAS 39 rules for financial instruments and hedge accounting in the parent company as a legal entity.

In the parent company, non-current financial assets are measured at cost, less any impairment losses.

The underlying receivables and liabilities in foreign currency that are protected from exchange rate fluctuations by forward contracts are measured at the spot rate on the date the forward contract is carried. The difference between the forward rate and the spot rate when the contract is entered into (forward premium) is distributed over the period of the forward contract. The distributed forward premium is recognised as interest income and interest expense, respectively.

Interest rate swaps, which effectively hedge cash flow risk in interest payments on liabilities, are measured at the net of the accrued receivable on variable interest and accrued liability regarding fixed interest. The difference is recognised as interest expense and interest income, respectively. The hedge is effective if the economic significance of the hedge and the liability are the same, as if the liability had instead been stated at a fixed market interest rate when the hedging relationship commenced. Any premium paid for the swap contract is distributed as interest over the period of the contract.

### Anticipated dividends

Anticipated dividends from subsidiaries are recognised where the parent company has the exclusive right to determine the dividend amount and has decided on this amount before publishing the financial statements for the parent company.

### Intangible non-current assets

#### GOODWILL

Goodwill that has an indeterminable useful life and is not subject to amortisation in the Group is amortised in the parent company over a period of 10 years.

### Taxes

In the parent company, untaxed reserves are reported on the balance sheet without separate allocations to equity and deferred tax liability, unlike in the Group. Similarly, the parent company's income statement does not include allocation of a proportion of appropriations to deferred tax expense.

### **Group contributions and shareholders' contributions for legal entities**

Cybercom reports Group contributions and shareholders' contributions per the Swedish Financial Reporting Board's UFR 2 statement. Shareholders' contributions are recognised directly in the equity of the recipient and are capitalised in shares and interests of the issuer, to the extent impairment is not applicable. Group contributions are recognised according to their economic significance. At Cybercom, Group contributions are made with the aim of minimising the Group's total tax, so the contribution is recognised directly in retained earnings less its current tax effect.

### **Mergers**

Mergers are recognised per the Swedish Accounting Standards Board (BFNAR 1999:1), so the company conducting the takeover assumes assets and liabilities at values based on the acquisition analysis drawn up for the acquisition of the target company. The difference arising from the merger is taken directly to equity in the company conducting the takeover. Any internal profit is recognised in equity.

## Note 2. Operating segments

| 2010 SEK million                              | Nordics | Sweden  | Finland | Denmark | Other Europe | Asia  | Group-wide and Elimination | Group   |
|-----------------------------------------------|---------|---------|---------|---------|--------------|-------|----------------------------|---------|
| Revenue from external customers               | 1,411.6 | 1,068.9 | 284.5   | 58.2    | 10.4         | 106.8 | 0.1                        | 1,528.9 |
| Revenue from other segments                   | 11.4    | 13.0    | 1.7     | 6.4     | 28.4         | 38.8  | -88.3                      | –       |
| Segments' EBITDA                              | 111.9   | 79.5    | 23.0    | 9.4     | -0.5         | 21.8  | -21.0                      | 112.2   |
| Depreciation and amortisation                 |         |         |         |         |              |       |                            | -50.7   |
| Financial items                               |         |         |         |         |              |       |                            | -21.1   |
| Profit before tax and discontinued operations |         |         |         |         |              |       |                            | 40.4    |
| Non-current assets                            | 1,008.3 | 694.8   | 292.3   | 21.2    | 7.8          | 44.9  | 7.0                        | 1,068.0 |
| Number of employees                           | 1,299   | 910     | 346     | 43      | 128          | 276   | 24                         | 1,727   |

Group-wide includes costs of SEK 18.2 million for the parent company.

| 2009 SEK million                            | Nordics | Sweden  | Finland | Denmark | Other Europe | Asia  | Group-wide and Elimination | Group   |
|---------------------------------------------|---------|---------|---------|---------|--------------|-------|----------------------------|---------|
| Revenue from external customers             | 1,622.1 | 1,215.3 | 358.4   | 48.4    | 10.2         | 118.4 | 0.9                        | 1,751.6 |
| Revenue from other segments                 | 20.8    | 10.2    | 2.4     | 11.0    | 32.7         | 23.8  | -80.1                      | –       |
| Segments' EBITDA                            | 161.8   | 111.8   | 37.0    | 13.0    | -2.6         | 11.9  | -27.0                      | 144.1   |
| Impairment losses                           | -280.0  | -80.0   | -200.0  | –       | –            | –     | –                          | -280.0  |
| Depreciation and amortisation               |         |         |         |         |              |       |                            | -41.8   |
| Financial items                             |         |         |         |         |              |       |                            | -27.1   |
| Loss before tax and discontinued operations |         |         |         |         |              |       |                            | -204.8  |
| Non-current assets                          | 1,074.2 | 694.5   | 357.8   | 21.9    | 10.8         | 41.8  | 3.9                        | 1,130.7 |
| Number of employees                         | 1,402   | 1,012   | 352     | 38      | 148          | 248   | 20                         | 1,818   |

Group-wide includes costs of SEK 22.5 million for the parent company.

Internal follow-up will change in 2011, which will alter how operating segments are reported. Those parts of Cybercom's offshore entities that are integrated with the onshore entities will be grouped together in the segment reporting to illustrate total earnings. Cybercom will follow up these segments: Sweden, Finland, and International. The operation in India belongs to the Sweden segment and the operation in Romania and part of the operation in China belong to the Finland segment. The International segment consists of the operations in Denmark, Singapore, and Poland, and the part of the operation in China that does not belong to Finland.

The management approach is used to divide Group operations into operating segments based on the parts of the operations that Group management follows up. The Group's operations are organised in such a way that Group management follows up the profit before depreciation, amortisation, and impairment losses generated by the Group's geographic areas. Each operating segment has a manager who is in charge of day-to-day operations and who regularly reports the outcome of the operating segment's performance to Group management. Because Group management follows up the results of operations based on geographic areas, these comprise the Group's operating segments.

The Group's internal reporting is therefore structured in a way that enables Group management to monitor the performance and profit of all geographic areas. This internal reporting was used as the basis for identifying the Group's segments; the different parts underwent a process that aims to combine similar segments. This means that segments with similar financial characteristics, services, and modes of distribution were combined. Segment revenue consists largely of consulting assignments.

These operating segments were identified:

- Nordics
- Other Europe
- Asia

The operating segments' profit/loss before depreciation, amortisation, and impairment losses includes directly attributable items as well as items that can be allocated to the segments in a reasonable and reliable way. The items recognised in the operating segments' profit/loss before depreciation, amortisation, and impairment losses are measured in accordance with profit/loss before depreciation, amortisation, and impairment losses followed up by Group management. Group management does not follow up assets and liabilities on operating segments level. Non-current assets includes intangible assets and property, plant, and equipment.

Market prices determine Group transfer pricing between the Group's operating segments.

Revenue from external customers was allocated to the country from which the sales occurred. In 2010 revenue was generated from one major customer totalling SEK 246.6 million, which is recognised in the Nordics operating segment.

### Note 3. Employees, staff costs, and remuneration to senior executives

#### Group employee remuneration costs

|                                 | 2010           | 2009             |
|---------------------------------|----------------|------------------|
| Salaries and other remuneration | 696,310        | 769,137          |
| Pension costs                   | 86,267         | 92,118           |
| Other social security costs     | 172,483        | 182,302          |
| <b>Total</b>                    | <b>955,060</b> | <b>1,043,557</b> |

#### Salaries and other remuneration distributed among senior executives and other employees, and social security costs

| Parent company                  | 2010                              |                 |        | 2009                              |                 |         |
|---------------------------------|-----------------------------------|-----------------|--------|-----------------------------------|-----------------|---------|
|                                 | Senior executives (4 + the board) | Other employees | Total  | Senior executives (4 + the board) | Other employees | Total   |
| Salaries and other remuneration | 9,244                             | 8,456           | 17,700 | 10,865                            | 7,672           | 18,537  |
| (of which bonus)                | (-757)                            | –               | (-757) | (2,132)                           | –               | (2,132) |
| Pension costs                   | 1,239                             | 1,312           | 2,551  | 1,206                             | 1,022           | 2,228   |
| Other social security costs     | 3,205                             | 3,181           | 6,386  | 3,706                             | 2,787           | 6,493   |

#### Salaries, other remuneration, and pension costs for senior Group executives

| Group                           | Senior executives (14 + the board) | Senior executives (14 + the board) |
|---------------------------------|------------------------------------|------------------------------------|
| Salaries and other remuneration | 24,330                             | 23,890                             |
| (of which bonus)                | (-906)                             | (2,631)                            |
| Pension costs                   | 3,006                              | 2,579                              |
| <b>Total</b>                    | <b>27,336</b>                      | <b>26,469</b>                      |

|                                    | 2010         |                          | 2009         |                          |
|------------------------------------|--------------|--------------------------|--------------|--------------------------|
| Average no. of employees           | No.          | Of whom men <sup>1</sup> | No.          | Of whom men <sup>1</sup> |
| Sweden                             | 870          | 81%                      | 977          | 81%                      |
| Denmark                            | 40           | 89%                      | 35           | 89%                      |
| Estonia                            | 13           | 82%                      | 36           | 82%                      |
| Finland                            | 322          | 89%                      | 359          | 89%                      |
| India                              | 90           | 83%                      | 64           | 83%                      |
| China                              | 154          | 73%                      | 145          | 73%                      |
| Poland                             | 63           | 89%                      | 67           | 89%                      |
| Romania                            | 57           | 77%                      | 45           | 77%                      |
| Singapore                          | 32           | 82%                      | 31           | 82%                      |
| US                                 | 1            | 100%                     | 1            | 100%                     |
| <b>Group</b>                       | <b>1,642</b> | <b>81%</b>               | <b>1,760</b> | <b>82%</b>               |
| of whom in parent company (Sweden) | 16           | 50%                      | 14           | 57%                      |

<sup>1</sup> Percentage of men at year-end

|                                        | 2010                  |             | 2009                  |             |
|----------------------------------------|-----------------------|-------------|-----------------------|-------------|
| Gender distribution, senior executives | No. on reporting date | Of whom men | No. on reporting date | Of whom men |
| <b>Group</b>                           |                       |             |                       |             |
| Board members                          | 6                     | 83%         | 5                     | 100%        |
| Other senior executives                | 14                    | 86%         | 14                    | 93%         |
| <b>Parent company</b>                  |                       |             |                       |             |
| Board members                          | 6                     | 83%         | 5                     | 100%        |
| Other senior executives                | 4                     | 75%         | 4                     | 75%         |

|                          | Parent company |      |
|--------------------------|----------------|------|
|                          | 2010           | 2009 |
| <b>Sick leave</b>        |                |      |
| Total sick leave         | 0.7%           | 0.6% |
| – long-term sick leave   | –              | –    |
| – sick leave, men        | 0.0%           | 0.5% |
| – sick leave, women      | 1.6%           | 0.8% |
| – employees up to age 29 | –              | –    |
| – employees aged 30-49   | 0.7%           | 0.6% |
| – employees aged 50+     | –              | –    |

#### Salaries and other remuneration to senior parent company executives

| 2010                                    | Base salary,<br>board fee | Variable pay | Pension costs | Total         |
|-----------------------------------------|---------------------------|--------------|---------------|---------------|
| Patrik Boman, CEO                       | 2,692                     | -370         | 716           | 3,038         |
| Peter Keller-Andreasen, COO             | 3,073                     | -228         | –             | 2,845         |
| Other senior executives (2 people)      | 2,711                     | -159         | 523           | 3,075         |
| Wigon Thuresson, board chairman         | 400                       | –            | –             | 400           |
| Margareta Alestig Johnson, board member | 250                       | –            | –             | 250           |
| Roger Bergqvist, board member           | 200                       | –            | –             | 200           |
| Hampus Ericsson, board member           | 200                       | –            | –             | 200           |
| Ulf Körner, board member                | 200                       | –            | –             | 200           |
| Thomas Landberg, board member           | 275                       | –            | –             | 275           |
| <b>Total</b>                            | <b>10,001</b>             | <b>-757</b>  | <b>1,239</b>  | <b>10,483</b> |

| 2009                               | Base salary,<br>board fee | Variable pay | Pension costs | Total         |
|------------------------------------|---------------------------|--------------|---------------|---------------|
| Patrik Boman, CEO                  | 2,448                     | 1,080        | 734           | 4,262         |
| Peter Keller-Andreasen, COO        | 2,794                     | 684          | –             | 3,478         |
| Other senior executives (2 people) | 2,291                     | 368          | 472           | 3,131         |
| Wigon Thuresson, board chairman    | 400                       | –            | –             | 400           |
| Hampus Ericsson, board member      | 200                       | –            | –             | 200           |
| Ulf Körner, board member           | 200                       | –            | –             | 200           |
| Thomas Landberg, board member      | 200                       | –            | –             | 200           |
| Lars Persson, board member         | 200                       | –            | –             | 200           |
| <b>Total</b>                       | <b>8,733</b>              | <b>2,132</b> | <b>1,206</b>  | <b>12,071</b> |

## Remuneration

### CEO

Under the guidelines established for 2010, the CEO, who is also Group president, was entitled to base salary, variable pay, and other benefits as shown in the table. In 2010 a decision was made to reduce the variable pay for 2009 by SEK 370 thousand; no variable pay was paid out in 2010. Variable pay has a set limit, 30% of base salary, and is not pensionable. The CEO has a premium-based pension agreement, in which the premium is 30% of his annual fixed salary. A mutual six-month period of notice applies to termination of the CEO's employment contract. If the company terminates the contract, the CEO is entitled to six months' severance pay. This is in addition to salary received during the period of notice. In 2008 as part of the warrant programme, the CEO subscribed for 22,699 warrants at market price. Subscription for shares at an exercise price of SEK 42.82 was permitted in June 2010. At the time when the warrants could be exercised, the market price was lower than the exercise price, so the warrants were not used.

### Other senior executives

Other senior executives were entitled to base salary, variable pay, and other benefits as shown in the table. Variable pay is based on operational targets achieved. In 2010 a decision was made to reduce the variable pay for 2009 by SEK 228 thousand for the COO and SEK 159 thousand for other senior executives; no variable pay was paid out in 2010. The parent company's vice president receives no pension benefits. The other senior executives receive premium-based pension benefits. A longer period of notice, 18 months, applies if the company terminates the employment of certain senior executives; this does not apply if the executives resign. Some senior executives are entitled to six months' severance pay if the company terminates their contracts. The CEO and some of the other senior executives are entitled to a free car as a benefit. The CEO and all other senior executives are entitled to a medical insurance benefit. In 2008 as part of the warrant programme, the COO subscribed for 10,764 warrants and another senior executive subscribed for 2,000 at market price. Subscription for shares at an exercise price of SEK 42.82 was permitted in June 2010. At the time when the warrants could be exercised, the market price was lower than the exercise price, so the warrants were not used.

## Board of directors

The annual general meeting sets the remuneration to the board members it elects. The table shows the fees paid in 2010. No fees are payable to remuneration committee members or to board members employed in the Group.

## Note 4. Fees for auditing and consulting

|                                              | Group        |              | Parent company |              |
|----------------------------------------------|--------------|--------------|----------------|--------------|
|                                              | 2010         | 2009         | 2010           | 2009         |
| <b>Auditing within the audit assignment</b>  |              |              |                |              |
| KPMG                                         | 2,181        | 1,832        | 908            | 425          |
| Other auditing firms                         | 200          | 253          | –              | –            |
| <b>Auditing besides the audit assignment</b> |              |              |                |              |
| KPMG                                         | 154          | 181          | 154            | 157          |
| Other auditing firms                         | 35           | 65           | –              | –            |
| <b>Tax consultation</b>                      |              |              |                |              |
| KPMG                                         | 131          | 222          | –              | –            |
| Other auditing firms                         | 24           | 15           | –              | –            |
| <b>Other services</b>                        |              |              |                |              |
| KPMG                                         | 16           | 2,205        | 16             | 2,131        |
| Other auditing firms                         | 12           | 1            | –              | –            |
| <b>Total</b>                                 | <b>2,753</b> | <b>4,774</b> | <b>1,078</b>   | <b>2,713</b> |

A major portion of the 2009 fee for Other services relates to work with the new share issue prospectus.

## Note 5. Other operating income and operating expenses

|                                     | Group         |               | Parent company |             |
|-------------------------------------|---------------|---------------|----------------|-------------|
|                                     | 2010          | 2009          | 2010           | 2009        |
| Re-invoiced costs and rental income | 22,206        | 26,241        | –              | –           |
| Foreign exchange gains              | 4,880         | 10,938        | 11             | 167         |
| Foreign exchange losses             | -7,143        | -11,276       | -182           | -293        |
| <b>Total</b>                        | <b>19,943</b> | <b>25,903</b> | <b>-171</b>    | <b>-126</b> |

The exchange differences refer to operating receivables and operating liabilities, respectively.

## Note 6. Financial items

| Group                         | 2010           | 2009           |
|-------------------------------|----------------|----------------|
| Interest income               | 1,552          | 1,921          |
| Fair value profit derivatives | 1,922          |                |
| Foreign exchange gains        | 5,559          | 5,045          |
| <b>Finance income</b>         | <b>9,033</b>   | <b>6,966</b>   |
| Interest expense              | -21,932        | -24,676        |
| Fair value loss derivative    | –              | -2,123         |
| Foreign exchange losses       | -8,178         | -7,434         |
| <b>Finance costs</b>          | <b>-30,110</b> | <b>-34,233</b> |
| <b>Financial items</b>        | <b>-21,077</b> | <b>-27,267</b> |

| Parent company                   | 2010         | 2009         |
|----------------------------------|--------------|--------------|
| Net exchange rate fluctuation    | 14,880       | 12,405       |
| Interest income, Group companies | 3,206        | 3,459        |
| Other interest income            | 116          | 637          |
| Other interest expense           | -7,391       | -7,518       |
| Other finance income/costs, net  | -4,948       | -1,550       |
| <b>Total</b>                     | <b>5,863</b> | <b>7,433</b> |

**Profit/loss from interests in Group companies**

|                                             | 2010         | 2009           |
|---------------------------------------------|--------------|----------------|
| Dividend                                    | 2,507        | 9,982          |
| Capital gain/loss from sale of subsidiaries | 931          | -450           |
| Impairment loss                             | –            | -52,513        |
| <b>Total</b>                                | <b>3,438</b> | <b>-42,981</b> |

## Note 7. Appropriations

| Parent company                             | 2010       | 2009          |
|--------------------------------------------|------------|---------------|
| Change in excess depreciation/amortisation | 810        | 186           |
| Change in tax allocation reserve           | –          | -3,532        |
| <b>Total</b>                               | <b>810</b> | <b>-3,346</b> |

## Note 8. Taxes

|                                              | Group        |               | Parent company |              |
|----------------------------------------------|--------------|---------------|----------------|--------------|
|                                              | 2010         | 2009          | 2010           | 2009         |
| Current tax                                  | -12,758      | -15,643       | 3,531          | 6,054        |
| Tax attributable to prior years              | 3,774        | -2,911        | 2              | -4           |
| Deferred tax regarding temporary differences | 14,232       | 13,953        | 112            | 74           |
| Deferred tax regarding loss carry-forwards   | -3,001       | 495           | –              | -1,095       |
| <b>Total</b>                                 | <b>2,247</b> | <b>-4,106</b> | <b>3,645</b>   | <b>5,029</b> |

|                                                                                           | Group        |              | Parent company |               |
|-------------------------------------------------------------------------------------------|--------------|--------------|----------------|---------------|
|                                                                                           | 2010         | 2009         | 2010           | 2009          |
| <b>Tax regarding items recognised in other comprehensive income or directly in equity</b> |              |              |                |               |
| Tax effect of hedging currency risk in foreign operations in other comprehensive income   | 4,622        | 2,592        | –              | –             |
| Tax effect of issue expenses in equity                                                    | 39           | 2,093        | 39             | 2,093         |
| Tax effect of Group contributions in equity                                               | –            | –            | 3,531          | 11,341        |
| <b>Total</b>                                                                              | <b>4,661</b> | <b>4,685</b> | <b>3,570</b>   | <b>13,434</b> |

|                                                                                                  | Group        |               | Parent company |              |
|--------------------------------------------------------------------------------------------------|--------------|---------------|----------------|--------------|
|                                                                                                  | 2010         | 2009          | 2010           | 2009         |
| <b>Difference between tax in income statement and tax based on the parent company's tax rate</b> |              |               |                |              |
| Profit/loss before tax                                                                           | 40,449       | -204,958      | -17,627        | -68,592      |
| Tax as per applicable rate                                                                       | -10,638      | 53,904        | 4,636          | 18,040       |
| Withholding tax                                                                                  | 3,658        | –             | –              | –            |
| Tax attributable to prior years                                                                  | 3,774        | -2,911        | 2              | -4           |
| Tax effect of non-deductible costs                                                               | -1,161       | -54,149       | -1,839         | -15,588      |
| Tax effect of tax-exempt revenue                                                                 | 40           | 43            | 943            | 2,652        |
| Tax on standard interest, tax allocation reserves                                                | -182         | -153          | -97            | -70          |
| Non-incurred prepaid tax                                                                         | -467         | –             | –              | –            |
| Effect of foreign tax rates                                                                      | -579         | -840          | –              | –            |
| Effect of changed tax rules in Finland                                                           | 7,802        | –             | –              | –            |
| <b>Tax on year's earnings as per income statement</b>                                            | <b>2,247</b> | <b>-4,106</b> | <b>3,645</b>   | <b>5,029</b> |

### Tax rate

The parent company's applicable tax rate is 26.3% (26.3%).

The Group's effective tax rate for 2010 cannot be calculated (-2.0%).

## Note 9. Discontinued operations

|                                                     | Group      |             |
|-----------------------------------------------------|------------|-------------|
|                                                     | 2010       | 2009        |
| <b>Discontinued operation</b>                       |            |             |
| Operating income                                    | –          | –           |
| Operating expenses                                  | –          | –           |
| Depreciation, amortisation, and impairment          | –          | –           |
| <b>Operating profit</b>                             | <b>–</b>   | <b>–</b>    |
| Financial items                                     | –          | –           |
| Current tax                                         | –          | –           |
| <b>Profit from operation</b>                        | <b>–</b>   | <b>–</b>    |
| Capital gain/loss                                   | 931        | -450        |
| <b>Profit/loss from discontinued operation</b>      | <b>931</b> | <b>-450</b> |
| Earnings per share from discontinued operation, SEK | 0.03       | -0.01       |

In Q4 2008, 100% of the shares in Cybercom Group UK Ltd, a subsidiary with 37 employees, were sold to Digital Marketing Group plc., a British company. The purchase price was SEK 73.9 million, which gave capital gain of SEK 41.5 million. The final consolidation date was 30 September 2008. During 2010, an additional purchase price of SEK 0.9 million was received. In 2009, selling expenses of SEK 0.5 million were added.

## Note 10. Earnings per share

|                                              | Group      |            |
|----------------------------------------------|------------|------------|
|                                              | 2010       | 2009       |
| <b>Share data, basic</b>                     |            |            |
| EPS from total operations, SEK               | 1.21       | -6.23      |
| EPS from continuing operations, SEK          | 1.18       | -6.22      |
| Shareholders' equity per share, SEK          | 25.79      | 25.13      |
| Number of shares at year's start             | 36,087,899 | 24,584,840 |
| New share issue                              | –          | 11,503,059 |
| Number of shares at year's end               | 36,087,899 | 36,087,899 |
| Average number of shares                     | 36,087,899 | 33,633,275 |
| <b>Share data, diluted</b>                   |            |            |
| EPS from total operations, SEK               | 1.21       | -6.23      |
| EPS from continuing operations, SEK          | 1.18       | -6.22      |
| Shareholders' equity per share, SEK          | 25.79      | 25.13      |
| Average number of shares, basic              | 36,087,899 | 33,633,275 |
| Average number of dilutive warrants          | –          | –          |
| Average number of shares, diluted            | 36,087,899 | 33,633,275 |
| Year's profit/loss for total operations      | 43,627     | -209,514   |
| Year's profit/loss for continuing operations | 42,696     | -209,064   |

The outstanding warrant programme expired in 2010. The exercise price was higher than the market price, so the warrants were not used.

The warrants were not considered dilutive in 2009, since a loss was recognised, and the exercise price (SEK 42.82) was higher than the average market price during the time the warrants were outstanding.

## Note 11. Goodwill

|                                                         | Group            |                  | Parent company |               |
|---------------------------------------------------------|------------------|------------------|----------------|---------------|
|                                                         | 2010             | 2009             | 2010           | 2009          |
| <b>Goodwill</b>                                         |                  |                  |                |               |
| Opening cost of acquisition                             | 1,230,662        | 1,225,827        | 63,051         | 63,051        |
| Through acquisition of subsidiaries                     | –                | 14,012           | –              | –             |
| Translation differences                                 | -26,907          | -9,177           | –              | –             |
| <b>Accumulated value at year's end</b>                  | <b>1,203,755</b> | <b>1,230,662</b> | <b>63,051</b>  | <b>63,051</b> |
| Opening amortisation/impairment loss                    | -280,000         | –                | -8,931         | -2,627        |
| Year's amortisation                                     | –                | –                | -6,306         | -6,304        |
| Year's impairment loss                                  | –                | -280,000         | –              | –             |
| <b>Closing accumulated amortisation/impairment loss</b> | <b>-280,000</b>  | <b>-280,000</b>  | <b>-15,237</b> | <b>8,931</b>  |
| <b>Carrying amount</b>                                  | <b>923,755</b>   | <b>950,662</b>   | <b>47,814</b>  | <b>54,120</b> |

As an effect of the global economic downturn, a goodwill impairment loss of SEK 280 million was recognised in 2009, of which SEK 80 million referred to Cybercom Sweden East and SEK 200 million referred to Cybercom Finland. Both units are accounted for in the Nordic segment.

The recoverable amount of all the following CGUs exceeds their carrying amount. Company management judges that a reasonable and possible change to the critical variables would not have such an impact that they would individually reduce the recoverable amount to less than the carrying amount.

|                                     | Group          |                |
|-------------------------------------|----------------|----------------|
|                                     | 2010           | 2009           |
| <b>Goodwill distribution by CGU</b> |                |                |
| Cybercom Sweden East                | 286,380        | 287,373        |
| Cybercom Sweden West                | 122,200        | 122,200        |
| Cybercom Sweden South               | 238,289        | 238,289        |
| Cybercom Singapore                  | 38,283         | 38,283         |
| Cybercom Denmark                    | 19,303         | 19,303         |
| Cybercom Romania                    | 7,300          | 9,315          |
| Cybercom Finland                    | 212,000        | 235,899        |
| <b>Total</b>                        | <b>923,755</b> | <b>950,662</b> |

### Impairment test

Group goodwill is tested for impairment once a year or whenever there are signs of a decline in value. This occurs by calculating the recoverable amount of cash-generating units (CGUs), to which goodwill is allocated, by calculating the value in use. Future cash flows are discounted when calculating the recoverable amount. The next section describes the assumptions and judgements made in conjunction with impairment testing. All assumptions and parameters in the impairment tests apply to all the CGUs.

The cash flow forecast is made for the next five years, based on outcomes for the current year. Growth for the next five years was estimated at 3% (0), considering the market trend. The number of forecast periods was assumed to be infinite, and annual growth rates in cash flows that occur after five years were estimated at 3% (3).

Future performance was calculated based on anticipated growth and earnings in the current entities. This is based on Cybercom's perception of market growth, price trends, and its own competitiveness, which, in turn, is based in part on external analyses of independent research institutes combined with Cybercom's historical performance, market strategies, changes in customer mix, and the like.

Since the operation's cash flows are forecast without accounting for financial items, the interest rate applied to calculate the discounting of cash flows must reflect a weighted capital cost for shareholders' equity and loan financing, i.e., the Weighted Average Cost of Capital (WACC). To determine the WACC, these factors must be estimated:

- Debt/equity ratio (financing mix)
- The required return on equity
- Cost of long-term loan financing

The WACC totals 9.5% (9.5) after tax, which was the discount rate used in the estimates.

## Note 12. Other intangible non-current assets

|                                                | Group          |                | Parent company |               |
|------------------------------------------------|----------------|----------------|----------------|---------------|
|                                                | 2010           | 2009           | 2010           | 2009          |
| <b>Licence rights</b>                          |                |                |                |               |
| Opening cost of acquisition                    | 23,787         | 19,765         | 4,915          | 3,417         |
| Purchases                                      | 4,368          | 4,232          | 3,814          | 1,498         |
| Through acquisition of subsidiaries/net assets | –              | 1,152          | –              | –             |
| Sales                                          | -677           | -106           | –              | –             |
| Re-classification                              | -5,046         | 1,476          | –              | –             |
| Translation differences                        | -2,194         | 868            | –              | –             |
| <b>Accumulated value at year-end</b>           | <b>23,838</b>  | <b>27,387</b>  | <b>8,729</b>   | <b>4,915</b>  |
| Opening amortisation                           | -15,795        | -9,348         | -2,223         | -1,535        |
| Year's amortisation                            | -4,660         | -5,477         | -683           | -688          |
| Sales                                          | 647            | 106            | –              | –             |
| Re-classification                              | 1,800          | -1,156         | –              | –             |
| Translation differences                        | 1,618          | 80             | –              | –             |
| <b>Closing accumulated amortisation</b>        | <b>-16,390</b> | <b>-15,795</b> | <b>-2,906</b>  | <b>-2,223</b> |
| <b>Carrying amount</b>                         | <b>7,448</b>   | <b>11,592</b>  | <b>5,823</b>   | <b>2,692</b>  |

|                                         | Group         |          |
|-----------------------------------------|---------------|----------|
|                                         | 2010          | 2009     |
| <b>Own developed software</b>           |               |          |
| Opening cost of acquisition             | –             | –        |
| Re-classification                       | 5,046         | –        |
| Capitalised costs for the year          | 879           | –        |
| Translation differences                 | -481          | –        |
| <b>Accumulated value at year-end</b>    | <b>5,444</b>  | <b>–</b> |
| Opening amortisation                    | –             | –        |
| Re-classification                       | -1,800        | –        |
| Year's amortisation                     | -1,212        | –        |
| Translation differences                 | 350           | –        |
| <b>Closing accumulated amortisation</b> | <b>-2,662</b> | <b>–</b> |
| <b>Carrying amount</b>                  | <b>2,782</b>  | <b>–</b> |

|                                                | Group          |                |
|------------------------------------------------|----------------|----------------|
|                                                | 2010           | 2009           |
| <b>Customer relationships</b>                  |                |                |
| Opening cost of acquisition                    | 131,551        | 131,902        |
| Through acquisition of subsidiaries/net assets | 472            | 3,819          |
| Translation differences                        | -9,853         | -4,170         |
| <b>Accumulated value at year-end</b>           | <b>122,170</b> | <b>131,551</b> |
| Opening amortisation                           | -44,675        | -36,860        |
| Year's amortisation                            | -13,315        | -11,065        |
| Translation differences                        | 8,954          | 3,250          |
| <b>Closing accumulated amortisation</b>        | <b>-49,036</b> | <b>-44,675</b> |
| <b>Carrying amount</b>                         | <b>73,134</b>  | <b>86,876</b>  |

|                                         | Group          |               |
|-----------------------------------------|----------------|---------------|
|                                         | 2010           | 2009          |
| <b>Trademarks</b>                       |                |               |
| Opening cost of acquisition             | 35,050         | 35,977        |
| Translation differences                 | -2,624         | -927          |
| <b>Accumulated value at year-end</b>    | <b>32,426</b>  | <b>35,050</b> |
| Opening amortisation                    | -1,867         | -1,467        |
| Year's amortisation                     | -10,157        | -400          |
| Translation differences                 | 757            | –             |
| <b>Closing accumulated amortisation</b> | <b>-11,267</b> | <b>-1,867</b> |
| <b>Carrying amount</b>                  | <b>21,159</b>  | <b>33,183</b> |

|                                         | Group         |               |
|-----------------------------------------|---------------|---------------|
| Patents                                 | 2010          | 2009          |
| Opening cost of acquisition             | 1,334         | 2,810         |
| Re-classification                       | –             | -1,476        |
| <b>Accumulated value at year-end</b>    | <b>1,334</b>  | <b>1,334</b>  |
| Opening amortisation                    | -1,243        | -2,312        |
| Year's amortisation                     | -52           | -87           |
| Re-classification                       | –             | -1,156        |
| <b>Closing accumulated amortisation</b> | <b>-1,295</b> | <b>-1,243</b> |
| <b>Carrying amount</b>                  | <b>39</b>     | <b>91</b>     |

## Note 13. Property, plant, and equipment

|                                                 | Group          |                | Parent company |               |
|-------------------------------------------------|----------------|----------------|----------------|---------------|
| Equipment                                       | 2010           | 2009           | 2010           | 2009          |
| Opening cost of acquisition                     | 116,380        | 141,465        | 2,570          | 2,106         |
| Purchases                                       | 13,881         | 11,484         | 38             | 464           |
| Sales and retirement of assets                  | -4,838         | -32,633        | -12            | –             |
| Through acquisitions of subsidiaries/net assets | 48             | 448            | –              | –             |
| Re-classification                               | –              | 358            | –              | –             |
| Translation differences                         | -9,732         | -4,742         | –              | –             |
| <b>Accumulated value at year-end</b>            | <b>115,739</b> | <b>116,380</b> | <b>2,596</b>   | <b>2,570</b>  |
| Opening depreciation                            | -68,096        | -73,711        | -1,577         | -1,345        |
| Year's depreciation                             | -20,777        | -23,302        | -202           | -232          |
| Sales and retirement of assets                  | 4,408          | 26,811         | 12             | –             |
| Re-classification                               | –              | -62            | –              | –             |
| Translation differences                         | 5,276          | 2,168          | –              | –             |
| <b>Closing accumulated depreciation</b>         | <b>-79,189</b> | <b>-68,096</b> | <b>-1,767</b>  | <b>-1,577</b> |
| <b>Carrying amount</b>                          | <b>36,550</b>  | <b>48,284</b>  | <b>829</b>     | <b>993</b>    |

The table for equipment includes non-current assets of SEK 12.1 million (20.9) classified as finance leases.

See Note 26 Leasing.

|                                            | Group        |          |
|--------------------------------------------|--------------|----------|
| Buildings                                  | 2010         | 2009     |
| Opening cost of acquisition                | –            | –        |
| Purchases                                  | 3,196        | –        |
| <b>Accumulated value at year-end</b>       | <b>3,196</b> | <b>–</b> |
| Opening depreciation                       | –            | –        |
| Year's depreciation                        | -43          | –        |
| <b>Closing accumulated impairment loss</b> | <b>-43</b>   | <b>–</b> |
| <b>Carrying amount</b>                     | <b>3,153</b> | <b>–</b> |

## Note 14. Non-current financial assets

| Group                                      | 2010         | 2009       |
|--------------------------------------------|--------------|------------|
| Opening cost of acquisition                | 995          | 919        |
| Purchases                                  | 127          | –          |
| Sales/Payment in instalments               | -24          | –          |
| Translation differences                    | -37          | 76         |
| <b>Accumulated value at year-end</b>       | <b>1,061</b> | <b>995</b> |
| Opening impairment loss                    | –            | –          |
| <b>Closing accumulated impairment loss</b> | <b>–</b>     | <b>–</b>   |
| <b>Carrying amount</b>                     | <b>1,061</b> | <b>995</b> |

| Parent company                                         | 2010            | 2009            |
|--------------------------------------------------------|-----------------|-----------------|
| <b>Interests in Group companies</b>                    |                 |                 |
| Opening cost of acquisition                            | 850,921         | 619,470         |
| Disposal of subsidiaries                               | -4,551          | –               |
| Shareholder contribution                               | 42,548          | 231,451         |
| <b>Accumulated value at year-end</b>                   | <b>888,918</b>  | <b>850,921</b>  |
| Opening impairment loss                                | -238,296        | -185,783        |
| Year's impairment loss                                 | –               | -52,513         |
| <b>Closing accumulated impairment loss</b>             | <b>-238,296</b> | <b>-238,296</b> |
| <b>Carrying amount of interests in Group companies</b> | <b>650,622</b>  | <b>612,625</b>  |
| <b>Carrying amount of interests in joint venture</b>   | <b>1,333</b>    | <b>2,312</b>    |
| <b>Carrying amount</b>                                 | <b>651,955</b>  | <b>614,937</b>  |

As the carrying amount for shares in Cybercom Finland was higher than the value in use, an impairment loss of SEK 52,513 thousand was recognised in 2009.

|                                                  |              |           | No. of interests |           | % of capital and votes |      | Carrying amount |                |
|--------------------------------------------------|--------------|-----------|------------------|-----------|------------------------|------|-----------------|----------------|
| Parent company's direct holdings in subsidiaries | Corporate ID | Site      | 2010             | 2009      | 2010                   | 2009 | 2010-12-31      | 2009-12-31     |
| Cybercom Stockholm IT AB                         | 556497-0787  | Stockholm | 1,001            | 1,001     | 100                    | 100  | 200,120         | 200,120        |
| Cybercom IS/IT Services AB                       | 556544-6225  | Stockholm | 1,000            | 1,000     | 100                    | 100  | 120             | 120            |
| Cybercom Group Stockholm AB                      | 556551-4493  | Stockholm | 1,000            | 1,000     | 100                    | 100  | 120             | 120            |
| Cybercom Nord AB                                 | 556554-8673  | Stockholm | 1,000            | 1,000     | 100                    | 100  | 120             | 120            |
| Cyber Com Consulting A/S                         | 25795938     | Denmark   | 5,549            | 5,549     | 100                    | 100  | 14,806          | 14,806         |
| Cybercom Sweden South AB                         | 556591-8421  | Stockholm | –                | 10,000    | –                      | 100  | –               | 4,551          |
| Cybercom Netcom Consultants AB                   | 556359-1097  | Stockholm | 5,000            | 5,000     | 100                    | 100  | 42,787          | 42,787         |
| Cybercom Plenware Oy                             | 1516651-3    | Finland   | 1,371,320        | 1,371,320 | 100                    | 100  | 392,548         | 350,000        |
| <b>Total</b>                                     |              |           |                  |           |                        |      | <b>650,622</b>  | <b>612,625</b> |

|                                       |              |            | % of capital and votes |      |
|---------------------------------------|--------------|------------|------------------------|------|
| Other Group companies                 | Corporate ID | Site       | 2010                   | 2009 |
| Cybercom Sweden East AB               | 556254-0673  | Stockholm  | 100                    | 100  |
| Cybercom Sweden West AB <sup>2</sup>  | 556262-4691  | Gothenburg | 100                    | 100  |
| Cybercom Sweden South AB <sup>2</sup> | 556591-8421  | Stockholm  | 100                    | 100  |
| Cybercom Romania Holding AB           | 556788-5909  | Stockholm  | 100                    | 100  |
| Cybercom China Holding AB             | 556788-6006  | Stockholm  | 100                    | 100  |
| Cybercom Poland Sp. Z o.o             | 0000036076   | Poland     | 100                    | 100  |
| Cybercom Singapore PTE Ltd            | 199707629N   | Singapore  | 100                    | 100  |
| Plenware IT Resources Oy <sup>1</sup> | 1994747-2    | Finland    | –                      | 100  |
| NSD Consulting Oy <sup>1</sup>        | 1654716-6    | Finland    | –                      | 100  |
| Plenware Eesti OÜ <sup>2</sup>        | 11174631     | Estonia    | 100                    | 100  |
| Cybercom Romania S.R.L                | 19217664     | Romania    | 100                    | 100  |
| Cybercom IT Services China Ltd        | 66215339-9   | China      | 100                    | 100  |
| Cybercom America Inc                  | 3195627      | USA        | 100                    | 100  |

<sup>1</sup> Companies that were merged in 2010.

<sup>2</sup> Companies that will be merged/liquidated in 2011.

## Note 15. Interests in joint ventures

| Group                   | 2010          | 2009          |
|-------------------------|---------------|---------------|
| <b>Assets</b>           |               |               |
| Non-current assets      | 4,374         | 688           |
| Current assets          | 11,993        | 15,884        |
|                         | <b>16,367</b> | <b>16,572</b> |
| <b>Liabilities</b>      |               |               |
| Non-current liabilities | –             | –             |
| Current liabilities     | 671           | 2,938         |
|                         | <b>671</b>    | <b>2,938</b>  |
| <b>Net assets</b>       | <b>15,696</b> | <b>13,634</b> |
| Income                  | 18,990        | 14,367        |
| Expenses                | -12,523       | -8,513        |
| <b>Year's profit</b>    | <b>6,467</b>  | <b>5,854</b>  |

The Group has a 50% holding in a joint venture in India called Cybercom Datamatics Information Solutions Ltd, corporate ID U72900MH2000PTC123469, based in Mumbai. The following amounts are included in the consolidated income statement and balance sheet and constitute the Group's 50% share in the assets, liabilities, income, and costs of this joint venture.

No contingent liabilities arise from the Group's interest in this joint venture and the joint venture has no contingent liabilities.

## Note 16. Accounts receivable

|                                                     | Group          |                | Parent company |          |
|-----------------------------------------------------|----------------|----------------|----------------|----------|
|                                                     | 2010           | 2009           | 2010           | 2009     |
| Accounts receivable                                 | 216,163        | 279,525        | –              | –        |
| <b>Bad debts</b>                                    |                |                |                |          |
| Opening balance                                     | -5,523         | -2,911         | –              | –        |
| Reversal of previously recognised impairment losses | 2,629          | 662            | –              | –        |
| Year's impairment loss                              | -272           | -3,274         | –              | –        |
| <b>Accounts receivable, net</b>                     | <b>212,997</b> | <b>274,002</b> | <b>–</b>       | <b>–</b> |

## Note 17. Other receivables

|                              | Group         |               | Parent company |              |
|------------------------------|---------------|---------------|----------------|--------------|
|                              | 2010          | 2009          | 2010           | 2009         |
| Time worked but not invoiced | 44,138        | 40,396        | –              | –            |
| Other items                  | 7,265         | 12,454        | 1,286          | 2,284        |
| <b>Total</b>                 | <b>51,403</b> | <b>52,850</b> | <b>1,286</b>   | <b>2,284</b> |

## Note 18. Prepayments

|                            | Group         |               | Parent company |              |
|----------------------------|---------------|---------------|----------------|--------------|
|                            | 2010          | 2009          | 2010           | 2009         |
| Prepaid rents              | 7,098         | 5,471         | 10             | –            |
| Prepaid leasing fees       | 383           | 1,831         | 19             | 1,201        |
| Prepaid insurance premiums | 4,293         | 3,942         | 846            | 808          |
| Prepaid services and fees  | 301           | 9,446         | –              | 4,662        |
| Prepaid interest expense   | 246           | –             | –              | –            |
| Prepaid licence fees       | 3,690         | 5,918         | 1,599          | 664          |
| Prepaid data communication | 1,253         | 196           | 61             | 67           |
| Other items                | 4,361         | 3,196         | 1,013          | 299          |
| <b>Total</b>               | <b>21,625</b> | <b>30,000</b> | <b>3,548</b>   | <b>7,701</b> |

## Note 19. Equity

|                                                           | Group         |               |
|-----------------------------------------------------------|---------------|---------------|
| Translation reserve in equity                             | 2010          | 2009          |
| Opening balance                                           | 36,725        | 40,704        |
| Hedging currency risk in foreign operations               | 17,574        | 9,857         |
| Tax effect of hedging currency risk in foreign operations | -4,622        | -2,592        |
| Year's change in translation reserve                      | -32,677       | -11,244       |
| <b>Closing balance</b>                                    | <b>17,000</b> | <b>36,725</b> |

The translation reserve contains all exchange differences that arise in translation of financial statements from foreign operations that have prepared their financial statements in a currency other than Swedish kronor (SEK), which is the currency in which the Group's financial statements are presented. The translation reserve also contains exchange differences arising in revaluation of liabilities recognised as hedging instruments of a net investment in a foreign operation.

|                                                | Group    |                |
|------------------------------------------------|----------|----------------|
| Warrants                                       | 2010     | 2009           |
| No. of issued warrants at year's start         | 390,000  | 390,000        |
| Warrants in the company's custody              | –        | -267,534       |
| Warrants not used                              | -390,000 | –              |
| <b>No. of outstanding warrants at year-end</b> | <b>0</b> | <b>122,466</b> |

On 31 December 2009 registered share capital stood at 36,087,899 shares (24,584,840). The shares' quotient value is 1 (1). All shares are fully paid up.

On 22 April 2008 Cybercom's annual general meeting of shareholders decided on a warrant programme for senior executives and other key people at Cybercom. The programme comprised 390,000 warrants and each warrant entitled the holder to subscribe for one share. All warrants subscribed for were issued at market price. The programme consisted of two series, which were issued in June and October 2008.

A total of 108,795 warrants were subscribed for in the first series and 13,671 in the second, totalling 122,466 warrants. Together they created a 0.5% dilution effect. The exercise price in both series was SEK 42.82. The warrants were valid for just under two years, and it was possible to subscribe for shares in June 2010. The market price was lower than the exercise price, so no warrants were used.

The warrants in the company's custody in 2009 were valued at SEK 0.

## Note 20. Deferred tax

|                                                      | Group          |                | Parent company |            |
|------------------------------------------------------|----------------|----------------|----------------|------------|
| Deferred tax assets                                  | 2010           | 2009           | 2010           | 2009       |
| Non-deductible depreciation of equipment             | 5,671          | 6,640          | –              | –          |
| Endowment insurance and employer's contribution      | 819            | 707            | 819            | 707        |
| Reserves                                             | 730            | 1,790          | –              | –          |
| Goodwill from net assets acquisition                 | 32,265         | 36,300         | –              | –          |
| Loss carry-forwards                                  | 11,955         | 14,956         | –              | –          |
| Other                                                | 729            | 1,051          | –              | –          |
| <b>Total deferred tax assets</b>                     | <b>52,169</b>  | <b>61,444</b>  | <b>819</b>     | <b>707</b> |
| <b>Deferred tax liabilities</b>                      |                |                |                |            |
| Accumulated excess depreciation/amortisation         | -2,129         | -4,453         | –              | –          |
| Tax allocation reserve                               | -7,840         | -7,876         | –              | –          |
| Amortisation of goodwill from net assets acquisition | –              | -5,390         | –              | –          |
| Trademark                                            | -6,237         | -12,551        | –              | –          |
| Customer relationships                               | -17,336        | -20,819        | –              | –          |
| <b>Total deferred tax liabilities</b>                | <b>-33,542</b> | <b>-51,089</b> | <b>–</b>       | <b>–</b>   |
| <b>Deferred tax, net</b>                             | <b>18,627</b>  | <b>10,355</b>  | <b>819</b>     | <b>707</b> |

Temporary differences exist in those cases where the carrying amounts and tax bases differ for assets or liabilities. Temporary differences regarding the items above resulted in deferred tax liabilities and deferred tax assets.

|                                                  | Group   |         | Parent company |      |
|--------------------------------------------------|---------|---------|----------------|------|
| Amounts on the balance sheet include:            | 2010    | 2009    | 2010           | 2009 |
| A deferred tax asset used after 12 months        | 42,509  | 44,499  | 819            | 707  |
| A deferred tax liability payable after 12 months | -26,321 | -44,605 | –              | –    |

|                                    | Group         |               | Parent company |            |
|------------------------------------|---------------|---------------|----------------|------------|
| Change in deferred tax assets      | 2010          | 2009          | 2010           | 2009       |
| Deferred tax asset at year's start | 61,444        | 50,101        | 707            | 1,728      |
| Change in income statement         | -8,556        | 11,116        | 112            | -1,021     |
| Translation difference             | -719          | 227           | –              | –          |
| <b>Carrying amount</b>             | <b>51,869</b> | <b>61,444</b> | <b>819</b>     | <b>707</b> |

|                                        | Group   |        |
|----------------------------------------|---------|--------|
| Change in deferred tax liability       | 2010    | 2009   |
| Deferred tax liability at year's start | 51,089  | 53,033 |
| Change in income statement             | -15,165 | -740   |
| Translation difference                 | -2,382  | -1,204 |
| Carrying amount                        | 33,542  | 51,089 |

## Note 21. Other non-current liabilities

|                                                        | Group         |                | Parent company |                |
|--------------------------------------------------------|---------------|----------------|----------------|----------------|
|                                                        | 2010          | 2009           | 2010           | 2009           |
| Special employer's contribution on endowment insurance | 581           | 452            | 581            | 452            |
| Bank loans                                             | 58,908        | 244,007        | 58,908         | 113,883        |
| Finance leases                                         | 5,103         | 7,650          | –              | –              |
| Liability to former shareholders of auSystems          | 8,995         | 21,954         | –              | –              |
| Other                                                  | –             | 2,619          | –              | –              |
| <b>Total</b>                                           | <b>73,587</b> | <b>276,682</b> | <b>59,489</b>  | <b>114,335</b> |

The bank loans mature up until 2012 and are subject to three months' interest.

## Note 22. Other current liabilities

|                           | Group          |                | Parent company |               |
|---------------------------|----------------|----------------|----------------|---------------|
|                           | 2010           | 2009           | 2010           | 2009          |
| Bank loan                 | 157,438        | 107,977        | 157,438        | 41,412        |
| Derivatives               | 335            | –              | –              | –             |
| Finance leases            | 7,036          | 13,262         | –              | –             |
| VAT, tax at source        | 29,638         | 31,241         | –              | 18            |
| Other current liabilities | 20,452         | 24,156         | 694            | 500           |
| <b>Total</b>              | <b>214,899</b> | <b>176,636</b> | <b>158,132</b> | <b>41,930</b> |

The portion of the bank loan that matures within 12 months is subject to three months' interest.

|                                             | Group        |              |
|---------------------------------------------|--------------|--------------|
| Change in restructuring provision           | 2010         | 2009         |
| Carrying amount at year's start             | 6,583        | 760          |
| Provisions made during the year             | 19,122       | 6,583        |
| Amounts used during the year                | -20,577      | -760         |
| Unutilised amounts reversed during the year | -640         | –            |
| Translation difference                      | -280         | –            |
| <b>Total carrying amount at year-end</b>    | <b>4,208</b> | <b>6,583</b> |

## Note 23. Accruals and deferred income

|                               | Group          |                | Parent company |              |
|-------------------------------|----------------|----------------|----------------|--------------|
|                               | 2010           | 2009           | 2010           | 2009         |
| Accrued salaries              | 16,104         | 37,369         | 508            | 2,014        |
| Accrued holiday pay           | 63,148         | 66,032         | 984            | 447          |
| Accrued social security costs | 33,983         | 51,948         | 899            | 1,125        |
| Accrued interest expense      | 1,782          | 3,036          | 1,713          | 1,381        |
| Accrued external services     | 13,021         | 15,042         | –              | 829          |
| Other items                   | 7,088          | 9,721          | 788            | –            |
| <b>Total</b>                  | <b>135,126</b> | <b>183,148</b> | <b>4,892</b>   | <b>5,796</b> |

## Note 24. Financial assets and liabilities

### Financial assets and liabilities per valuation category

|                                          | Loan receivables<br>and accounts<br>receivable | Other liabilities | Financial assets<br>and liabilities<br>measured at fair<br>value through<br>profit and loss | Total carrying<br>amount and<br>fair value |
|------------------------------------------|------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------|--------------------------------------------|
| <b>Group 2010</b>                        |                                                |                   |                                                                                             |                                            |
| Non-current assets                       | 281                                            |                   | 115                                                                                         | 396                                        |
| Accounts receivable                      | 216,163                                        |                   |                                                                                             | 216,163                                    |
| Other receivables                        | 44,138                                         |                   |                                                                                             | 44,182                                     |
| Current investments                      | 7,387                                          |                   |                                                                                             | 7,387                                      |
| Cash and cash equivalents                | 91,251                                         |                   |                                                                                             | 91,251                                     |
| <b>Total</b>                             | <b>359,220</b>                                 |                   | <b>115</b>                                                                                  | <b>359,379</b>                             |
| Non-current interest-bearing liabilities |                                                | 64,011            |                                                                                             | 64,011                                     |
| Current interest-bearing liabilities     |                                                | 164,474           |                                                                                             | 164,474                                    |
| Accounts payable                         |                                                | 78,233            |                                                                                             | 78,233                                     |
| Derivative, valuation category level 2   |                                                |                   | 335                                                                                         | 335                                        |
| Other liabilities                        |                                                | 1,782             |                                                                                             | 1,782                                      |
| <b>Total</b>                             |                                                | <b>308,500</b>    | <b>335</b>                                                                                  | <b>308,835</b>                             |

|                                          | Loan receivables<br>and accounts<br>receivable | Other liabilities | Financial assets<br>and liabilities<br>measured at fair<br>value through<br>profit and loss | Total carrying<br>amount and<br>fair value |
|------------------------------------------|------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------|--------------------------------------------|
| <b>Group 2009</b>                        |                                                |                   |                                                                                             |                                            |
| Non-current assets                       | 204                                            |                   | 125                                                                                         | 329                                        |
| Accounts receivable                      | 274,002                                        |                   |                                                                                             | 274,002                                    |
| Other receivables                        | 40,396                                         |                   |                                                                                             | 40,396                                     |
| Derivative, valuation category level 2   |                                                |                   | 50                                                                                          | 50                                         |
| Current investments                      | 3,590                                          |                   |                                                                                             | 3,590                                      |
| Cash and cash equivalents                | 179,910                                        |                   |                                                                                             | 179,910                                    |
| <b>Total</b>                             | <b>498,102</b>                                 |                   | <b>175</b>                                                                                  | <b>498,277</b>                             |
| Non-current interest-bearing liabilities |                                                | 251,657           |                                                                                             | 251,657                                    |
| Current interest-bearing liabilities     |                                                | 121,239           |                                                                                             | 121,239                                    |
| Accounts payable                         |                                                | 87,188            |                                                                                             | 87,188                                     |
| Derivative, valuation category level 2   |                                                |                   | 2,123                                                                                       | 2,123                                      |
| Other liabilities                        |                                                | 3,037             |                                                                                             | 3,037                                      |
| <b>Total</b>                             |                                                | <b>463,121</b>    | <b>2,123</b>                                                                                | <b>465,244</b>                             |

### Measurement categories

The fair value of financial instruments is determined on the basis of three categories.

Level 1: Prices quoted in an active market for the same instruments.

Level 2: Directly or indirectly observable market data not included in level 1.

Level 3: Unobservable market data (inputs).

### Establishing fair value

The next section summaries the main methods and assumptions used to establish the fair value of the financial instruments recognised.

### Non-current receivables

The fair value of unlisted financial assets is established by computing the future discounted cash flows. The measurement assessment takes account of the value in the event of any completed transactions.

### Derivatives

The fair value of foreign exchange contracts is determined using quoted rates. The fair value of interest rate swaps is based on the measurement made by the brokering credit institution.

### Interest-bearing liabilities

The fair value of financial liabilities that are not derivatives is computed using future cash flows of capital amounts and interest discounted at the actual market interest rate on the reporting date.

### Financial leasing liabilities

The fair value is based on the present value of future cash flows discounted to the market interest rate for similar leases.

### Accounts receivable and accounts payable

For accounts receivable and accounts payable, the carrying amount is considered to reflect the fair value.

## Note 25. Risk exposure and risk management

Cybercom is exposed to various kinds of financial risk through its operations.

Financial risks mean fluctuations in the company's profit/loss and cash flow due to changes in exchange rates, interest rates, refinancing risks, and credit risks. The board drew up the Group's finance policy for managing financial risks. The policy forms a framework of guidelines and rules. Responsibility for the Group's financial transactions is managed centrally in the parent company. The overall goal is to minimise adverse impact on the Group's results.

### Liquidity and financing risk

Liquidity risk is the risk of the Group having problems fulfilling its obligations that are linked to financial liabilities. The Group has rolling 14-week liquidity planning that covers all Group units. This planning is updated monthly. Liquidity planning is used to manage the liquidity risk and the cost of financing the Group. The aim is that the Group will be able to fulfil its financial commitments in economic high and low periods, without significant unforeseeable costs and without risking the Group's reputation. Group policy is to minimise the need for borrowing by using excess liquidity within the Group through cash pools. The Group uses factoring for certain major customers. Liquidity risks to the Group are managed centrally in the parent company.

Cybercom had financial liabilities of SEK 228.5 million (372.9) at year-end. The table shows the maturity structure of loan liabilities. Future amortisation and interest payments are calculated on the basis of exchange and interest rates on the reporting date.

| Group                     | 2010              |                |                |               |           | 2009           |                |                |               |
|---------------------------|-------------------|----------------|----------------|---------------|-----------|----------------|----------------|----------------|---------------|
|                           | Original currency | Total          | 0–1 year       | 1–3 years     | 3–5 years | Total          | 0–1 year       | 1–3 years      | 3–5 years     |
| Bank loan                 | EUR               | 95,697         | 62,241         | 33,456        | –         | 230,001        | 63,484         | 148,134        | 18,383        |
| Bank loan                 | SEK               | 84,183         | 58,485         | 25,698        | –         | 136,736        | 52,814         | 83,922         | –             |
| Accounts payable          | SEK               | 78,233         | 78,233         | –             | –         | 87,188         | 87,188         | –              | –             |
| Finance lease liabilities | EUR               | 11,758         | 6,582          | 5,176         | –         | 21,207         | 8,718          | 12,405         | 84            |
| <b>Total</b>              |                   | <b>269,871</b> | <b>205,541</b> | <b>64,330</b> | <b>–</b>  | <b>475,132</b> | <b>212,204</b> | <b>244,461</b> | <b>18,467</b> |

Achievement of certain key figures, called covenants, is a prerequisite for loan financing. The key figures are based on Cybercom's profit/loss, net financial items, cash flow, and debt/equity ratio. Cybercom continually analyses these key figures. The company meets the requirements of the covenants.

### Market risk

Market risk is the risk that the fair value of, or future cash flows from, a financial instrument will vary due to changes in the market price. IFRSs define three types of market risks: currency risk, interest rate risk, and other price risks. Interest rate and currency risks are the market risks that affect the Group most.

### Interest rate risk

Interest rate risk is the risk of the value of financial instruments varying due to changed market interest rates. Interest rate risk can lead to changed fair values and changed cash flows. The fixed-interest term is a significant factor that affects interest rate risk. Three months interest applies to Cybercom's debt financing. A 100 basispoint change in interest on the reporting date would have an SEK 0.4 million (3.7) impact on the Group's future profit/loss and equity, based on the above table. The sensitivity analysis assumes that all other factors (such as exchange rates) remain unchanged. To hedge the uncertainty of highly probable predicted interest rate flows regarding borrowing at variable rates of interest, Cybercom uses interest rate swaps for which it receives interest at variable rates and pays fixed-rate interest.

### Currency risk

The risk of fair values and cash flows of financial instruments fluctuating when the value of foreign currencies change is called currency risk. Cybercom is exposed to various currency risks. Main exposure occurs in the Group's sales and purchases in foreign currencies. These currency risks comprise (i) risk of fluctuations in the value of accounts receivable and accounts payable, and (ii) the currency risk of expected and contracted payment flows. These risks are called transaction exposure. Cybercom's policy is to only hedge existing and well-known currency flows, principally certain customer contracts. The company does not hedge any forecasted currency flows and always strives to match revenue and expenses in the same currency as much as possible. In 2010, a number of minor customer contracts were hedged, which had a positive effect on the respective projects but a very marginal impact on consolidated earnings.

Translation of assets and liabilities of foreign subsidiaries to the parent company's functional currency also involves currency risks, known as translation exposure. Cybercom is also exposed to currency risks regarding payment flows for loans in foreign currency. Hedge accounting is used in the accounts when the prerequisites for this have been fulfilled. The Group's income statement includes exchange differences of SEK –2.3 million (–0.3) in operating profit/loss and exchange differences of SEK –2.6 million (–2.4) in financial items.

## Transaction exposure

Cybercom's transaction exposure was distributed among these currencies on the reporting date, amounts in SEK thousand, revaluated to the exchange rate on the reporting date.

| Currency     | 2010                |                  |                  |                   |                | 2009                |                  |                  |                   |                 |
|--------------|---------------------|------------------|------------------|-------------------|----------------|---------------------|------------------|------------------|-------------------|-----------------|
|              | Accounts receivable | Other receivable | Accounts payable | Other liabilities | Total          | Accounts receivable | Other receivable | Accounts payable | Other liabilities | Total           |
| SEK          | 152,744             | 19,917           | -63,172          | -153,535          | -44,046        | 199,654             | 12,460           | -69,594          | -174,825          | -32,305         |
| AED          | –                   | –                | –                | –                 | –              | 2,177               | 1,197            | –                | –                 | 3,374           |
| CHF          | 558                 | –                | -33              | –                 | 525            | 1,006               | –                | –                | –                 | 1,006           |
| CNY          | 4,351               | 2,521            | –                | –                 | 6,872          | –                   | –                | –                | –                 | –               |
| DKK          | 12,970              | 136              | -1,137           | -495              | 11,474         | 15,452              | -47              | -4,997           | -149              | 10,259          |
| EEK          | 4                   | –                | –                | –                 | 4              | –                   | –                | -112             | –                 | -112            |
| EUR          | 22,346              | 16,910           | -11,562          | -95,237           | -67,543        | 29,790              | 21,836           | -5,591           | -220,702          | -174,667        |
| GBP          | –                   | 44               | –                | –                 | 44             | 18                  | –                | –                | –                 | 18              |
| INR          | –                   | –                | -8               | -194              | -202           | –                   | 143              | -48              | –                 | 95              |
| NOK          | 759                 | 2,166            | -2               | -2,274            | 649            | 2,987               | –                | 15               | –                 | 3,002           |
| PLN          | 966                 | 605              | -314             | –                 | 1,257          | 344                 | –                | -1,175           | –                 | -831            |
| RON          | –                   | –                | -138             | –                 | -138           | –                   | –                | -90              | –                 | -90             |
| SGD          | –                   | –                | -168             | –                 | -168           | –                   | –                | -2               | –                 | -2              |
| USD          | 18,299              | 1,843            | -1,699           | -2,588            | 15,855         | 22,574              | 4,806            | -682             | -56               | 26,642          |
| <b>Total</b> | <b>212,997</b>      | <b>44,142</b>    | <b>-78,233</b>   | <b>-254,323</b>   | <b>-75,417</b> | <b>274,002</b>      | <b>40,395</b>    | <b>-82,276</b>   | <b>-395,732</b>   | <b>-163,611</b> |

## Translation exposure

Foreign net assets in the Group are distributed among these currencies.

|                   | 2010           |                       |              | 2009           |                       |              |
|-------------------|----------------|-----------------------|--------------|----------------|-----------------------|--------------|
| Original currency | Net investment | Hedged net investment | Net exposure | Net investment | Hedged net investment | Net exposure |
| DKK               | 28,682         | —                     | 28,682       | 25,639         | —                     | 25,639       |
| EUR               | 318,790        | -93,846               | 224,944      | 296,437        | -155,295              | 141,142      |
| INR               | 15,696         | —                     | 15,696       | 13,634         | —                     | 13,634       |
| PLN               | 6,432          | —                     | 6,432        | 4,683          | —                     | 4,683        |
| RON               | 6,481          | —                     | 6,481        | 8,204          | —                     | 8,204        |
| SGD               | —              | —                     | —            | 17,880         | —                     | 17,880       |
| USD               | 30,883         | —                     | 30,883       | —              | —                     | —            |
| Total             | 406,964        | -93,846               | 313,118      | 366,477        | -155,295              | 211,182      |

Cybercom hedges parts of its net investment in EUR through loans in EUR. The carrying amount of the loan on 31 December 2010 was SEK 93.8 million (155.3). A SEK 13.0 million (7.3) exchange gain after tax was recognised in equity in conjunction with translation of the loan into SEK. See Note 1, Accounting policies, for information about hedge accounting.

## Credit risk

The risk of Cybercom's customers not fulfilling their obligations, i.e., Cybercom not receiving payment from customers, is a customer credit risk. Historically, Cybercom has had very low losses. The majority of the Group's customers are well-reputed companies, authorities, and government agencies with high credit ratings. Cybercom's policy is to check the creditworthiness of its customers by obtaining data on customers' financial position from a credit rating agency. But Cybercom does not produce credit classifications from this data. Cybercom has set rules for bad debt management; impairment of past due accounts receivable takes place after individual assessment.

Cybercom's total credit risk exposure is calculated on the basis of cash and cash equivalents, worked but not invoiced hours, and accounts receivable. On 31 December 2010 Cybercom's total credit risk exposure stood at SEK 358.9 million (503.5).

## Capital management

Cybercom defines its managed capital as equity in the Group. It is necessary for the company to have a robust financial position and good liquidity. It provides the financial flexibility and independence required to operate and manage variations in the need for capital employed and to take advantage of business opportunities.

Management of the capital structure aims to achieve a balance between equity, debt financing, and liquidity so that Cybercom hedges the financing of its operation at a reasonable capital cost. The company seeks to finance growth, normal investments, and dividends to shareholders by generating sufficient positive cash flow from operating activities.

## Ageing analysis, past due but not impaired receivables

|                                   | 2010            | 2009            |
|-----------------------------------|-----------------|-----------------|
|                                   | Carrying amount | Carrying amount |
| Accounts receivable, not past due | 197,440         | 237,782         |
| Past due 1–30 days                | 11,907          | 30,565          |
| Past due 31–90 days               | 1,955           | 6,245           |
| Past due >90 days                 | 4,861           | 4,933           |
| <b>Total</b>                      | <b>216,163</b>  | <b>279,525</b>  |

Cybercom has no collateral at its disposal for past due accounts receivable.

## Note 26. Leasing

|                          | Group          |                | Parent company |            |
|--------------------------|----------------|----------------|----------------|------------|
| Operating leases         | 2010           | 2009           | 2010           | 2009       |
| Payable within 1 year    | 43,879         | 52,377         | 272            | 326        |
| Payable within 1–5 years | 60,619         | 121,312        | 670            | 564        |
| Payable after 5 years    | 12,006         | 33,854         | 40             | 40         |
| <b>Total</b>             | <b>116,504</b> | <b>207,543</b> | <b>982</b>     | <b>930</b> |

|                                    | Group  |        | Parent company |       |
|------------------------------------|--------|--------|----------------|-------|
| Operating leases                   | 2010   | 2009   | 2010           | 2009  |
| Lease expenses                     | 58,209 | 65,773 | 256            | 1,178 |
| Lease income from sub-leased items | 5,800  | 1,834  | –              | –     |

| Group                    | 2010                  |            |               | 2009                  |              |               |
|--------------------------|-----------------------|------------|---------------|-----------------------|--------------|---------------|
| Finance lease            | Minimum lease payment | Interest   | Principal     | Minimum lease payment | Interest     | Principal     |
| Payable within 1 year    | 7,457                 | 615        | 6,582         | 8,718                 | 1,283        | 9,510         |
| Payable within 1–5 years | 5,409                 | 234        | 5,176         | 12,489                | 1,732        | 12,951        |
| Payable after 5 years    | –                     | –          | –             | –                     | –            | –             |
| <b>Total</b>             | <b>12,866</b>         | <b>849</b> | <b>11,758</b> | <b>21,207</b>         | <b>3,015</b> | <b>22,461</b> |

|                                                   | Group |       |
|---------------------------------------------------|-------|-------|
| Finance leases                                    | 2010  | 2009  |
| Variable charges included in the period's results | 1,208 | 1,652 |

The nominal value of future minimum lease payments under non-cancellable operating leases is distributed per this table.

Rental contracts that expire during the period were estimated using similar conditions. Leasing contracts mainly comprise rental contracts and a few office machines.

Non-cancellable finance leases are payable per this table.

## Note 27. Pledged collateral and contingent liabilities

|                                                                      | Group          |                | Parent company |                |
|----------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| Pledged collateral                                                   | 31 Dec 2010    | 31 Dec 2009    | 31 Dec 2010    | 31 Dec 2009    |
| In the form of pledged collateral for own liabilities and provisions |                |                |                |                |
| Floating charges                                                     | 83,260         | 34,960         | 13,300         | 2,300          |
| Shares                                                               | 873,645        | 628,200        | 592,668        | 550,120        |
| <b>Total pledged collateral</b>                                      | <b>956,905</b> | <b>663,160</b> | <b>605,968</b> | <b>552,420</b> |

A claim of about SEK 7 million has been made against Cybercom Sweden West AB. The claim alleges fundamental breach of contract, among other things, but no contract exists. The claim is vague, and Group management's assessment is that it is baseless as it now stands.

A claim has been made against Cybercom Finland from the previous executives of the company, but Group management believes that the claim is unfounded.

The shares in Plenware and auSystems were pledged when loans were raised for acquisition of these companies. As contractually agreed, the lenders are entitled to realise the pledge if grounds for cancellation arise (event of default) and no agreement can be reached. The pledge can only be realised if an event of default still exists when realisation takes place. The Group value of the pledge on 31 December 2010 was SEK 873.6 million (628.2). Utilised floating charges of SEK 83.3 million (35.0) were also pledged for the same purpose.

## Note 28. Related party transactions

Purchase and sales between Group companies was SEK 136.7 million (118.3) and mainly comprised services. Purchases and sales between Group companies and the joint venture totalled SEK 18.9 million (13.7). JCE Group is Cybercom's largest shareholder with a 35.9% (35.9) shareholding. Sales totalling SEK 0.6 million (0) took place to Consafe Logistics, companies in JCE Group.

Note 3 lists remuneration to senior executives.

## Note 29. Untaxed reserves

|                                              | Parent company |               |
|----------------------------------------------|----------------|---------------|
|                                              | 2010           | 2009          |
| Tax allocation reserve, taxation 2006        | 1,026          | 1,026         |
| Tax allocation reserve, taxation 2007        | 5,190          | 5,190         |
| Tax allocation reserve, taxation 2008        | 5,798          | 5,798         |
| Tax allocation reserve, taxation 2010        | 4,048          | 4,048         |
| Accumulated excess depreciation/amortisation | 795            | 1,605         |
| <b>Total</b>                                 | <b>16,857</b>  | <b>17,667</b> |

## Note 30. Cash flow statement

|                                  | Group         |                | Parent company |                |
|----------------------------------|---------------|----------------|----------------|----------------|
|                                  | 2010          | 2009           | 2010           | 2009           |
| <b>Cash and cash equivalents</b> |               |                |                |                |
| Current investments              | 7,387         | 3,590          | –              | –              |
| Cash and bank                    | 91,251        | 179,910        | 45,572         | 119,328        |
| <b>Cash and cash equivalents</b> | <b>98,638</b> | <b>183,500</b> | <b>45,572</b>  | <b>119,328</b> |

|                      | Group          |                | Parent company |               |
|----------------------|----------------|----------------|----------------|---------------|
|                      | 2010           | 2009           | 2010           | 2009          |
| <b>Interest</b>      |                |                |                |               |
| Interest received    | 3,475          | 1,921          | 3,575          | 4,844         |
| Interest paid        | -23,433        | -28,760        | -12,261        | -10,353       |
| <b>Interest, net</b> | <b>-19,958</b> | <b>-26,839</b> | <b>-8,686</b>  | <b>-5,509</b> |

|                                                        | Group         |                | Parent company |               |
|--------------------------------------------------------|---------------|----------------|----------------|---------------|
|                                                        | 2010          | 2009           | 2010           | 2009          |
| <b>Adjustments for items not included in cash flow</b> |               |                |                |               |
| Depreciation/amortisation/impairment loss              | 50,677        | 321,779        | 7,190          | 7,225         |
| Unrealised exchange differences                        | -2,462        | 3,519          | -17,712        | -9,880        |
| Fair value derivative                                  | -1,738        | 5,828          | –              | –             |
| Write-down of shares in subsidiaries                   | –             | –              | –              | 52,513        |
| Capital loss                                           | –             | –              | –              | 449           |
| Interest not paid/received                             | -1,501        | -1,961         | -332           | -538          |
| Provisions                                             | -2,177        | 6,051          | –              | –             |
| <b>Total</b>                                           | <b>42,799</b> | <b>335,216</b> | <b>-10,854</b> | <b>49,769</b> |

Liabilities for additional purchase prices of SEK 24,450 thousand for the previous acquisitions of NSD Consulting and Comprog Oy were included in the acquisition balance sheet for Plenware Oy. These additional purchase prices were adjusted during 2009 and increased by SEK 10,158 thousand because of the acquired entities' strong growth. SEK 6,901 thousand was paid in cash and the remaining SEK 3,257 thousand and the included liability of SEK 24,450 thousand were settled through the offset issue that took place in Q3 2009.

## Note 31. Acquisition of subsidiaries/net assets

In 2007 Cybercom acquired auSystems in Sweden, Denmark and Poland from Teleca with around 700 employees. In conjunction with the acquisition, an additional purchase price of SEK 21,954 thousand was entered as a liability. The additional purchase price refers to 50% of the tax effect for amortisation of goodwill arising from the purchase of net assets in one of the acquired companies. In 2010 Teleca's portion of the tax effect was SEK 13,576 thousand, when the corresponding part of the liability had been paid to Teleca.

|                                                    |             |
|----------------------------------------------------|-------------|
| <b>Purchase price</b>                              | <b>2010</b> |
| Additional purchase price, cash-settled            | 13,576      |
| Additional purchase price, previously as liability | -13,576     |
| <b>Total purchase price</b>                        | <b>-</b>    |
| Fair value of acquired net assets                  | -           |
| <b>Goodwill</b>                                    | <b>-</b>    |

|                                                                     |               |
|---------------------------------------------------------------------|---------------|
| <b>Investing activities</b>                                         | <b>2010</b>   |
| Purchase price settled in cash                                      | 13,576        |
| <b>Impact on Group's cash and cash equivalents from acquisition</b> | <b>13,576</b> |

Cybercom Sweden East AB acquired net assets from SunGard, including two employees, on 17 February 2010. The deal also included Cybercom taking over management responsibility for some of SunGard's customers. The purchase price was SEK 520 thousand, of which SEK 306 thousand was paid in cash and SEK 214 thousand was entered as a liability as an additional purchase price that will be payable if certain sales targets are achieved.

The total value of acquired assets and liabilities, purchase prices and impact on the Group's cash and cash equivalents regarding SunGard was as shown in the table.

| Acquired net assets            | Carrying amount | Fair value |
|--------------------------------|-----------------|------------|
| Customer relationships         | -               | 472        |
| Property, plant, and equipment | 48              | 48         |
| <b>Acquired net assets</b>     | <b>48</b>       | <b>520</b> |

|                                         |             |
|-----------------------------------------|-------------|
| <b>Purchase price</b>                   | <b>2010</b> |
| Cash-settled                            | 306         |
| Additional purchase price, as liability | 214         |
| <b>Total purchase price</b>             | <b>520</b>  |
| Fair value acquired net assets          | -520        |
| <b>Goodwill</b>                         | <b>0</b>    |

|                                                                     |             |
|---------------------------------------------------------------------|-------------|
| <b>Investing activities</b>                                         | <b>2010</b> |
| Cash-settled                                                        | 306         |
| <b>Impact on Group's cash and cash equivalents from acquisition</b> | <b>306</b>  |

Liabilities for additional purchase prices of SEK 24,450 thousand for the previous acquisitions of NSD Consulting and Comprog Oy were included in the acquisition balance sheet for Plenware Oy. These additional prices were adjusted during 2009 and increased by SEK 10,158 thousand because of the acquired entities' strong growth. SEK 6,901 thousand was settled in cash and the remaining SEK 3,257 thousand and the liability included of SEK 24,450 thousand were settled through the offset issue that took place in Q3 2009.

|                                       |               |
|---------------------------------------|---------------|
| <b>Purchase price</b>                 | <b>2009</b>   |
| Adjusted purchase price, cash-settled | 6,901         |
| Adjusted purchase price, offset       | 3,257         |
| <b>Total purchase price</b>           | <b>10,158</b> |
| Fair value acquired net assets        | -             |
| <b>Goodwill</b>                       | <b>10,158</b> |

|                                                                     |              |
|---------------------------------------------------------------------|--------------|
| <b>Investing activities</b>                                         | <b>2009</b>  |
| Cash-settled purchase price                                         | 6,901        |
| Cash and cash equivalents in acquired subsidiary                    | –            |
| <b>Impact on Group's cash and cash equivalents from acquisition</b> | <b>6,901</b> |

On 1 April 2009, Cybercom Plenware Oy acquired net assets from Teleste that included 23 employees. The purchase price was SEK 3,858 thousand. The acquisition was paid for with future discounts and concession of premises to other Teleste employees, which was estimated at SEK 3,311 thousand. The remaining SEK 547 thousand was paid in cash.

The table shows the total value of acquired assets and liabilities, purchase prices, and impact on the Group's cash and cash equivalents regarding Teleste.

| Acquired net assets                 | Carrying amount | Fair value   |
|-------------------------------------|-----------------|--------------|
| Customer relationships              | –               | 3,819        |
| Other intangible non-current assets | 1,157           | 1,157        |
| Property, plant, and equipment      | 448             | 448          |
| Current liabilities                 | -1,566          | -1,566       |
| <b>Acquired net assets</b>          | <b>39</b>       | <b>3,858</b> |

|                                  |              |
|----------------------------------|--------------|
| <b>Purchase price</b>            | <b>2009</b>  |
| Cash-settled                     | 547          |
| Future discounts, as liabilities | 3,311        |
| <b>Total purchase price</b>      | <b>3,858</b> |
| Fair value acquired net assets   | -3,858       |
| <b>Goodwill</b>                  | <b>0</b>     |

|                                                                     |             |
|---------------------------------------------------------------------|-------------|
| <b>Investing activities</b>                                         | <b>2009</b> |
| Cash-settled                                                        | 547         |
| Cash and cash equivalents                                           | –           |
| <b>Effect on Group's cash and cash equivalents from acquisition</b> | <b>547</b>  |

On 10 April 2008 Cybercom Sweden East AB acquired 100% of the share capital in Technology Nexus Security AB, an information and security company with 43 employees in Sweden. Cybercom paid SEK 30,000 thousand in cash. In 2009, an agreement was reached on an additional purchase price of SEK 3,854 thousand. The additional purchase price is performance-based and was the last.

|                                       |              |
|---------------------------------------|--------------|
| <b>Purchase price</b>                 | <b>2009</b>  |
| Adjusted purchase price, cash-settled | 3,854        |
| <b>Total purchase price</b>           | <b>3,854</b> |
| Fair value acquired net assets        | –            |
| <b>Goodwill</b>                       | <b>3,854</b> |

|                                                                     |              |
|---------------------------------------------------------------------|--------------|
| <b>Investing activities</b>                                         | <b>2009</b>  |
| Cash-settled                                                        | 3,854        |
| <b>Effect on Group's cash and cash equivalents from acquisition</b> | <b>3,854</b> |

## Note 32. Events after year end

Nokia, one of Cybercom's customers in Finland, announced a change of strategy in February 2011, which includes partnership with Microsoft. Cybercom's operations in Finland are affected somewhat by Nokia's new strategy. No agreements will be terminated, and ongoing contracts will remain in effect until they expire, which for many agreements will happen in Q2 2011. In 2010, Nokia accounted for just under four percent of Cybercom's total revenue. Revenue related to Nokia is expected to decline in 2011 and have a moderate effect on earnings for the year. However, this has motivated an impairment test, as Nokia as a customer contributes to a Group-wide surplus value attributable to customer relationships from Cybercom's acquisition of Plenware Oy. The Board has decided to recognise an impairment loss of SEK 16 million attributable to this balance sheet item. The impairment loss does not affect cash flow.

## Proposed allocation of profit

These amounts are at the AGM's disposal:

|                          |                    |            |
|--------------------------|--------------------|------------|
| Share premium reserve    | 578,793,451        | SEK        |
| Retained earnings        | 100,975,859        | SEK        |
| Profit/loss for the year | -13,982,945        | SEK        |
| <b>Total</b>             | <b>665,786,365</b> | <b>SEK</b> |

The Board of Directors proposes the profit be appropriated as follows:

|                 |                    |            |
|-----------------|--------------------|------------|
| Dividend        | 18,043,950         | SEK        |
| Carried forward | 647,742,415        | SEK        |
| <b>Total</b>    | <b>665,786,365</b> | <b>SEK</b> |

## Board statement on proposed dividend

The Board of Directors proposes dividend of SEK 0.50 per share for fiscal year 2010. The proposed dividend amounts to 2.0 per cent of the parent company's equity, and 1.9 per cent of the Group's equity. The parent company's equity/assets ratio amounts to 73.5 per cent before dividend and 73.1 per cent after dividend. The Group's equity/assets ratio totals 61.5 per cent before dividend and 61.1 per cent after dividend.

The Board considers that payment of a dividend to shareholders of the proposed amount is justifiable in view of the requirements made on the company and the Group by the nature, extent and risks associated with the business in terms

## Assurance

The board and CEO assure that the annual accounts were prepared per generally accepted principles in Sweden, and the consolidated accounts were prepared per international accounting standards described in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The annual accounts and consolidated accounts give a fair view of the parent company and Group's financial results and position.

The directors' report for the parent company and Group (i) gives a fair view of the changes in the parent company and Group's business, position, and earnings and (ii) describes significant risks and uncertainties faced by the parent company and Group companies.

of the amount of equity required, and taking into account the need for consolidation, liquidity, and financial position in other respects. The financial position will remain strong after payment of the proposed dividend, and is considered to be fully adequate to enable the company to fulfil its obligations in both the short and long term, as well as to finance such investments as may be necessary.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting that will be held on 28 April 2011.

Stockholm, 29 March 2011

Wigon Thuresson  
Board chairman

Margareta Alestig Johnson  
Board member

Roger Bergqvist  
Board member

Hampus Ericsson  
Board member

Ulf Körner  
Board member

Thomas Landberg  
Board member

Robin Hammarstedt  
Employee representative

Henrik P Larsson  
Employee representative

Patrik Boman  
President and CEO

Our audit report was issued on 29 March 2011.  
KPMG AB

Anders Malmeby  
Authorised Public Accountant

# Audit report

**To the annual general meeting of the shareholders of Cybercom Group AB (publ.), corporate identity number 556544-6522**

We have audited the annual accounts, the consolidated accounts, the accounting records, and the administration of the board of directors and the managing director of Cybercom Group 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 7-57. 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 (IFRS) 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 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 the 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 board members or the managing director have, 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 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 (IFRS) 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. The directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets 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 directors' report and that the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, 29 March 2011

KPMG AB

Anders Malmeby  
Authorised Public Accountant

# Corporate governance report

## Principles for corporate governance

Cybercom Group AB (publ.) (hereinafter "Cybercom") is a publicly traded Swedish company listed on NASDAQ OMX Nordic. Cybercom applies the Swedish Code of Corporate Governance (the "Code"), which is available on the Swedish Corporate Governance Board website [www.bolagsstyrning.se](http://www.bolagsstyrning.se). Corporate governance at Cybercom is regulated by Swedish legislation, primarily the Swedish Companies Act, NASDAQ OMX Nordic's "Rule Book for Issuers", and other relevant rules and regulations. This report describes how Cybercom administered its corporate governance during fiscal year 2010.

The corporate governance report has been prepared in accordance with Chapter 6 section 8 of the Swedish Annual Accounts Act and is not included in the Directors' Report.

## Shareholders

### MAJOR SHARE HOLDINGS

Two shareholders have direct or indirect share holdings in the company, representing at least one tenth of voting rights for all shares in the company: JCE Group AB with 35.9 per cent and Livförsäkrings AB Skandia (publ.) with 12.1 per cent.

### VOTING RIGHTS

The company's articles of association do not contain any limitations regarding how many votes each shareholder may cast at an annual general meeting of shareholders.

## Articles of association

The articles of association do not contain any specific provisions on the appointment and dismissal of Board members or on amendments to the articles.

## Annual general meeting

Cybercom held its 2010 AGM on 21 April 2010 at corporate headquarters, Lindhagensgatan 126, Stockholm. 21 shareholders, representing more than 70 per cent of votes, attended the AGM personally or through a representative. Cybercom's Board, executive management, and company auditor were present at the AGM. The 2011 AGM will be held on 28 April 2011 at corporate headquarters, Lindhagensgatan 126. At Cybercom general meetings, one share is equal to one vote. All shareholders, who are recorded in the shareholders' database as of the meeting date and have given notice of their attendance in due time in accordance with the articles of association, have the right to attend the shareholders' meeting and vote using their total holding of shares. Cybercom applies the Code with respect to how the general meeting works, including the main decision-making rights of the general meeting, shareholders' rights, and how these rights are exercised, but otherwise complies with applicable provisions of law and regulations.

## Nomination committee

The AGM determines how to appoint the nomination committee. Cybercom's 2010 AGM elected a nomination committee consisting of Hampus Ericsson and Erik Sjöström, as representatives of the two largest shareholders JCE Group AB and Skandia Liv, and John Örtengren, as representative for small shareholders through the Swedish Shareholders' Association. Furthermore, Wigon Thuresson, Board chairman, was appointed as convener and member of the committee. Thuresson does not have voting rights. According to the AGM resolution, unless members agree otherwise, the nomination committee chairman must be the committee member who represents the shareholder with the most votes. The Board of directors was informed that Cybercom's nomination committee has chosen not to decide on another chairman. The chairman of the nomination committee during the year was therefore Hampus Ericsson, even though he is a Board member in the company. Thus the company deviated from point 2.4 of the code. The nomination committee justified this choice because Hampus Ericsson represents a major shareholder and is also well qualified to effectively lead the nomination committee to achieve the best results for the company's shareholders. The AGM resolution continues to apply in that if, during the nomination committee's term of office, a shareholder that is represented in the nomination committee is no longer among the two largest shareholders (block of votes), then the member who represents such a shareholder must put his or her position at the disposal of the shareholder that enters the rank of the two largest shareholders, which has the right to appoint a new member. Shareholders who appoint nomination committee members have the right to discharge members and appoint new members.

Cybercom's AGM resolved that the nomination committee will develop and present proposals to the 2011 AGM for an AGM chairman, Board members, Board chairman, Board remuneration (i.e. for the chairman, Board members, and any committee work), auditing fees, and rules for the nomination committee for the 2012 AGM.

The nomination committee prepares a requirements specification and ensures that Cybercom's Board members have expertise relevant to its operation, taking into account industry experience, skills, and international know-how. Board size and composition are also considered.

The nomination committee held five minuted meetings since the 2010 AGM, and has kept in contact between them.

The nomination committee's proposals, its reasoned opinion about the proposed Board, and additional information about the proposed Board members will be published on the company's website in conjunction with the AGM notification and presented together with an explanation of the nomination committee's work at the 2011 AGM.

## Authorisation of the Board

The general meeting has not authorised the Board of directors to decide that the company will issue new shares or acquire treasury shares at this time.

## Board of directors

### BOARD COMPOSITION

The 2010 AGM re-elected Wigon Thuresson, Thomas Landberg, Ulf Körner and Hampus Ericsson as Board members. Margareta Alestig Johnson and Roger Bergqvist were elected as new Board members. Lars Persson declined re-election. In addition, Wigon Thuresson was elected to chair the Board in accordance with the nomination committee's recommendation.

### BOARD INDEPENDENCE

The table below sets forth the independence of the Board members in relation to the company, management, and the shareholders as per the nomination committee's assessment, which is shared by the Board. Accordingly, Cybercom fulfils the applicable requirements that Board members be independent of the company, management, and the company's large shareholders.

## Board work

Besides Board members, Patrik Boman (Group president and CEO), and Kristina Cato (Board secretary and the Group's communication director and IR manager) participate in Board meetings. Peter Keller-Andreasen (Group vice president) and Odd Bolin (CFO) participate in specific agenda items. Other Group employees participate in Board meetings to present specific issues as needed.

The Board's work is based on the requirements of the Swedish Companies Act, the Swedish Code of Corporate Governance, other rules and regulations applicable to Cybercom, and the working procedures established by the Board. Instructions define the delegation of responsibilities between the Board and the president, the policies for financial reporting, and the president's duties and authority. The Board also adopts an information policy that regulates Cybercom's disclosure. Furthermore, the Board establishes rules of procedure for the audit committee and remuneration committee. The Board's rules of procedure, special instructions, and information policy are reviewed annually. Other instructions and principles are reviewed as needed.

According to the rules of procedure, six ordinary meetings are normally held per year, in addition to statutory meeting after the AGM. Each regular meeting deals with operational follow-up; finances; acquisitions, divestments, and mergers. One Board meeting is dedicated to strategy and one to the business plan and budget.

The chairman leads Board work and monitors operations via a dialogue with the Chief Executive Officer. The chairman is responsible to see that other Board members receive the necessary information and documentation to ensure the high quality of discussion and decisions. The chairman also participates in the evaluation and development of the Group's senior executives. The chairman represents the company in shareholder issues.

In 2010, the Board held nine meetings, including once by correspondence, in addition to the statutory meeting following the AGM. The Board's activities in 2010 focused on optimising Cybercom's profitability and organisational structure. Moreover, the Board focused on strengthening the company's financial situation and clarifying its strategic positioning. During the year, managing directors of subsidiaries and other senior executives presented and discussed their duties with the Board.

The Board did not meet the auditor without the CEO or other executive manager being present in 2010. Thus the company deviated from point 7.5 of the code, which stipulates that the Board must meet the auditor without the presence of the CEO or another member of executive management at least once annually. The Board had contact with the auditor on several occasions in 2010, and due to the satisfactory exchange of information at these meetings, the Board, by omission, chose not to specifically arrange an exclusive meeting between the Board and auditor without the presence of the CEO and another member of executive management's presence.

The Board and CEO's work in 2010 was externally evaluated using a systematic and structured process, one purpose of which is to obtain a sound foundation for the Board's own development work. The Board also convened a special Board meeting to evaluate the CEO's work. No company executive was present at this meeting. The nomination committee will be informed about the results of the Board evaluation.

### Board member attendance in 2010

| Name                                                      | Independent | Board meetings | Remuneration committee |
|-----------------------------------------------------------|-------------|----------------|------------------------|
| Wigon Thuresson                                           | Yes         | 100%           | 100%                   |
| Thomas Landberg                                           | Yes         | 100%           | 100%                   |
| Lars Persson <sup>2</sup>                                 | Yes         | 67%            |                        |
| Ulf Körner                                                | Yes         | 100%           |                        |
| Hampus Ericsson <sup>1</sup>                              | No          | 100%           | 100%                   |
| Margareta Alestig Johnson <sup>3</sup>                    | No          | 100%           |                        |
| Roger Bergqvist <sup>4</sup>                              | Yes         | 100%           |                        |
| Robin Hammarstedt, Employee representative                | No          | 89%            |                        |
| Henrik P Larsson, <sup>5</sup> employee representative    | No          | 100%           |                        |
| Alexandra Trpkoska <sup>6</sup> , Employee representative | No          | 100%           |                        |

<sup>1</sup> Not independent of the company's major shareholders.

<sup>2</sup> Board member through April 2010.

<sup>3</sup> Board member as of April 2010.

<sup>4</sup> Not independent of the company's major shareholders.

<sup>5</sup> Board member as of April 2010.

<sup>6</sup> Board member through April 2010.

## BOARD WORK IN COMMITTEES

### Audit committee

The audit committee was established following a decision by the Board in April 2010. The audit committee usually meets in conjunction with publication of financial reports and in addition, where appropriate, in conjunction with regular Board meetings.

The primary obligations of the committee are to ensure (i) compliance with established principles for financial reporting and internal controls and (ii) maintenance of appropriate relations

with the company's auditors according to the instructions adopted by the Board in this matter. The audit committee must also ensure that suitable communication takes place with the company's auditors. The audit committee is a preparatory body. The results of the audit committee's work in the form of observations, recommendations and proposed decisions and measures are continuously reported to the Board, which takes decisions resulting from the audit committee's work. Audit committee meetings are minuted and the minutes are provided to the Board.

Since it was appointed, the audit committee has consisted of Board members Thomas Landberg (chairman) and Margareta Alestig Johnson. Thus the company deviated from point 7.3 of the code, which stipulates that the audit committee must consist of at least three members. However, the Board of directors, which appoints the members of the committee, determined that these individuals were most qualified to serve on the company's audit committee for 2010/11 because of their experience, interest, and expertise. The Group's Chief Financial Officer, the Group's general counsel and the secretary of audit committee, the Group's internal auditor, and the head of group accounting participate at audit committee meetings. The audit committee met four times in 2010 and all members were present at the

meetings. Cybercom's external auditors participated at three of the audit committee's meetings.

#### **Remuneration committee**

Cybercom's remuneration committee is appointed by the Board of directors. The remuneration committee prepares principles for salary levels and employment terms and conditions for Cybercom's Chief Executive Officer, vice president, and other Group executives. The remuneration committee strives to create the best possible conditions so that benefit issues are treated conscientiously and comprehensively. The committee includes Wigon Thuresson, Thomas Landberg, and Hampus Ericsson. The remuneration committee held one meeting since the 2010 AGM.

#### **Committee for fixed price assignments**

The role of this committee is to oversee and approve quotations for large customer assignments. The committee includes Thomas Landberg and Margareta Alestig Johnson. The committee meets when necessary. The committee met once in 2010.

## Board of directors



### Wigon Thuresson (born. 1942)

Board chairman since 2007  
*Education:* Economist (Master of Political Science)  
*Previous assignments:* President and CEO of Sweco AB, CEO of Hexagon, Faberge, and Sandblom & Stohne  
*Expertise:* Consultancy operations, company acquisitions, and growth initiatives  
*Share holdings:* 444,360



### Margareta Alestig Johnson (born. 1961)

Board member since 2010  
Member of the Audit Committee  
CFO of the JCE Group AB  
*Education:* Master of Science in Business and Economics  
*Other assignments:* Board member of Green Cargo AB and several companies in the JCE Group  
*Previous assignments:* CFO and head of administration at Broström AB and Swisslog AB  
*Expertise:* Accounting and finance  
*Share holdings:* 0



### Roger Bergqvist (born. 1948)

Board member since 2010  
Senior Advisor  
*Education:* Market economics  
*Other assignments:* Board member of BE Group AB, ProactIT Group AB, and Stockholm Bygglåb AB  
*Previous assignments:* Active in the Bergman & Beving Group in various positions, and was President and CEO of Addtech AB after its IPO until 2008. CEO of Teleinstrument and active within ABB.  
*Expertise:* International business and strategic and organisational development  
*Share holdings:* 4,000



### Hampus Ericsson (born. 1972)

Board member since 2009  
CEO of the JCE Group AB  
*Education:* Master of Science, Gothenburg School of Economics, and B.A. in International Business at Johnson & Wales University (USA)  
*Other assignments:* Chairman of Consafe Logistics Holding AB, board member of BRUKS Holding AB, Burntisland Fabrications Ltd, Consafe Invest AB, JCE Group AB, and Green Circle Bioenergy Inc.  
*Previous assignments:* Consafe Offshore AB and Enskilda Securities  
*Expertise:* Funding, M&A, and business development  
*Share holdings:* 0 (Indirectly, via a legal entity: 13,910,522 shares)



### Ulf Körner (born. 1946)

Board member since 2005  
Professor at Lund University Faculty of Engineering  
*Education:* Ph.D. in communications systems  
*Other assignments:* Board member of EAB (Equality of Access Board within TeliaSonera), and partner in Tevi Konsult Handelsbolag  
*Previous assignments:* Board member of Post och Telestyrelsen, the Swedish National Telecommunications Council, Doro AB, Cale Access AB, ConsafeIT AB, Consafe Infotech AB, Cale Group AB, and Labs2 AB. Chairman of Upgrade Communication AB.  
*Expertise:* Telecom industry  
*Share holdings:* 8,000



### Thomas Landberg (born. 1950)

Board member since 2007  
Chairman of the Audit Committee  
Senior Advisor  
*Education:* Computer and electrical engineer. Management training from CEDEP/INSEAD and Duke University.  
*Other assignments:* Board member of Smarteq AB (publ)  
*Previous assignments:* CEO Unisys AB, CEO NCR Sweden, CEO AT&T Nordic AB, CEO Pricer AB (publ), CEO Ericsson Business Consulting AB, VP Ericsson Inc., and VP Ericsson Ltd.  
*Previous board positions:* Unisys AB, Pricer AB (publ), AT&T Nordic AB, Intactix Inc., CTIA WIC, Edgcom Inc., and Ericsson Services Ltd.  
*Expertise:* International strategy & business development for IT and telecom  
*Share holdings:* 0

## Employee representatives



### Robin Hammarstedt (born. 1970)

Employee representative since 2008  
Consultant at Cybercom Sweden AB  
*Education:* PTK's corporate board training and economics at university level  
*Previous assignments:* Employee representative in Teleca Networks AB  
*Share holdings:* 0



### Henrik Larsson (born. 1978)

Employee representative since 2010 (deputy since 2009)  
Consultant at Cybercom Sweden AB  
*Education:* PTK's corporate board training, and computer engineer and MSc Eng. in project management, both at Jönköping University  
*Previous assignments:* Employee representative in Mandator AB  
*Share holdings:* 0

## Group management

The Board appoints the Group president and CEO. The Group president and CEO leads Group management work and makes decisions in consultation with the rest of Group management. In addition to the CEO, this consists of the company's vice president, its CFO, and its communication director and IR manager. Group management participates in regular operational briefings led by the CEO.

## Group management



### **Patrik Boman (born. 1964)**

President and CEO  
Employed since: 2007  
Education: Master of Science in Business and Economics, Stockholm University  
Previous positions: HiQ, AT&T-Unisource, Telia Finans AB, and Telia AB  
Cybercom holdings: 46,018 shares



### **Peter Keller-Andreasen (born. 1956)**

Vice president and MD of Cybercom Sweden AB  
Employed since: 2001  
Education: Electrical engineer, Technical University of Denmark  
Previous positions: TietoEnator A/S and Digital A/S  
Cybercom holdings: 15,540 shares



### **Odd Bolin (born. 1963)**

CFO  
Employed since: 2009  
Education: Master of Engineering and Ph.D., the Swedish Royal Institute of Technology  
Previous positions: Ceres Corporate Advisors and Hagströmer & Qviberg Fondkommission  
Cybercom holdings: 10,000 shares



### **Kristina Cato (born. 1968)**

Communications director and IR manager  
Employed since: 1999  
Education: M.A. from Uppsala University  
Previous positions: Linköping University Hospital  
Cybercom holdings: 5,698 shares

## Auditors

The 2008 AGM elected KPMG AB to be the company's audit firm for four years, with authorised public accountant Anders Malmeby as the principally responsible auditor. On behalf of shareholders, the auditors have the task of examining the company's annual report and accounts, and the administration by the Board and the Chief Executive Officer. The auditors report to the Board on an ongoing basis. Note 4 states the auditing fees.

## Internal control over financial reporting

The Board of directors is responsible for internal control as regulated in the Swedish Companies Act and the Swedish Code of Corporate Governance.

Internal financial reporting control is part of the overall internal control in Cybercom and part of Cybercom's corporate governance. Cybercom's corporate governance report contains a description of the company's internal control and risk management systems, as stipulated by the Annual Accounts Act.

Internal control over financial reporting aims to provide reasonable assurance of the reliability of external financial reporting in year-end, interim, and annual reports. Internal control also aims to ensure that external financial reporting is prepared in accordance with legislation, applicable accounting standards, and other requirements for listed companies.

### CONTROL ENVIRONMENT

The Board bears the overall responsibility for internal control over financial reporting. The control environment for financial reporting is based on (i) a clear division of roles and responsibilities in the organisation, (ii) defined and communicated decision channels, and (iii) instructions on powers and responsibilities, as well as accounting and reporting policies. The Board has adopted written rules of procedure that clearly define the Board's responsibilities and regulate the division of labour between the Board and its committees. Moreover, the Board has appointed an audit committee which has the primary obligations of ensuring (i) compliance with established principles for financial reporting and internal controls and (ii) maintenance of appropriate relations with the company's auditor according to the instructions adopted by the Board in this matter. The Board has also established instructions for the Chief Executive Officer.

Cybercom has an internal auditor who reports to the Group's Chief Executive Officer and the audit committee. The internal auditor reviews how the internal controls work.

Internal control documents for financial reporting are mainly the Group's Accounting principles; the Group's Definitions of accounts, which indicates how the Group's classification of accounts must be used; and the Group's Reporting instructions, which define the Group's reporting rules. Together, these documents are the basis for accurate and consistent financial reporting.

### RISK ASSESSMENT

Cybercom's risk assessment for financial reporting aims to identify and evaluate the most significant risks that affect internal control regarding financial reporting in the Group's companies. Risk assessment produces an overview of the risks that may affect the Group's ability to meet the basic requirements for external financial reporting.

The risk assessment is updated annually and addressed in the audit committee.

### CONTROL STRUCTURES

The Group has an authorisation procedure that clearly regulates the authorities at each level of the organisation. According to the authorisation procedure, quotations of a certain size, for example, must always be processed by the Board's committee for fixed price assignments. The company's business processes include controls of the approval and accounting of business transactions. For each subsidiary and for the Group, the financial closing and reporting process has controls for recognition, measurement, and disclosure, including the application of critical accounting policies and estimates.

The management of each subsidiary plans, evaluates and analyses the services of its own company. Every month, both the Chief Executive Officer and Chief Financial Officer of each subsidiary confirm in writing that they comply with the Group's internal control documents regarding financial reporting. Together with analysis performed at Group level, this important element ensures that the financial reports do not contain material errors.

### INFORMATION AND COMMUNICATION

Information about internal control documents for financial reporting is accessible to all concerned employees on Cybercom's intranet. Annual conferences for CFOs are held to provide information and training relating to the internal control documents. Two conferences were held in 2010.

The internal auditor conducts a continual dialogue with the audit committee concerning the audit results. The audit committee reports to the Board on an ongoing basis.

Specific policies for disclosure of financial reports ensure that the company lives up to the high demands for accurate information.

### MONITORING

The Board, the audit committee, the Chief Executive Officer, executive management, the internal auditor and Group companies regularly monitor the company's financial reporting to safeguard the effectiveness of its internal controls. Monitoring includes the follow-up of every company's monthly financial reports in relation to budget and targets. The internal auditor works according to an annual plan prepared by the Group's CEO and approved by the Board. The plan is based on a risk assessment and includes high-priority companies. The Board evaluates the company's financial reporting process annually.

Stockholm, 29 March 2011

The Board of Cybercom

## Audit statement on the corporate governance report

**To the annual general meeting of the  
shareholders of Cybercom Group AB (publ.),  
corporate identity number 556544-6522**

The Board of Directors is responsible for the 2010 Corporate Governance Report on pages 59-63 and for ensuring it was prepared according to the Swedish Annual Accounts Act.

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

We deem that a corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, 29 March 2011

KPMG AB

Anders Malmeby  
Authorised Public Accountant

## Annual General Meeting 2011

Cybercom will hold its regular annual general meeting of shareholders (AGM) at 3 PM on 28 April 2011 in its offices at Lindhagensgatan 126, Stockholm, Sweden.

### Notice of the AGM

An AGM notification is published at least four weeks before this date in Post- och Inrikes Tidningar, in Dagens Industri, and on Cybercom's website.

### Participation in the AGM

Shareholders that wish to participate in the AGM must:

- Be registered in the Euroclear Sweden AB (previously VPC AB) share database by 20 April 2011,
- Notify Cybercom's head office of their participation and number of participating assistants by 4 PM on 20 April 2011.

### Registration

By 20 April at the latest, shareholders that have their shares registered in names of nominees (through banks' notaries or

other administrators) must apply for temporary registration of the shares in their own names at Euroclear Sweden AB if they want to participate in the AGM; nominees should be well informed before this date.

Notification of attendance can be made by:

- Phone: +46 (0) 8 578 646 00
- Website: [www.cybercom.com](http://www.cybercom.com)
- Postal mail (write AGM registration on the envelope):  
Cybercom Group AB  
P.O. Box 7574  
SE-103 93 Stockholm, Sweden

In all cases, specify the shareholder's name, address, telephone number, civil registration number or corporate identification number, number of assistants, and number of shares.

Welcome!

## Upcoming dates and investor relations

### Financial reporting events

|                                           |                          |
|-------------------------------------------|--------------------------|
| Q1 interim report, January–March 2011     | 28 April 2011, 7.30 AM   |
| Annual General Meeting 2011               | 28 April 2011, 3.00 PM   |
| Q2 interim report, January–June 2011      | 15 July 2011, 7.30 AM    |
| Q3 interim report, January–September 2011 | 27 October 2011, 7.30 AM |
| Year-end report 2011                      | 8 February 2012, 7.30 AM |

### Analysts who cover the Cybercom Group

| Name              | Company                       | City      |
|-------------------|-------------------------------|-----------|
| Johanna Ahlqvist  | Enskilda Securities           | Stockholm |
| Daniel Djurberg   | Nordea Bank AB                | Stockholm |
| Anders Hillerborg | ABG Sundal Collier            | Stockholm |
| David Jacobsson   | E Öhman J:or Fondkommission   | Stockholm |
| Andreas Joelsson  | Enskilda Securities           | Stockholm |
| Mikael Laséen     | Ålandsbanken                  | Stockholm |
| Christian Lee     | Redeye AB                     | Stockholm |
| Viktor Lindeberg  | Carnegie                      | Stockholm |
| Peter Trigarzky   | Danske Bank, Danske Equities  | Stockholm |
| Charlotte Widmark | D. Carnegie & Co              | Stockholm |
| Stefan Wård       | Handelsbanken Capital Markets | Stockholm |

### Contact information

Communications director and IR manager

Kristina Cato

Phone: +46 (0) 708 64 47 02

Email: [kristina.cato@cybercom.com](mailto:kristina.cato@cybercom.com)

### Cybercom Group AB (publ.)

P.O. Box 7574

SE-103 93 Stockholm, Sweden

Visiting address: Lindhagensgatan 126, SE-112 51 Stockholm

Phone: +46 (0) 8 578 646 00

Fax: +46 (0) 8 578 646 10

Email: [info@cybercom.com](mailto:info@cybercom.com)

[www.cybercom.com](http://www.cybercom.com)



Cybercom Group AB (publ.)

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Telephone: +46 (0)8 578 646 00 | Fax: +46 (0) 8 578 646 10