



**RESULTS, RESPONSIBILITY, SIMPLICITY AND JOY**

At HiQ, 'values' are more than just nice ideas. The concepts of results, responsibility, simplicity and joy must be made concrete so they can be put into practice. For us, values are the key to satisfied customers. They determine who we are, how we act and how we are seen by the world around us. This means always to be result-oriented, take responsibility and be dedicated, and to always do our utmost to simplify and improve our customers' operations.

## CONTENTS

### AGM

The Annual General Meeting will be held on 28 April 2011, 4pm at HiQ's offices at Mäster Samuelsgatan 17, 9th floor in Stockholm. A notice will be published in the Swedish newspaper Post- och Inrikes Tidningar and on the company's web [www.hiq.se](http://www.hiq.se). Information regarding the notice will be published in Svenska Dagbladet.

### DATE FOR FINANCIAL INFORMATION

The Annual General Meeting will be held on 28 April 2011. An interim report for the period January – March will be presented on 28 April 2011. An interim report for the period January – June will be presented on 16 August 2011. An interim report for the period January – September will be presented on 20 October 2011. A 2011 earnings press release will be issued on 31 January 2012.

### FOR MORE INFORMATION, PLEASE CONTACT:

Anna Jennehov, Head of Corporate Communications  
Ph.: +46 (0)8-588 900 00,  
+46 (0)704-200 049,  
[anna.jennehov@hiq.se](mailto:anna.jennehov@hiq.se)

or

Fredrik Malm, Investor Relations  
Ph: +46 (0)8-588 900 00,  
+46 (0)704-200 017,  
[fredrik.malm@hiq.se](mailto:fredrik.malm@hiq.se)

### STRATEGY

HiQ strives for simplicity.....	6
President and CEO – Lars Stugemo .....	8
Eight simple strategies .....	10
HiQ in simple terms .....	11

### OFFERS

Specialists .....	12
Industries .....	14
Specialist areas .....	16

### RESULTS

Our customers expect results .....	18
Five cases .....	20

### CULTURE AND VALUES

We live by our values.....	24
HiQ as a workplace .....	26
Facts about employees .....	30

### HIQ IN FIGURES

Five-year summary .....	32
Risk and risk management .....	34
The HiQ-share .....	36
Directors' report .....	39
Consolidated statement of comprehensive income .....	46
Consolidated balance sheet.....	47
Consolidated statement of changes in shareholders' equity .....	48
Consolidated cash flow statement.....	49
Income statement, statement of comprehensive income and balance sheet – parent company .....	50
Statement of changes in shareholders' equity – parent company.....	51
Cash flow statement for the parent company .....	52
Notes .....	53
Auditors' report .....	75
Board of Directors .....	76
Management .....	78
Organisation .....	80
Definition of key ratios and history.....	81
Addresses.....	82

# IN BRIEF

## HIQ STRIVES FOR SIMPLICITY

Today, we live in a world of almost limitless choices. The range of available products and services is enormous and competition between businesses is stiff. The truly successful companies are those that succeed in using advanced technology to make their products and services simple and easy to use. HiQ is a consultancy firm in the truest sense. We understand technology and how it can earn our clients money. We believe in delivering results, fulfilling our responsibilities and making tough jobs simple.

▶ [READ MORE ON PAGE 6](#)

## OUR CUSTOMERS EXPECT RESULTS

Our customers expect results. It might sound obvious, but to have satisfied customers, we must deliver results. Every day and in every project. The result of HiQ's work is that our customers are able to offer better products and services that make everyday life easier, more enjoyable and more secure. That's the way HiQ contributes to our customers' success.

▶ [READ MORE ON PAGE 18](#)

## WE LIVE BY OUR VALUES

Our values lie at the very heart of HiQ. They have been with us since the company's inception and generate results by informing the way we work. Because we hold true to our vision of 'building the kind of company we've always wanted to work for and that customers want to do business with,' a clearly-defined set of values is important in determining the way we go about business. The same is true of the way we conduct ourselves during projects and in what we achieve together with our customers. By having our values as a foundation we are able to live up to our vision and also create a competitive advantage for both ourselves and our customers in the adventure we like to call IT.

▶ [READ MORE ON PAGE 24](#)

## SPECIALISTS IN TECHNOLOGY, BUSINESS AND OPERATIONS

Technological development generates new services and products that shape our everyday lives and the way we live them. Today, we submit our tax declarations via our mobile phones, read the newspaper on our tablets and stream our favourite music through our headphones. We expect life's technological solutions to be easy to use and accessible 24-7. At HiQ, we help our customers to improve both their technology and their business. This involves developing hi-tech products and services together with our customers and providing advice on how our customers can improve their competitive edge using this new technology.

▶ [READ MORE ON PAGE 12](#)

## FIVE CASES

HiQ's customers comprise global and Nordic high technology companies. Our customers also include companies and organisations that use IT as a support for their operations. They belong to industries like gaming, entertainment and media, automotive, defence, industry and retail, public sector, as well as finance and insurance. Ace Interactive, A-Katsastus, Dreampark, Saab and the Swedish Transport Agency are just some of our customers whom you are welcome to read more about.

▶ [READ MORE ON PAGE 20](#)

## HIQ IN FIGURES

HiQ has experienced strong development over the course of the year, including the expansion of our areas of operation and market segments. In 2010 we returned to growth, improved our profit margins and ended the year with a strong cash flow. In 2010, HiQ's turnover was SEK 1,108.4 million, with an operating profit (EBIT) of SEK 156 million, which equates to an operating margin of 14.1 per cent. The board of directors proposes a distribution of SEK 1.80 per share – a total of SEK 94 million – through a stock split combined with a mandatory redemption programme.

▶ [READ MORE ON PAGE 32](#)

**CEO - LARS STUGEMO**

HiQ saw strong growth and achieved excellent results during 2010. During the year HiQ returned to growth and improved margins. We also finished with a strong cash flow. Thanks to dedicated efforts, we were able to further broaden our customer base and strengthen our already strong position in Finland through the acquisition of Frennds Technology – a company with 40 consultants specialising in integrating IT systems into business operations.

Our net sales for 2010 totalled SEK 1,108.4 million, representing growth of 5 per cent. Our operating profit for the year was SEK 156 million. This equates to a margin of 14.1 per cent and, thanks to our strong financial position, the board of directors has proposed a distribution of SEK 94 million (or the equivalent of SEK 1.80 per share) to our shareholders.

2010 proved to be a year of rapid recovery. The market for IT consultancy services has largely been good in all regions where HiQ operates.

HiQ has continued to move forward, broadening our customer base and strengthening our market segments. We have succeeded in doing so by delivering good results on our projects and nurturing good

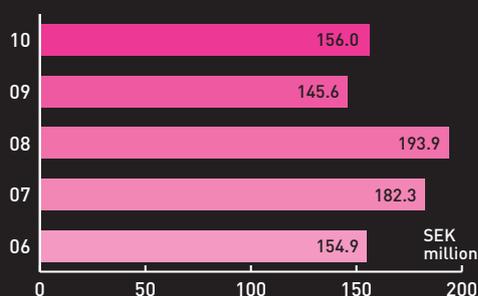
customer relations. But also because of our focus on developing HiQ's offerings and services for new customers and industries. In 2010, an entire 10 per cent of our net sales came from new customers. 2011 looks set to be yet another exciting year for HiQ and our customers.

The Nordic economy is strong. HiQ also has a good team of experienced and enthusiastic employees on board. What's more, we have a strong and exciting customer base of courageous, innovative and forward-looking customers in many industries, customers who represent all the opportunities and challenges that IT offers.

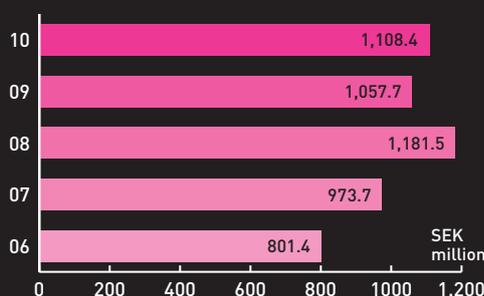
We take a humble approach towards pursuing our quest to be the world's best IT consultancy for our customers, employees and shareholders. We also adopt a humble attitude because we know that this is not something that will happen by itself, though it is something that will be made easier by applying sound values. HiQ is looking forward to taking on the exciting challenges of 2011 together with our customers, employees and shareholders.

▶ **READ MORE ON PAGE 8**

**OPERATING PROFIT**

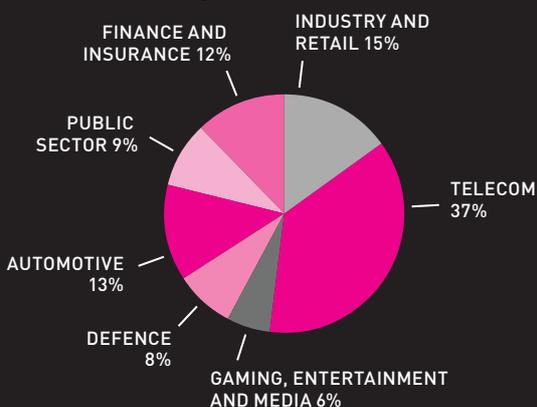


**NET SALES**



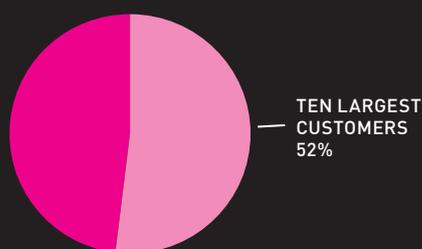
**NET SALES PER SEGMENT**

Our customers come to us from many different market segments.

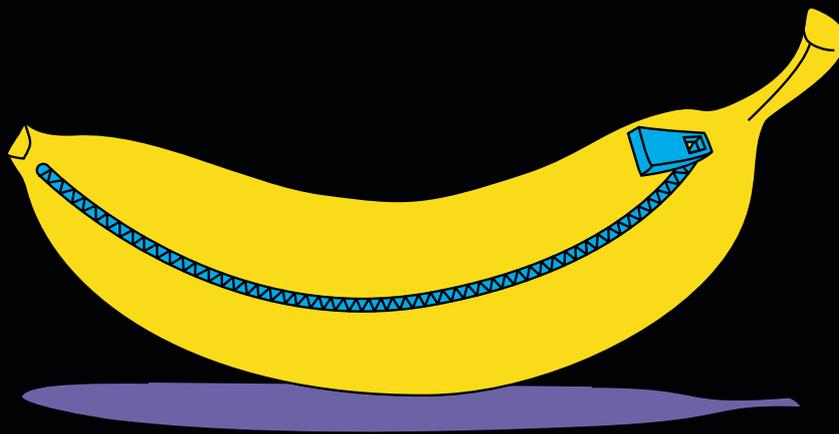


**NET SALES, TEN LARGEST CUSTOMERS**

HiQ's ten largest customers provide 52 per cent of our net sales.



OUR DEALINGS ARE COMPLEX,  
OUR DUTY **SIMPLICITY**



# HiQ STRIVES FOR **SIMPLICITY**

TODAY, WE LIVE IN A WORLD OF ALMOST **LIMITLESS CHOICES**. THE RANGE OF PRODUCTS AND SERVICES ON OFFER IS ENORMOUS AND COMPETITION BETWEEN BUSINESSES IS STIFF.

The truly successful companies are those that succeed in using advanced technology to make their products and services simple and easy to use. Simplicity has become the new innovation. Simplicity means better services, increased efficiency and better results. Simplicity is a competitive edge.

HiQ works to simplify our customers' products and operations, and to make life simpler for ordinary people. Working closely with our customers to create solutions to difficult challenges, even under tight deadlines, is something we thrive on. We work hard to find those simple solutions and have the courage to sideline unnecessary elements in order to achieve optimal results. For our customers, this means we look at the big

picture; the business case and the results are our first priority. This might sound simple, but the truth is that finding the simple solutions is sometimes harder than overcoming technical obstacles.

At HiQ, we often use advanced technology to make the everyday lives of people simpler. Some examples of projects we have provided include development of medical equipment helping diabetes patients to receive the correct medication or development of active safety systems in vehicles helping drivers to avoid dangerous traffic situations.

HiQ is a consultancy firm in the truest sense. We understand technology and how it can earn our clients money. We believe in delivering results, fulfilling our responsibilities and making tough jobs simple. ■

# IT – THE GREAT ADVENTURE

HiQ developed strongly and achieved excellent results during 2010. The year saw a return to growth and improved margins and we also finished with a strong cash flow. Thanks to dedicated effort, we were able to further broaden our customer base and strengthen our already strong position in Finland through the acquisition of Friends Technology – a company with 40 consultants specialising in integrating IT systems into business operations.

Our net sales for 2010 totalled SEK 1,108.4 million, representing growth of 5 per cent. Our operating profit for the year was SEK 156 million. This equates to a margin of 14.1 per cent and, thanks to our strong financial position, the board of directors has proposed a distribution of SEK 94 million (or the equivalent of SEK 1.80 per share) to our shareholders.

HiQ holds a strong position on the market, and there is every reason to view the future both positively and with enthusiasm. A future in which the adventure we call IT will continue. A future where an ever increasing number of computers are built into everything from cars, boats, mobile phones, aircrafts and kitchen exhaust fans to tablets. A future in which we and our customers are constantly faced with new opportunities and challenges.

Globalisation, social networks, cloud computing, mobile applications, tablets, video and movies over the networks are just some examples of current trends. These trends are driving development forward and creating new needs. Needs that cause communication to increase in scope and importance each and every day. These needs also mean that technology – which makes communication possible – will become an ever greater part of our lives at home, when we travel and when we work.

Our task is to make everyday life simpler in a complex world. We do this using technology and daring and with the help of expertise about business deals and operations.

## **2010 – A RETURN TO FORM**

If 2009 was marked by the impact of the global financial crisis and recession, then 2010 was characterised by a rapid recovery. The market for IT consultancy services has

largely been good in all regions where HiQ operates. In the Öresund region that includes parts of southern Sweden and Denmark, the market has continued to be challenging as a result of restructuring among Nordic mobile phone manufacturers and the challenges they face.

Happily, HiQ has continued to move forward, broadening our customer base and strengthening our market segments. We have succeeded by delivering good results on our projects, and nurturing good customer relations. Also because we have worked diligently to develop HiQ's offerings and services to new customers and industries. One of the results of this is that 10 per cent of our net sales in 2010 came from new customers. Another is that we have seen strong growth in market segments like finance and insurance and industry and retail.

We have also seen stable development within our traditional main segment, telecommunications. Here, new technology and techniques for achieving faster and better communications are constantly being developed and are used by customers in other areas. Here, HiQ is helping to shape the future. Geographically speaking, all of HiQ's offices have developed well during the year thanks to our dedicated, hard-working and skilled employees.

In Finland, HiQ Finland was created in 2010 by integrating our two existing companies with the newly-acquired Friends company. In Gothenburg, we grew significantly. Much of this growth was due to successful campaigns aimed at the automotive industry – an industry that was given up for dead during 2009. In Mälardalen we have a new office in Västerås. In Stockholm, we are reinforcing our position. And despite the tougher market conditions in Öresund, we have strengthened our relative position.

It is also positive to note that we have delivered more projects with the help of our development centre in Russia this year. At present, we provide services to both the finance and gaming industries using a so-called 'nearshore model', in addition to those projects we have traditionally managed with a focus on mobility. We were once again named Sweden's Best IT Consultancy Firm in

Swedish business journal Veckans Affärer's ranking of IT consultancies. Happy and proud, we thank our customers for the honour and their confidence in us. Professionals trained in IT also ranked HiQ as one of Sweden's top ten employers in Universum's annual survey of the country's most popular employers. Naturally, to be rated highly by both our customers and employees is very important to us. We stand or fall on the success of our customers, and we deliver results that are a direct result of the work our skilled colleagues and employees perform. In 2010, many new and talented employees have joined us, and we continue to need to recruit more people. We put a lot of time and energy into finding the right people for the job – employees who share our values and who want to be part of an exciting adventure.

### 2011 – SPEEDING AHEAD TOWARDS NEW ADVENTURES

2011 promises to be yet another exciting year for us and for our customers, and we continue to meet each new day head-on. The economy in the Nordic region is strong, even if rain clouds appear on the horizon every now and then. HiQ has a strong team of experienced and enthusiastic employees on board. We also have a broad and exciting customer base of courageous, innovative and forward-looking customers in many industries, customers who represent all the opportunities and challenges that IT offers.

New opportunities are arising through the convergence of mobility, entertainment and Internet. Online shopping, or e-commerce, is constantly expanding. Media companies react quickly to both the new opportunities and to the threats and risks created by IT systems and tablets. Businesses mull over mobile strategies: 'What approach should we take to Facebook, Twitter, iPhones, iPads, Google? How will these new IT systems change the way we work? How can we develop both our products and business through communication?' How do we develop our business model using the cloud?

As always, our main challenges continue to be to keep delivering results to our customers that simplify their lives and create value. And to continue to be a truly attractive employer. Being an attractive workplace has been one of HiQ's most important goals since we began in 1995 when we decided that 'we wanted to build a company that we would like to work both with and for'. Quite simply, it is an idea that is deeply rooted in HiQ's DNA and we know that we will continue to build HiQ best on a foundation of sound and clearly-defined values; values that in a simple way guide how we act and the decisions we make; values that constitute a competitive advantage for both HiQ and



our customers; and values that we at HiQ can share.

Our values are all about creating results for our customers and for ourselves; about taking responsibility; about making the difficult tasks simple; and about enjoying the ride while we do it. No hocus-pocus – just solid ideas. HiQ has been working hard for our customers for over 15 years, and working to develop and define our values. We often hear that we are a friendly and professional workplace with employees who are easy to get along with.

Today, HiQ is an important player in the Nordic region, with a broad customer base, a strong regional presence and a solid financial position. With our heart in the north, we work with technology, operations and businesses deals where communication and software development are the lowest common denominator.

We take a humble approach in pursuing our quest to be the world's best IT consultancy for our customers, employees and shareholders. We are also humble because we know this is not something that will happen by itself, though it is something that will be made easier by applying sound values. Together with our customers, employees and shareholders, HiQ is looking forward to an exciting and positive 2011.

*Lars Stugemo  
President and CEO  
HiQ International AB  
14 March, 2011*

# EIGHT SIMPLE STRATEGIES

## **SOUND VALUES**

Our values have been in place ever since the inception of HiQ, 15 years ago. They constitute the soul and the heart of HiQ. At HiQ, we believe that our clearly communicated corporate values – results, responsibility, simplicity and joy – generate quality work and, thereby, satisfied customers. With the help of sound values, both employees and the company's structural capital can be better developed. Our values are not much to look at, but to live by. Our values are a decisive competitive advantage for both HiQ and our customers.

## **SPECIALISTS WITHIN TECHNOLOGY, BUSINESS AND OPERATIONS**

We are a specialist consultancy firm with a high degree of expertise within communication, software development and business-critical IT. HiQ holds a strong position within telecommunications, working together with suppliers, operators and users. We share the skills we have gained in this field with our customers in every other field. At HiQ, we have both technology expertise and understand the importance of technology for a business. By gaining a thorough knowledge of our customers' business operations, we are able to contribute expertise on how technology can improve their competitiveness.

## **QUALITY, PROFITABILITY AND GROWTH**

Just as our name suggests, high quality is the foundation on which HiQ is built. When we deliver high quality, we will have satisfied customers, which in turn will make us profitable, which in turn will provide us with the opportunity to grow. We prioritise quality, profitability and growth – in that order. It is a strategy that has proven to be a perfect fit for us, given that we have achieved an average operating margin of 15.4 per cent and an average growth of 24 per cent since our establishment.

## **NORDIC HEART**

At its heart, HiQ is a Nordic consultancy company and is well positioned in the region. The percentage of international clients turning to HiQ continues to grow as

we increase the number of contracts we sign with non-Nordic companies and Nordic customers with assignments abroad.

## **A TRUE CONSULTANCY FIRM**

We are a consultancy firm in the truest sense, acting as an independent advisor that puts the best interests of our customers first. HiQ does not develop its own products in competition with our customers' products. That means we are happy to share 100 per cent of our expertise with our customers. HiQ has no commercial ties to suppliers, products or technologies.

## **KNOWLEDGE TRANSFER BETWEEN INDUSTRIES**

We work actively to transfer knowledge between our customers' industries. By doing so, our customers benefit from new expertise concerning both technology and business operations from industries that are completely separate from their own. The need for communication continues to increase in a growing number of industries, at the same time as our expertise in areas such as mobility and simulation is being in demand from new industries.

## **GROWTH**

Our growth strategy is to grow organically in combination with strategic acquisitions. HiQ's acquisition strategy is to strengthen the geographical presence in the Nordic region and to acquire companies adding new competences to HiQ's core business. The acquisitions strengthen us with new clients and new market segments. Our model for organic growth is based on development of our current operations and to recruit locally on every site.

## **EXPERIENCE AND EXPERTISE**

Advanced technical expertise and a broad understanding of the way businesses operate are typical of HiQ. Our staff have an average of ten years' experience developing technology and businesses. 81 per cent have university degrees and 69 per cent are certified engineers. ■

# HiQ IN SIMPLE TERMS

**HiQ IS AN IT AND MANAGEMENT CONSULTANCY FIRM** SPECIALISING IN COMMUNICATION, SOFTWARE DEVELOPMENT AND BUSINESS-CRITICAL IT.

Our core business is consultancy within technology and helping our customers find the best way to make money from it. Swedish business journal Veckans Affärer has top ranked HiQ 'Sweden's best IT Consultancy Firm' four years running (2007-2010). HiQ employs close to 1,200 people in eleven offices across Sweden, Denmark, Finland and Russia.

## MISSION

We want to make people's lives simpler and to help our customers improve their competitiveness and profitability.

## VISION

Our aim is to create the kind of company that we've always wanted to work for and one that customers want to do business with.

## VALUES

HiQ's corporate values are not internal pep rally buzzwords, but are our key to ensuring customer

satisfaction. Values have always been a cornerstone for HiQ, because they define who we are and the way we do things. Our values are results, responsibility, simplicity and joy.

## DELIVERY MODELS

HiQ offers both a flexible delivery model and a customer-tailored offering. We provide specialist expertise for projects on-site with the customer and also undertake projects at our own facilities and via our development centre in Russia. We are seeing an increasing demand for projects that combine our customer's specialist expertise with development work from our nearshore centre in Russia. Cutting development costs in order to produce new games for Ace Interactive is just one example. Another example is our project to help Orc Software to further develop its market connections to stock exchanges. This project has given Orc's customers direct access to over 100 financial marketplaces worldwide from their own trading systems. ■

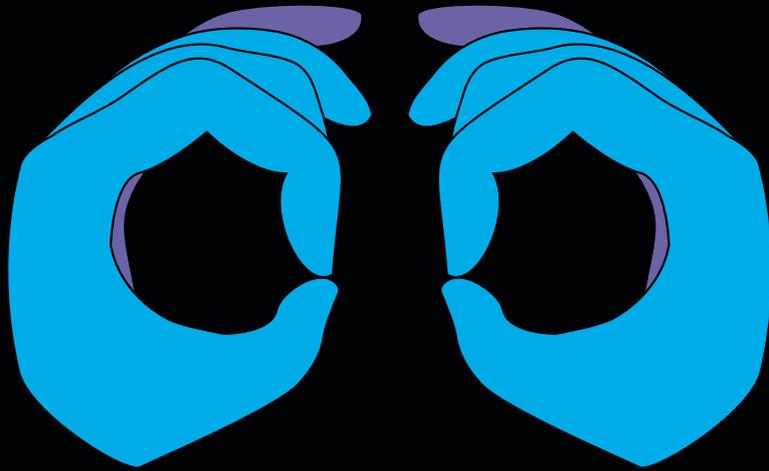
### MARKET SEGMENTS

- ▶ Telecom
- ▶ Gaming, entertainment and media
- ▶ Automotive
- ▶ Finance and Insurance
- ▶ Defence
- ▶ Industry and retail
- ▶ Public sector

### AREAS OF SPECIALISATION

- ▶ Telecom
- ▶ Mobility
- ▶ Simulation technology
- ▶ Business-critical systems
- ▶ Gaming and platforms
- ▶ IT for vehicles

LOOK AT IT LIKE A  
GENERALIST.



SOLVE IT AS A  
SPECIALIST.

# SPECIALISTS IN TECHNOLOGY, BUSINESS AND OPERATIONS

**TECHNOLOGICAL DEVELOPMENT GENERATES NEW SERVICES AND PRODUCTS** THAT SHAPE OUR EVERYDAY LIVES AND THE WAY WE LIVE THEM. TODAY, WE SUBMIT OUR TAX DECLARATIONS VIA OUR MOBILE PHONES, READ THE NEWSPAPER ON OUR TABLETS AND STREAM OUR FAVOURITE MUSIC THROUGH OUR HEADPHONES.

We expect life's technological solutions to be easy to use and accessible 24-7. At HiQ, we help our customers to improve their technology, business and operations. This involves developing hi-tech products and services together with our customers and providing advice on how our customers can improve their competitive edge using this new technology.

## **WE HAVE WHAT OUR CUSTOMERS NEED**

Today, businesses and organisations use IT as a natural part of their day-to-day operations. For example, media companies and telecom operators now successfully expand their operations to a large extent on the basis of IT. This makes IT a critical component of their businesses and also means that IT solutions must work well and reliably at all times. To achieve this, these companies often choose to enlist the help of specialist consultancy firms such as HiQ. At HiQ, we neither develop nor sell our own products, but instead use our time and skills to provide our customers with specialist expertise. We are able to do so thanks to the experience we have gained over many years and through many successful projects working with technology and communications in different industries. Our mission as specialists is to see technology's role in a broader context and then use it to create simple solutions to problems. In this way, we help our customers both to generate business and to improve their operations.

## **OUR SPECIALIST KNOWLEDGE**

At HiQ, we're specialists in telecom, mobility, simulation technology, business-critical systems, gaming and platforms and IT for vehicles. We work actively to transfer

knowledge between our customers' different industries. By doing so, our customers benefit from new expertise concerning both technology and business operations from industries that are completely separate from their own. For example, for projects within telecom and finance, we enlist the help of our centre of expertise for near-shoring in Moscow. The centre is home to advanced technological expertise in several areas and helps us to achieve a development process that is both time- and cost-effective.

HiQ works fast and the requirement for speed placed on us by our customers is unmistakable. At the same time, our customers are also looking for a long-term partner who places technology in a broader context in order to deliver the best possible solutions. One example of this is the finance sector, where we are currently helping an international financial company to develop a platform for securities trading. The platform will make it possible to meet the stringent requirements for service and security imposed from an operational and technological standpoint. HiQ's team of testers, project managers, architects, technical developers and business development managers is working at the heart of the international finance market. We benefit from our many years working with development within finance and telecom industries.

We can be certain that technological development will continue to place great demands on specialist expertise within IT. The expectation that advanced technology should be easy to use poses a challenge to the business world that HiQ is more than qualified to tackle. We take pride in shouldering overall responsibility for a project's success and in turning these challenges into simple solutions that create both advantages and results for our customers. ■

# CUSTOMERS BOTH LOCAL AND GLOBAL

**HIQ WORKS WITH COMPANIES IN BOTH THE NORDIC REGION AND WORLDWIDE WITHIN MANY DIFFERENT INDUSTRIES.** OUR CUSTOMERS ARE COMPANIES THAT WANT TO BE AT THE FOREFRONT OF TECHNOLOGICAL DEVELOPMENT; WHO WANT TO BE ABLE TO OFFER SIMPLE SOLUTIONS AND DEVELOP THEIR BUSINESS WITH THE HELP OF IT AND TECHNOLOGY. WE CATEGORISE THEM INTO SEVEN INDUSTRIES.

## TELECOM

As always, technological development is moving ahead rapidly and the need for individuals and businesses to communicate with one another is increasing. This rapid development – with short product life cycles and the continuous addition of new services – drives the telecom industry forward at high speed and makes mobile solutions ever more important. This places large demands on industry players, with continuous changes in technology and platforms as the result.

HiQ has a very strong foothold within the telecommunications industry. Since we began work in the industry, we have worked with suppliers, operators and users, as well as regulatory authorities. Our knowledge of the industry and expertise creates value for our customers and for projects in other industries, given that there is now a high level of dependence on telecom technology in many sectors.

IPTV is one example of how our knowledge of telecommunications benefits other industries. IPTV technology, which such services as video-on-demand and user interactivity, is quickly gaining ground. For example, this year HiQ has begun working with Dreampark on the development of software for a new IPTV portal.

Other examples of HiQ's customers in this industry include Ascom Wireless Solutions, Com Hem, Ericsson, Nokia, TDC, Tele2, Telenor, Telia Denmark, 3 and PTS.

## GAMING, ENTERTAINMENT AND MEDIA

In 2011, close to three million people in the Nordic region use interactive channels to bet on sporting events and games of chance each week. The need for mobile and interactive gaming platforms are driving development forward and the market for gaming and game operators has developed quickly and continues to grow.

HiQ is one of the Nordic region's leading IT consultancy firms in developing platforms for online gaming. Our

lengthy experience working within the telecom industry means HiQ can meet the increased demand for convergent services that we see today, that is, for services that integrate Internet and mobility, as well as media and entertainment. Thanks to our experience and expertise, HiQ is meeting the high-level demands for security, stability and function imposed by the industry.

For example, HiQ works together with leading media companies and on projects related to their business systems, linked to the improvement of processes and the production of media content, which presents a challenge for the media industry in today's digitalised society.

HiQ's customers include Ace Interactive, Aftonbladet, Bonnier, GTECH, Hippos, Kanal5, Veikkaus and Voddler.

## AUTOMOTIVE

In an industry that places tough demands on shorter development and production cycles, HiQ, with its Gothenburg office in the lead, is well equipped to meet the challenge. HiQ is on hand to help develop communication between different units within the same vehicle and also between vehicles.

HiQ's work within the automotive industry is wide-ranging with project management, developing and testing software for active safety features, telematics, mobility and infotainment. HiQ increases its market share and attracts new customers within the industry.

Among others, HiQ currently holds contracts with a global car manufacturer for the delivery of vehicle systems to Brazil. HiQ also works on ERP systems for Saab in conjunction with the launch of new models.

HiQ's automotive industry customers include Danaher Motion, Haldex Traction, NIRA Dynamics, Scania, Volvo Cars and Volvo Group.

**DEFENCE**

Today, the defence industry is global and international risk scenarios are constantly changing. Development skills and financial resources play an increasingly important role.

HiQ's expertise within simulation technology and communications in combination with its long-running customer relationships have led to a high demand for our services within defence and security. HiQ's projects involve both product development and support services for operations. In our work with the Swedish Armed Forces, for example, HiQ carries out projects related to the implementation of business systems.

HiQ's cooperation with the Swedish Defence Materiel Administration (FMV) stretches back 15 years. HiQ holds an order from FMV for the maintenance and continued development of training simulators for the JAS 39 Gripen fighter jet. Over 150 fighter pilots around the world are trained in simulators developed by HiQ.

HiQ works with customers like BAE Systems Bofors, the Swedish Defence Materiel Administration, the Swedish Armed Forces and SAAB Automobile.

**INDUSTRY AND RETAIL**

Industry and retail are currently experiencing strong development. An expansive development linked to the spread of e-commerce solutions is now taking place within retail, for example.

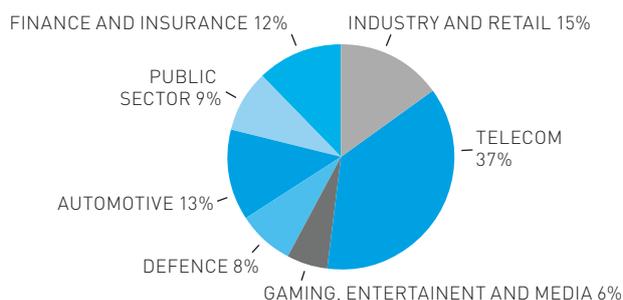
HiQ has a strong offering in this area, as we have built up a deep understanding of the industry over many years and presently act as a supplier to leading commercial chains. We work with everything from e-commerce and purchasing and logistical systems to marketing and sales tools. Increasingly complex, IT-dependent products and support systems are now being built within industry and these require development capacity, testing and quality assurance.

HiQ is helping in this area and has also been hired to help make strategic decisions about choosing the right IT solution, administration and the continued development and assurance of the reliability of systems.

HiQ's customers in this area include ABB, Atlas Copco, Bombardier, DeLaval, ICA, IL Recycling and Svevia.

**NET SALES PER SEGMENT**

Our customers come to us from many different market segments.



**PUBLIC SECTOR**

Public authorities and organisations are working hard to develop IT environments that contribute to increasing the efficiency and resilience of their operations, as well as the level of service they provide to citizens.

HiQ has worked to develop business-critical IT solutions for the public sector for more than ten years. We are seeing continued strong demand from this sector and are strengthening our position within this market.

HiQ has extensive experience within this sector and the knowledge needed to work together successfully with public authorities. Our expertise is reflected in our list of public sector customers, which includes the European Chemical Agency (ECHA), the Swedish Enforcement Authority, the Swedish Civil Contingencies Agency (MSB), the Swedish National Police Board, the Swedish Radiation Safety Authority, the Swedish Transport Agency and Tekes in Finland.

**FINANCE AND INSURANCE**

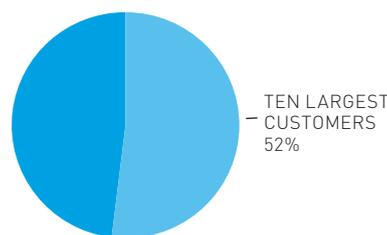
Global competition within the finance industry means constant change and adaptation. A recent directive issued by the EU aimed at increasing transparency and competition requires European banks to change their IT systems. The existing systems must be developed to satisfy the new requirements and so as to be able to manage risk in operations. To do this, the industry needs to find competitive solutions. This creates opportunities and generates project work for HiQ.

HiQ possesses industry-leading expertise within processes and IT for securities trading. HiQ's aim is to establish itself as one of the Nordic region's leading suppliers of specialised IT services in this area. Our increased focus on the financial sector has led to HiQ establishing partnerships with international customers in developing solutions for managing securities trading.

HiQ develops, tests and administers transaction-intensive systems for securities trading for customers like Handelsbanken, NASDAQ OMX, Nordea, Orc Software, SEB and Swedbank. ■

**NET SALES, TEN LARGEST CUSTOMERS**

HiQ's ten largest customers provide 52 per cent of our net sales.



# HOW DO WE HELP OUR CUSTOMERS?

**ARE YOU CONTINUALLY ONLINE WITH YOUR MOBILE PHONE, LAPTOP OR TABLET? DO YOU CATCH UP ON YOUR FAVOURITE TV PROGRAMMES WHENEVER YOU LIKE USING YOUR HI-TECH HOME THEATRE SYSTEM? THIS KIND OF ADVANCED, EVERYDAY TECHNOLOGY OFFERING ENDLESS POSSIBILITIES IS NOW A REALITY FOR AN EVER-INCREASING NUMBER OF PEOPLE.**

In just a decade, these new, hi-tech products have changed the way we live. But what is the source of all these technological innovations that affect our lives so greatly when we listen to music, work or drive a car? Together with our customers, HiQ has a hand in driving this progress forward. We work on, for example, active safety for cars that prevents traffic accidents, applications for the next generation interactive and internet-based TV devices or systems for securities trading, to name just a few. We work to develop applications for your next mobile phone, on the development of Internet-based services and on simulated environments for training JAS fighter pilots. We divide our work into six areas of specialisation: Telecom, mobility, simulation technology, business-critical systems, games and platforms, and IT for vehicles. Read more about how HiQ can deliver results and simplicity in your life.

## TELECOM

Telecom involves communication between people and between people and systems. Systems also communicate with each other with human involvement. Today, this means that your computer, video game console, mobile, sound system, TV, etc are able to interact and communicate with the world around them. HiQ has long held a strong position within telecom and cooperates with the majority of systems suppliers, mobile phone manufacturers, operators and users in the Nordic region. We are currently witnessing a continued, strong convergence between the Internet, media, entertainment and mobility. Telecom technology is playing a central role here as increasing amounts of information are transmitted with the help of IP. HiQ is active at the very centre of this convergence. One example of this is our development of Dreampark's next-generation IPTV portal. TV

distribution over IP networks using a new kind of hybrid box will give viewers access to a broad range of TV channels, the Internet, movie rental services and Facebook and Twitter. In the future, it will even be possible to record programmes directly on mobile phones and tablets.

## MOBILITY

Regardless of where we are, we have gotten used to being in constant contact with the outside world via mobile phones, laptops and tablets – when at work, when on holiday and in our free time. We take it for granted that we have constant access to the services that we feel are important. These might be e-mail, social networking sites, weather reports, mobile banking, or our favourite music, to name just a few. Whatever it might be, the requirements we place on the service with regard to accessibility, privacy, content and usability are great. HiQ provides expertise to all market segments within mobility and mobile solutions, and we are highly competent with various technical platforms. We provide advisory services and work with strategies, mobile applications, usability and quality assurance linked to business benefits in our customers' operations. Some examples include a mobile bank application for conducting banking and a mobile e-commerce platform that allows users to buy goods directly via their mobile phone. HiQ has also helped less typical clients, such as the cultural sector, by designing the revolutionary Street Orchestra for iPhone. Orchestra for iPhone is the world's first music application to find, synchronise and link iPhones to a shared, interactive musical experience. The application makes it possible for 200,000 musicians to form an orchestra and perform music, regardless of their physical location. With the help of Orchestra for iPhone, Gothenburg Symphony Orchestra has now been able to reach a younger audience with its music in a fun way.

### **SIMULATION TECHNOLOGY**

One of the specialist areas in which HiQ has a long-running history of expertise is simulation technology. We are leaders in software development for simulated environments in the Nordic region and work together with many different customers. Ever since the JAS 39 Gripen fighter jet first came into service, HiQ has developed simulators for educating and training pilots. HiQ continues its work on this project as the aircraft and technology continue to be developed. An interesting detail about the JAS 39 Gripen project is that the simulator uses the same system software as the actual fighter jet. HiQ also develops simulators used in the development and testing of new mobile phones and IT solutions for vehicles. Another example is when we helped Forsslund Systems, the Swedish Royal Institute of Technology and Karolinska Institutet to develop an oral surgery simulator. The system is used by dentistry students to practice surgical procedures.

### **BUSINESS-CRITICAL SYSTEMS**

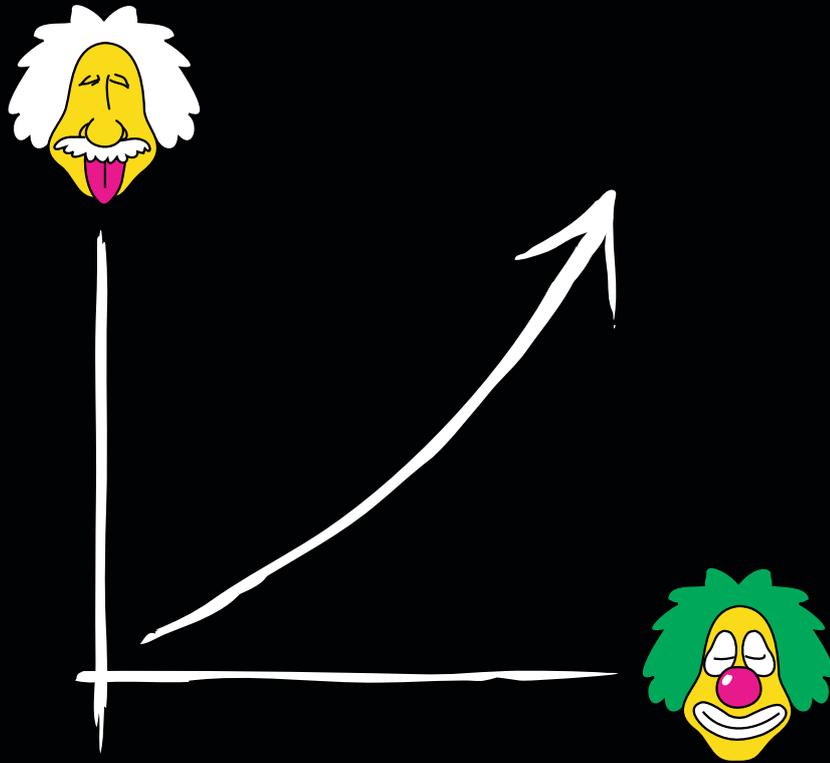
Many businesses and public authorities are strongly coupled with their IT systems. Banks and insurance companies are totally dependent on the reliability of the IT systems that manage payments and other transactions. Public sector institutions require support systems to help them keep their operations well organised and to ensure that the services they provide to the public function well. IT offers a wealth of opportunities for businesses and authorities to both improve and simplify what they do. In the case of the Swedish National Tax Board, IT has made it possible to offer better, simpler, more user-friendly services by providing forms, tax declarations and applications online. HiQ develops systems able to meet high demands on accessibility and reliability and that are business-critical for the customer's entire operation. Often, these are systems that are required to operate 24-7; e.g. systems for share trading and case management systems for public authorities. This might also include things like logistical solutions for transport or trading companies. Whatever the case may be, they are always business-critical parts of our customers' operations.

### **GAMING AND PLATFORMS**

Today there is a veritable flood of interactive online games. Scratchcards are now available on mobile phones, poker is a success on tablets and there are many new ideas in the pipeline. HiQ works to produce interactive games for betting and sporting games for state-regulated companies. The demand for interactive gaming alternatives is increasing, especially within sports games. HiQ is a Nordic leader and develops and implements platforms for gaming as well as for the games themselves. HiQ also develops advanced solutions for managing security, accessibility and performance. Our customers include established, well-known Nordic gaming companies and betting agencies, as well as GTECH – the world-leading supplier of IT solutions and services for the gaming and lottery industry.

### **IT FOR VEHICLES**

New vehicles launched onto the market today are packed with IT and technological solutions. This might include an information system for the driver that indicates how the vehicle is performing, a navigation system or an entertainment system for passengers. One area that continues to expand is active safety. Examples of active safety solutions include systems that cause cars to brake automatically when someone or something gets too close and functions that improve driver vision in poor lighting. HiQ helps vehicle manufacturers and sub-suppliers to the automotive industry to develop platforms, systems and services for vehicles. These facilitate communication between different units within a vehicle and communication to and from a vehicle. We are well positioned within fields like infotainment, active safety, telematics and usability. Another growing area in which HiQ has a long record of experience is mobility and digital channels. For example, we help Saab Automobile with its development of technical platforms for marketing via digital channels and mobile applications. We also develop engine management systems, production systems and diagnostics solutions, and have delivered a new production system for a leading global car manufacturer to Brazil and Asia. Through our broad ranging offerings for the automotive industry, HiQ's work saves both lives and money. ■



THE RESULTS OF *NOT*  
THINKING THE *USUAL* WAY,  
ARE *GREATER* THAN *USUAL*.

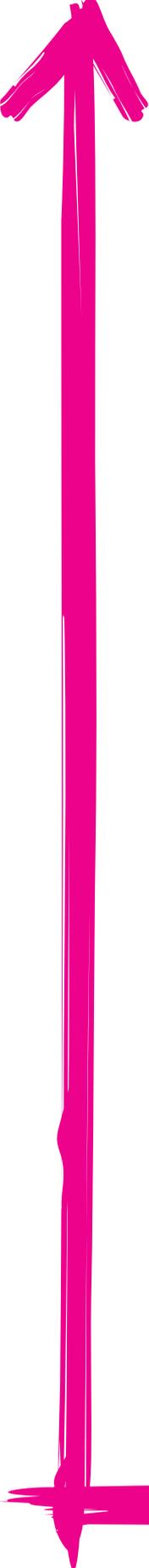
# OUR CUSTOMERS EXPECT **RESULTS**

**TODAY WE CAN PLACE BETS USING OUR MOBILE PHONES** AND MAKE E-PAYMENTS AND WATCH TV OVER THE INTERNET. WHAT MANY PEOPLE MIGHT NOT KNOW IS THAT THESE SERVICES ARE THE RESULTS OF THE WORK HIQ DOES EVERY DAY.

Our customers expect results. It might sound obvious, but to have satisfied customers, we must deliver results. Every day and in every project. The result of HiQ's work is that our customers are able to offer better products and services that make everyday life easier, more enjoyable and more secure. That's the way HiQ contributes to our customers' success. But to get right down to it, just what is it that creates results? What is it that makes you as our customer feel that the work we do really made a difference? For us, delivering

results means delivering what our customers expect, but also that little something extra: being in tune with your needs, taking responsibility and suggesting improvements when we see the chance to make them.

On the following pages we have compiled a few examples of the results of projects HiQ has been involved in over the past year – results that make a difference in our customers' businesses and in your everyday life. ■



# FIVE CASES

## SPEED AND EXPERTISE WIN DREAMPARK PRESTIGIOUS ASSIGNMENT

*Dreampark is a growing provider of middleware for IPTV in the European market. The company was founded in Sweden in 2005 and in just a few short years, has won numerous awards as a high-growth company. Dreampark has offices in Stockholm, Linköping and Norrköping.*

### BACKGROUND

In the spring of 2010, Dreampark received a large order from a leading telecom provider. The order was for the development of a new IPTV (TV distributed over IP networks) portal with an innovative interface and a range of attractive applications. It was to be developed using new technologies and to include special features. The idea was to offer viewers a wide range of TV channels, Internet service and movie rental services via a new kind of set-top box. In the future, the solution will also allow users to move TV shows to other platforms, allow recordings to be scheduled using mobile phones and tablets, and more.

'This was a completely new type of implementation that Dreampark wanted to put together for a very important customer. The solution had never been tried before and included work on a hybrid set-top box with completely new features. This type of project requires extensive experience in developing IPTV portals and expertise in such areas as IPTV, Javascript, Java, CSS, SVG, AJAX, Spring and Linux. We had it all,' explains Helena Forsmark, Head of R&D at HiQ in Stockholm.

'The technical specifications were both advanced and extensive and we had a tight schedule to boot. It was important to quickly provide a team which could help develop the special portal solution according to the customer's numerous and detailed requirements. Dreampark contacted HiQ for help with the project because of

**'HiQ is very knowledgeable when it comes to application development. They understand IPTV and are very flexible, which has put us well on our way to implementing this highly complex project in record time,' says Per Skyttvall, CEO at Dreampark.**

HiQ's extensive experience in developing portals for IPTV.'

'HiQ demonstrated that they were flexible and had exactly the expertise we were looking for. Furthermore, they already had the models needed to jump-start the project and this allowed us to begin partnering with them right away,' says Dreampark's CEO, Per Skyttvall.

### ASSIGNMENT

Since time was a critical factor, the project needed quick access to a relatively large team. HiQ assigned an expert team that worked on-site at Dreampark in Linköping. The team worked together with Dreampark's developers and developed applications for the portal, developed the interface and refined the underlying technology. Another large team of experts was based in Stockholm, where the more isolated portal applications were developed. In addition to portal developers, HiQ also included staff with other roles in this team, such as team managers, systems architects, graphic designers and testers. The project followed the agile software development methodology Scrum; with daily stand-up meetings, review meetings, frequent prioritisations and demos. This was an important factor in keeping the whole project together and in making each team member in the different teams feel involved despite their geographical separation.

'It centres around software in a new kind of set-top box that receives signals from cable TV networks, satellite broadcasts and IP networks. As viewers, you have all your options presented in an advanced and easy-to-understand graphical user interface. You can choose between different TV channels, use the Internet, rent movies and log on to Facebook and Twitter, for example, and you can also restrict children's usage. The fact is, the new technology makes it possible to schedule record-

ings from mobile phones and tablets and even to transfer television programs to mobile phones when you leave the room,' explains Skyttvall.

## RESULTS

Thanks to fleet-footed and comprehensive efforts by Dreampark and two expert teams of dedicated consultants from HiQ, the project is on track for completion. One of the major challenges has been getting the advanced interface to work as planned and creating a platform that can be expanded. Dreampark's ambition is that the platform will set a new international standard.

'HiQ is very knowledgeable when it comes to application development. They understand IPTV and are very flexible, which has put us well on our way to implementing this highly complex project in record time,' Skyttvall concludes.

## NEARSHORE SOLUTION DECREASED TIME TO MARKET

*ACE Interactive, ACEI AB, develops server-based solutions for online games for gaming operators, such as Norsk Tipping and Italian Cogetech. Slots, poker, blackjack, roulette, bingo and keno are some of the games offered to players. Players tend to change playing patterns quickly and this requires a quick response.*

## BACKGROUND

When ACE Interactive needed to evaluate capacity utilization and costs for their gaming platforms, HiQ simplified this by offering a development team in Moscow and Stockholm. This proved a success in both the virtual world and the real world.

In the spring 2010 ACE Interactive noticed greater demand for games from its customers in Norway and Italy. At the same time, the company wanted to lower the cost of developing new games. HiQ's proposal was a development team in Moscow with a coordinator in Stockholm who was well acquainted with the end-customers' operations.

'HiQ could deliver the most credible and affordable alternative. By co-operating with HiQ in Stockholm, who could coordinate skilled and less expensive resources in Moscow, was particu-

larly appealing,' says Håkan Andersson, General Manager R&D at ACE Interactive.

## ASSIGNMENT

A nearshore solution with a Swedish project manager at ACE Interactive in Stockholm offers several advantages.

'We have created a simplified and efficient business relationship with ACE Interactive by combining our nearshore competence with long experience from our client's operations in Stockholm. Russia also has the advantage of having a small time difference compared to Sweden which helps the communication in the project. In addition, we are updating the customer's own system directly, so the need for new procedures was limited,' explains Åsa Nordstrand, Key Account Manager at HiQ.

## RESULTS

After six months of work ACE Interactive can now deliver more new games to their customers. Åsa Nordstrand feels that long-term cooperation with customers leads to a better understanding of the customer and higher quality deliveries.

In short, HiQ's business relationship allows ACE Interactive to more quickly provide gaming operators a response to the fast changing demands of terminal players. In turn, this offers ACE Interactive both competitive and commercial advantages.

## HOW A-KATSASTUS SIMPLIFIED ESTABLISHING ITSELF IN NEW MARKETS

*A-Katsastus is a leader in vehicle inspections, registrations, driving tests and vehicle-related testing services in northern Europe. With its headquarters located in Finland, the A-Katsastus Group employs over 2,100 staff in 270 offices across eight countries.*

## BACKGROUND

When the Swedish vehicle inspection market was de-regulated recently, the A-Katsastus Group was first to offer motorists an alternative provider. On 1 July 2010, its Swedish subsidiary, A-Besiktning, opened the doors of its first inspection garage

**'As I see it, the greatest benefit is that we have doubled our capacity to transfer games to our gaming platform. This means that our customers can more quickly offer their customers new games. It makes them more competitive in this highly dynamic industry, while they can lower their cost per game. We are extremely satisfied,' says Håkan Andersson, General Manager R&D at ACE Interactive.**

**'A fast, high-quality system has given us better customer service and satisfied customers,' confirms Kari Kallio, Project Manager at A-Katsastus.**

**'New ideas are always firmly rooted in promoting the company's business and brand. We have improved communications with our internal support systems and can now use information directly from our business system, which both saves time and opens up new possibilities', concludes Johan Grundin, Manager Interactive Marketing, Saab Automobile.**

in Tyresö, close to Stockholm. In Sweden, A-Besiktning's testing stations operate under the brand name Carspect. When it came time to establish itself in Sweden, A-Katsastus' head office decided that, for the first time in history, it would assist foreign expansion by introducing a new IT system for vehicle inspection (VIS) and a complete IT infrastructure, as opposed to its earlier practice of implementing existing systems.

**ASSIGNMENT**

In order to ensure quality and reliability throughout the entire software testing process, A-Katsastus decided to contract an external specialist in quality assurance to test its VIS system. Because the system is business-critical for the entire company's operations, it was vitally important for A-Katsastus to identify potential problems related to accessibility and efficiency in advance.

HiQ was hired to carry out this assignment under a very tight deadline. HiQ offered full-scale testing and consultancy services; everything from strategic test planning to the implementation and introduction of an open source testing tool. HiQ's services also included process support, methodology and training.

While HiQ's test manager took over responsibility for planning, coordination and implementation of software testing for the VIS project, the processes and tools already in use provided Carspect with a reliable and scalable method for software testing and documentation in the meantime.

**RESULTS**

Since HiQ's test manager had overarching responsibility for testing and also managed contact with Swedish sub-suppliers and authorities, resources were freed up for A-Katsastus' own project managers. This was a decisive factor in successfully completing the project on time, even with the tight deadline. The system was launched as planned, enabling the first Carspect garage to

open right on schedule. HiQ's efforts contributed to simplifying the entire establishment process. A-Katsastus now plans to use the system for other new markets it enters in the future.

**NEW PARTNER SHORTENED SAAB'S LEAD TIMES AND IMPROVED CAMPAIGNS**

*Based in Trollhättan in Sweden, Saab Automobile AB was acquired by Dutch sports car manufacturer Spyker Cars in 2010. At present, Saab markets and sells cars in more than 60 countries around the world.*

**BACKGROUND**

Two years ago, Saab Automobile decided to shift the majority of its marketing efforts to digital channels. In making the switch, the company conducted a review of its advertising, online and marketing partnerships.

'We've always had a lot of creative ideas within online marketing strategy. What was sometimes missing was a clear vision of what we wanted to achieve. Also, our lead times were long,' explains Johan Grundin, Manager, Interactive Marketing at Saab Automobile.

**ASSIGNMENT**

Hoping to improve its performance, Saab went looking for a partner to help it fill in the gaps. Saab settled on HiQ, which at that time was working on a new concept involving intensified collaboration with advertising agencies. Instead of being seen as competitors, as was the case previously, ad agencies would now serve as important partners.

'We knew that HiQ had solid experience in digital communications and social media, together with a high level of expertise within business development,' continues Johan Grundin.

In tackling the task for Saab, HiQ put together a team with experts specialized in digital marketing and business intelligence. HiQ's team and Saab's ad agency began working closely together to

develop solutions for the end-customer based on partner's areas of expertise.

### RESULTS

The results were immediate. It now became possible to launch creative marketing ideas through social networks and other digital channels on short notice. In particular, it now became much easier to quickly launch new digital campaigns that better fit Saab's business goals and that supported the brand.

'New ideas are always firmly rooted in promoting the company's business and brand. We have improved communications with our internal support systems and can now use information directly from our business system, which both saves time and opens up new possibilities,' concludes Grundin.

Mobile applications for the new Saab 9-5 were launched in June 2010. Several more applications have been launched since that time and a new technical platform for the site is also close to completion.

### ON THE ROAD TO BECOMING ONE OF SWEDEN'S BEST E-ADMINISTRATIONS

*Formed in January 2009, the Swedish Transport Agency is one of Sweden's newest administrative agencies. It currently employs 1,600 staff in 15 regions throughout Sweden and has its headquarters in the city of Norrköping.*

### BACKGROUND

The Swedish Transport Agency is tasked with establishing regulations and ensuring they are complied with, as well as processing permit applications within the area of transportation. The agency also administers vehicle and congestion taxes. In 2008 the Swedish National Financial Management Authority (ESV) began requiring the agency to manage its invoices in accordance with a new e-standard. To achieve this required more efficient administration of e-invoices in accordance with the Svefaktura standard.

### ASSIGNMENT

The Transport Agency needed a cheaper, less-complicated system for electronically notifying motorists of vehicle and congestion taxes. Another reason for upgrading the system to an e-notification solution was that the task of connecting new businesses and organisations to the service had created an impossible workload for the agency's staff. A project manager from HiQ led the work of creating a technical solution for converting the notification documentation generated by the Traffic Registry Department's mainframe computer to the Svefaktura format. Systems developers from HiQ designed and implemented the solution as an e-service that could also be used for levying congestion taxes.

### RESULTS

'A major focus of the project was assuring the quality of communication between the agency and the payment intermediary. The intermediary provides the payment solution between the agency and the bank. The project also included designing the layout of the e-notifications, which were then approved by the Swedish Tax Agency,' explains Carl-Henrik Pettersson, Sales Officer and Chief Consultant at HiQ.

'The project also involved changing the file format for businesses with extensive vehicle fleets and complex financial systems. From previously having just three businesses connected, by the close of 2010, we had increased that figure to over 80 municipalities and businesses receiving notifications about their vehicle taxes in the Svefaktura format,' relates Berit Nilsson, operations expert at the Swedish Transport Agency.

The result of the project was a technical solution capable of sending notifications to all customers in a practical, standardised format. The same technical solution was also used for the congestion tax project. The Transport Agency is now able to avoid the time-consuming and costly adjustments that would otherwise have been needed for each customer and, at the same time, has taken yet another step along the road to becoming one of Sweden's best e-administrations. ■

**'The introduction of electronic notification means increased efficiency and major savings for both customers and the agency alike. For the Transport Agency, this project is an important step in reaching the goal of creating an e-administration by 2014, which includes the aim of becoming one Sweden's leading e-administrations,' explains Berit Nilsson from the Swedish Transport Agency.**





Not much to look at,  
BUT TO LIVE BY.

HiQ values

# WE LIVE BY OUR **VALUES**

**OUR VALUES LIE AT THE VERY HEART OF HiQ.** THEY HAVE BEEN WITH US SINCE THE COMPANY'S INCEPTION AND GENERATE RESULTS BY DEFINING THE WAY WE WORK.

Because we hold true to our vision of 'building the kind of company we've always wanted to work for and that customers want to do business with,' a clearly defined set of values is important in determining the way we go about business. The same is true of the way we conduct ourselves during projects and in what we achieve together with our customers. By having our values as a foundation we are able to live up to our vision and also create a competitive advantage for both ourselves and our customers in the adventure we like to call IT.

## **RESULTS**

Our customers' no. 1 priority is results. That means it's ours, too. HiQ delivers what our customers want, and we're proud of it. We follow up the results we generate through things like customer surveys, where we measure how satisfied our customers are with the work we're doing.

## **RESPONSIBILITY**

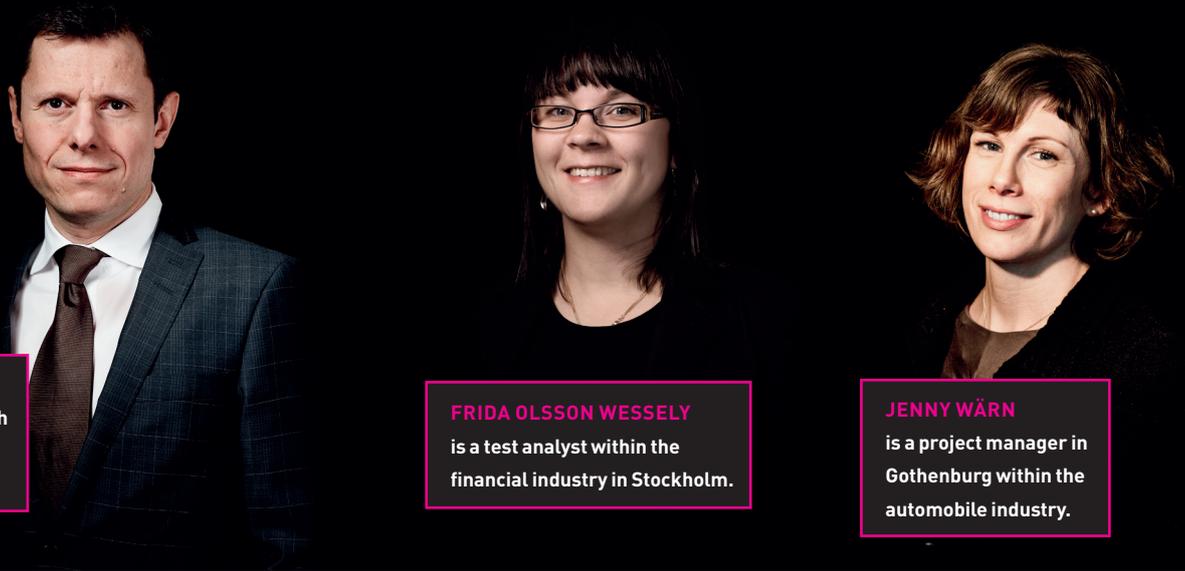
Every employee is to serve as a good example and to take personal responsibility in both words and deeds for their team and for the company as a whole. This can include everything from delivering the right services to the customer at the right time, to taking responsibility for creating a pleasant atmosphere and work environment wherever we are. Simply put, we go the extra mile to create added value for our customers.

## **SIMPLICITY**

Some people like to complicate things to make them look difficult. Not HiQ. We like to make difficult things simple. 'Delegated responsibility for results', 'small-scale' and 'creativity' are key concepts. For our customers, this makes HiQ easy to work with, accessible and fast. We suggest improvements when we see the chance to make them and aren't afraid to strip away what's no longer needed.

## **JOY**

Technology is exciting. We believe it's important for joy to be a part of our day-to-day work. This benefits our customers and allows us to grow and develop to reach new heights, both as a company and as individual employees. Taking on challenges with a positive outlook makes it easier to find creative and simple solutions to complicated tasks. We have fun working with our customers and it shows in the results that we deliver. ■



**PATRIK RISING**  
works in Stockholm with  
management and IT  
architecture.

**FRIDA OLSSON WESSELY**  
is a test analyst within the  
financial industry in Stockholm.

**JENNY WÄRN**  
is a project manager in  
Gothenburg within the  
automobile industry.

# A GOOD REPUTATION AND A **GENEROUS HEART**

**WHAT MAKES A WORKPLACE PRODUCTIVE?** WHICH COMPONENTS CREATE THE FERTILE ENVIRONMENT NEEDED TO BE CREATIVE AND TO STAND OUT IN A HIGHLY COMPETITIVE ENVIRONMENT? HOW DO WE SUCCESSFULLY RELEASE THE CREATIVE TALENT OF EACH OF OUR EMPLOYEES? WE SAT DOWN WITH FIVE HIQ EMPLOYEES TO FLESH OUT THESE IDEAS.

This turned out to be a conversation where the word 'challenge' came up frequently. It became clear that the HiQ's culture encourages employees to take on challenges, and this helps creativity come to the fore. In fact, it's not possible to talk about HiQ without talking about 'culture'. HiQ encompasses both hearts and minds, it would seem. Both staff and customers testify to HiQ's strong culture and shared values as something that binds the company together and makes everything work that much more smoothly. What might otherwise be little more than high-sounding rhetoric in a company document with no relation to employees' day-to-day work is something that everyone HiQ is committed to. Below are the reflections of five employees on HiQ as a company: its culture, projects and people.

**Patrik Rising**, Consultant at HiQ. Patrik studied mathematics at Stockholm University before coming to HiQ. He has worked as a consultant for

a number of different companies in both Sweden and England over the course of his career. Patrik arrived at HiQ five years ago and currently works with administration and IT architecture. For the past six months he's been working as a project manager at a bank.

'I met a HiQ employee at a football match through a former colleague. When I mentioned that I wanted to work for a company that was more focused on development, he helped me come in contact with the right people at HiQ.

**Frida Olsson Wesley** had a similar experience at a time when she was looking for new challenges in her professional life.. Today, Frida works at HiQ in Stockholm.

'A friend of mine was working at HiQ and encouraged me to apply for a job here. I was looking for an exciting company to work for and found HiQ, with its involvement in social activities and the knowledge network with HiCollege, to fit the bill perfectly.



**NIRA BIAUDET**  
works with sales  
in Espoo.



**CHRISTIAN SVERRHAG**  
is a certified engineer with a focus  
on computer technology in Lund.

Frida is originally a certified engineer specialising in engineering physics. After working as a radiation protection inspector at the Swedish Radiation Safety Authority (SSI) and a short stint in London as a quality assurance analyst, Frida is now a consultant within the testing division at HiQ. At present, she is working as a test analyst within the financial sector.

Development and challenges are recurring themes throughout the conversations. These two elements attracted **Jenny Wörn** to HiQ, too. Today Jenny works at HiQ in Gothenburg as a consultant and project manager working within the automotive industry. She has been at HiQ since 2007.

For **Nira Biaudet** in Helsinki the story was a bit different, though, even if it's easy to see that Nira also likes a challenge. She settled on HiQ as a result of her interest in sailing. While studying, Nira was also a competitive yachtswoman who spent entire summers on boats. After her fourth year of studying, she decided that it was time to do something related to her studies in economics.

'I started looking around and was immediately attracted by the trimaran HiQ had on its website. So I sent in an application. The next day I was asked to come to an interview and was practically hired on the spot as a project manager, where my first assignment was to arrange sailing trips for customers in Finland.

Before coming to HiQ, **Christian Sverrhag** (a certified engineer specialising in computer technology) had worked as a consultant at several consultancy firms after graduating.

'I had decided to look for something new and heard very positive things about HiQ. So, in fact, it was the only job I applied for.'

#### WHAT WAS YOUR FIRST IMPRESSION OF HiQ?

Patrik Rising says that he immediately sensed great deal of energy and determination within the company. It was simply organised and was a company driven by the customer's wishes. But Patrik also thought that the company was very mouldable within the framework of the values that guide HiQ.

'These values differentiated HiQ from the other companies I had been in contact with, and these same values keep me working for the company today.'

Jenny Wörn says her first impression of HiQ was of a professional, serious and responsible company. She feels she helps maintain this atmosphere today, but also wants to stress that HiQ is a warm and caring group of individuals for her who also have a light-hearted side.

'In terms of the work itself it wasn't so different than what I was used to, so I was able to find my feet quickly at HiQ. On the other hand, I was pleasantly surprised that they were such a great bunch of people.'

Nira Biaudet, who was attracted by HiQ's involvement in sailing, remembers that she experienced the company as being both sporty and cool. This first impression has remained unchanged during her time with the company. Nira feels that time has passed very quickly since she first joined HiQ in April 2007.

**'I was able to find my feet quickly at HiQ, and I was pleasantly surprised that they were such a great bunch of people.'**

For Frida Olsson Wesley, it was the opportunity for advancement that she remembers most strongly from the time when she started at HiQ.

'I noticed that there were opportunities for development through things like the skills network and HiCollege. I feel even more strongly today that there are many ways I can influence my own situation – through both personal development and through being involved in internal operations here at HiQ.'

Christian Sverrhag compared his other experiences in the consultancy industry and immediately recognised that HiQ was an open-minded company that preferred direct communication and embraced good corporate values. What's more, HiQ was also a company with a very good reputation in the industry.

'I still feel that way about HiQ. In fact, I think it's possible that our good reputation in the industry might have become even stronger. HiQ's handling of the financial crisis proves that it has a long-term mind-set. Moreover, it's clear that the company always puts the consultant and the customer first. I work for Sweden's best IT consultancy firm.'

#### WHAT HAS SURPRISED YOU MOST ABOUT HIQ?

'What's surprised me most about HiQ is its flat organisational structure. Decision processes are short. When I look around at our competitors, it feels like we who work at HiQ have a much stronger connection to our workplace and to our company. We get together, for a start. That's rare at other companies. At other companies, you're always working out with the customer. Actually, another thing that has surprised me here is that it's so easy to have your voice heard all the way up to management. That's something really special. It means we can implement solutions very quickly and easily. The same is true for recruiting; we are able to quickly get the ear of management if we discover a new talent that we'd like to employ.' 'At HiQ we solve all potential problems very quickly,' says Frida Olsson Wesley.

Christian Sverrhag feels that HiQ has solid, genuine values.

'Many other companies have the dubious habit of talking about the company as a family and that their employees are a team. Unfortunately, winning mottoes like these don't always reflect the

reality,' says Christian.

For Nira Biaudet, it's about the cultural differences between Sweden and Finland.

'Here in Finland we're known for being a bit more hierarchical, so HiQ certainly differs here. But things work well. As a company, HiQ works incredibly fast and with great flexibility. The most important thing is that we're able to help customers quickly. So hang-ups with hierarchies tends to fall by the wayside,' explains Nira.

Patrik feels that his time at HiQ has been free of surprises. After five years at the company he has gained many new colleagues, though all of them have quickly found their place in the company culture and, in truth, these new additions to the family haven't affected the work at HiQ. This just goes to show how strong the culture is at HiQ. Because the infrastructure is so small, a lot of responsibility is left to you as an employee.

'You have to learn to find contacts and shortcuts on your own. This suits me a lot better than if it was all determined by procedure,' Patrik reveals.

Jenny Wörn makes a point of mentioning the group-wide conference held in the autumn. It was a memorable experience for her – just the fact that everything worked so well given that all 900 employees were present. HiQ's values – 'RSSJ' – were highlighted at the event: Results, Responsibility, Simplicity and Joy. For Jenny, these values summarise HiQ's culture very well; that's exactly the way she experiences the company. 'You're expected to take responsibility and deliver results at the same time as the work is simple, fun and uncomplicated.'

#### WHAT IS WORK LIKE WITHIN YOUR PROJECTS?

Jenny has served as project manager for the development of a credit management system for use in Europe and eventually intended for launch globally. It's been an exciting project because the project group was spread out across several countries and many offices across Europe.

'I have had both positive and negative experiences during this project and can conclude that clear communication between the members of the project group can never be too highly valued, especially when the group is international.'

Christian Sverrhag emphasises the atmos-

phere at HiQ: it's such a pleasant atmosphere and management tries to keep the team together and give them the chance to learn from one another's experience.

Nira points out that HiQ is always prepared to go the extra mile when they meet new customers.

'I think we're in almost in a class of our own in demonstrating technical solutions up-front, as we have done for a number of customers. This creates immediate interest and we plan to expand this practice further in the future.'

Because he works with development projects and manages development assignments, Patrik is often the only consultant from HiQ at the customer's workplace. Because commissions are often classified, it is difficult to bounce ideas off of colleagues.

'Because of this, we try to work together with skills development networks as a means of support within the company and it works well, but it's always up to me to push forward and make things happen. For me, it's important to feel that I'm the one driving my consultancy assignment, not some administrative function or method. This makes me a better consultant and helps me avoid get bogged down so often.'

Frida has worked at HiQ for a year and has only completed one project, but she agrees that HiQ's consultants drive their own consultancy assignments forward, a method that always benefits the customer in the long term. On the other hand, her first project involved a number of major challenges.

'We went into the project with quite low initial values, if I can put it that way. No one thought that the quality of the project would be any good. It was an uphill battle, to be sure, and the test manager had to work quite hard to gain the customer's confidence. But, in just a very short time we succeeded in increasing their confidence considerably and achieving important priority. In the end, the customer was very satisfied. This was because testing and quality were highlighted as important aspects of the project, but also because the test manager was so competent and dared to speak up and get involved.'

#### WHAT WOULD YOU LIKE TO SHARE WITH AN OUTSIDER ABOUT HIQ?

'I'd tell them about the informal atmosphere at HiQ,' says Patrik. 'Because there's such a flat structure here, I feel like I can go in to the most senior managers at any time and say what's on my mind. That's important to me.'

Frida would like to relate how HiQ staff help one another a lot internally.

'As I see it, it's part of HiQ's culture to put the project first. The project always comes before the person. But that also means that we always help one another. We have fun and are enthusiastic. I think that rubs off on our customers. Another thing is that it's so simple. I'm about to go on maternity leave and it has been the most natural thing in the world to get it organised. That's worth a lot and shows that there are both hearts AND minds here.'

Jenny talks about HiQ's values: She feels that the company's values permeate the entire organisation at all levels – from consultants to managers to salespeople – which is not always the case at consultancy firms.

Nira wants to talk about HiQ from an international perspective.

'HiQ has grown rapidly in Finland in recent years. Working with new deals, I notice that. Rapid expansion puts pressure on the organisation while, at the same time, the Swedish and Finnish business cultures meet. But, in fact, it works just wonderfully. So, I guess I would choose to highlight how we combine the best of Finland and Sweden,' explains Nira.

'I would emphasise our flexibility and the opportunity I have to move on to projects in areas where I would like to develop my skills,' adds Christian Sverrhag. That's the great part about being a consultant – getting to experience many different operations and challenges. The fact that HiQ has been named Sweden's best IT consultancy firm by the business journal *Veckans Affärer* four years in a row is not something I consider to be a product of chance. We have a positive spiral where we attract talented consultants, which gives us a good reputation, which means our customers have confidence in us.' ■

**'I think we're almost in a class of our own in demonstrating technical solutions up-front, as we have done for a number of customers. This creates immediate interest and we plan to expand this practice further in the future.'**

# FACTS ABOUT THE HiQ **EMPLOYEE**

**HiQ WORKS WITH SOFTWARE DEVELOPMENT, COMMUNICATION AND BUSINESS-CRITICAL IT.** 25% GRADUATE ENGINEERS, 12% GRADUATES IN OTHER ACADEMIC DISCIPLINES WHILE 6% HAVE OTHER EDUCATIONAL QUALIFICATIONS. THE AVERAGE EMPLOYEE HAS AN AGE OF 37 YEARS AND HAS 10 YEARS OF PROFESSIONAL EXPERIENCE. AT YEAR-END, HiQ HAD 1,167 EMPLOYEES, OF WHOM 23% WERE WOMEN.

**WORKING ENVIRONMENT AND HEALTH-PROMOTING ACTIVITIES**

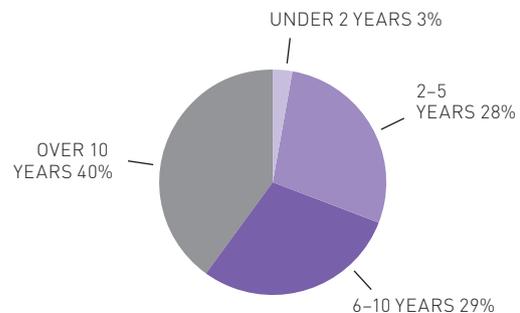
The working environment is important for HiQ. At HiQ we are continuously reviewing our working environment and the look and feel of our offices, so as to provide a good, creative working environment for all employees. Sickness absence at HiQ during 2010 amounted to 2,3% of total working hours available.

**GENDER EQUALITY AND DIVERSITY PLAN**

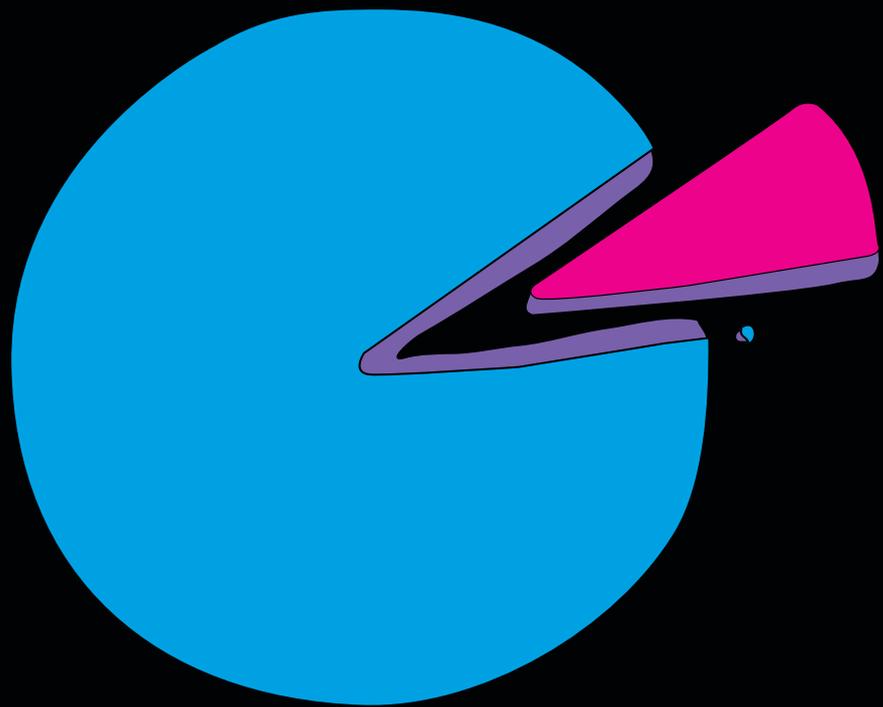
HiQ actively promotes equality. On the basis of our gender equality and diversity plan, HiQ pursues a policy of equal opportunity, in which no-one is discriminated against on the basis of gender, age, ethnical background or other differences. Every

member of staff is recruited and developed on the basis of their personal qualities and wishes, and in line with HiQ's HR culture and market needs. All pay is set on the basis of skills, experience, responsibilities and age. ■

**INDUSTRY EXPERIENCE AMONG OUR EMPLOYEES**



KEY RATIOS 5 YEARS	2010	2009	2008	2007	2006
SALES PER EMPLOYEE, TSEK	1,173	1,113	1,161	1,203	1,236
ADDED VALUE PER EMPLOYEE, TSEK	901	888	893	922	946
OPERATING PROFIT/LOSS, TSEK	165	153	191	225	239
NUMBER OF EMPLOYEES AT END OF YEAR	1,167	1,014	1,090	1,035	787
AVERAGE NUMBER OF EMPLOYEES	945	951	1,018	809	648
PER CENT OF WOMEN	23%	22%	22%	20%	19%
AVERAGE AGE, YEARS	37	37	36	35	36



## FIVE-YEAR SUMMARY

In 2010 our turnover was SEK 1,108.4 million with an operating margin of 14.1%. The tables below show HiQ's financial development over the 2006 – 2010 period.

## INCOME STATEMENT

(SEK million)	2010	2009	2008	2007	2006
Net sales	1,108.4	1,057.7	1,181.5	973.7	801.4
Operating expenses, excl depreciation	- 941.2	- 899.2	- 975.5	- 783.7	- 640.7
<b>Operating profit before depreciation</b>	<b>167.2</b>	<b>158.5</b>	<b>206.0</b>	<b>190.0</b>	<b>160.7</b>
Depreciation	- 11.2	- 12.9	- 12.1	- 7.7	- 5.8
<b>Operating profit</b>	<b>156.0</b>	<b>145.6</b>	<b>193.9</b>	<b>182.3</b>	<b>154.9</b>
Financial net	- 0.9	- 0.4	3.9	1.5	1.3
<b>Pre-tax profit</b>	<b>155.1</b>	<b>145.2</b>	<b>197.8</b>	<b>183.8</b>	<b>156.2</b>
Tax charged to the year's profit	- 44.4	- 39.1	- 54.9	- 52.1	- 44.7
<b>Profit after tax</b>	<b>110.6</b>	<b>106.1</b>	<b>142.9</b>	<b>131.7</b>	<b>111.5</b>

## BALANCE SHEET

(SEK million)	2010	2009	2008	2007	2006
ASSETS					
Intangible assets	344.8	348.9	368.3	220.1	186.6
Tangible fixed assets	26.9	24.2	27.3	26.0	21.0
Financial assets	14.8	15.9	16.1	14.1	13.5
<b>Total fixed assets</b>	<b>386.6</b>	<b>388.9</b>	<b>411.8</b>	<b>260.2</b>	<b>221.1</b>
Accounts receivable, trade	228.0	182.1	243.0	200.9	137.3
Other current assets excl. Cash and cash equivalents	113.1	97.5	88.4	91.5	92.1
Cash and cash equivalents	163.5	131.9	129.0	60.7	106.7
<b>Total current assets</b>	<b>504.6</b>	<b>411.4</b>	<b>460.4</b>	<b>353.1</b>	<b>336.1</b>
<b>Total assets</b>	<b>891.3</b>	<b>800.3</b>	<b>872.2</b>	<b>613.3</b>	<b>557.2</b>

## SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	633.8	596.0	575.9	431.5	381.2
Non-interest-bearing provisions	4.1	4.5	68.8	2.4	1.1
Non-interest-bearing long-term liabilities	—	—	—	2.3	4.6
Interest-bearing long-term liabilities	20.7	12.7	13.4	14.0	11.8
Non-interest-bearing current liabilities	228.9	183.5	210.6	160.5	156.1
Interest-bearing current liabilities	3.7	3.6	3.5	2.8	2.4
<b>Total shareholders' equity and liabilities</b>	<b>891.3</b>	<b>800.3</b>	<b>872.2</b>	<b>613.3</b>	<b>557.2</b>

## SALES AND PROFIT PER QUARTER 2010

	Q1	Q2	Q3	Q4
Net sales, SEK million	273.6	282.5	238.6	313.8
Operating profit, SEK million	40.5	34.2	33.7	47.6
Operating margin, %	14.8%	12.1%	14.1%	15.2%
Cash and cash equivalents per quarter	142.3	93.5	89.6	163.5

**KEY RATIOS**

	2010	2009	2008	2007	2006
Net sales, SEK million	1,108.4	1,057.7	1,181.5	973.7	801.4
Growth in net sales, %	4.8	- 10.5	21.3	21.5	11.2
Gross margin, %	15.1	15.0	17.4	19.5	20.1
Operating margin, %	14.1	13.8	16.4	18.7	19.3
Return on shareholders' equity, %	18.0	18.1	28.4	32.4	30.0
Return on working capital, %	32.0	30.8	45.8	54.6	60.0
Net sales per employee, SEK thousand	1,173	1,113	1,161	1,203	1,236
Value add per employee, SEK thousand	901	888	893	922	946
Operating profit per employee, SEK thousand	165	153	191	225	239
Average number of employees	945	951	1,018	809	648
Number of employees at year-end	1,167	1,014	1,090	1,035	787
Equity ratio, %	71.1	74.5	66.0	70.4	68.4

For definitions see page 81.

**KEY RATIOS PER SHARE**

(SEK, unless stated otherwise)	2010	2009	2008	2007	2006
Earnings after tax, before dilution	2.14	2.06	2.80	2.62	2.25
Earnings after tax, after dilution	2.13	2.06	2.80	2.62	2.23
Cash flow per share, before dilution	0.61	0.06	1.34	- 0.91	- 0.54
Dividend per share (2010 proposed)	1.80 <sup>1)</sup>	1.10 <sup>2)</sup>	1.40 <sup>3)</sup>	1.30 <sup>4)</sup>	2.10
Equity (before dividend), before dilution	12.12	11.55	11.16	8.55	7.61
Equity (before dividend), after dilution	12.56	12.00	10.47	9.68	8.38
Direct yield, %	4.7	3.8	6.7	3.8	5.0
Share price at year-end	38.30	29.20	21.00	34.00	42.30
Average number of shares, thousand	51,680	51,605	51,105	50,306	49,584
Average number of shares after dilution, thousand	51,876	51,605	51,105	50,326	49,907
Number of outstanding shares, thousand	52,303	51,605	51,605	50,474	50,093
Number of shares, after full dilution, thousand	53,448	52,986	53,315	52,227	51,279

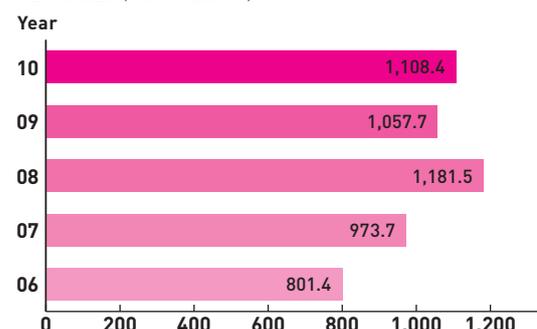
<sup>1)</sup> The Board has proposed to distribute, via a share split and mandatory redemption, an amount of approximately SEK 94 million (SEK 1.80/share) to the shareholders.

<sup>2)</sup> 2009 share split and distribution to shareholders of approx SEK 57 million (SEK 1.10/share)

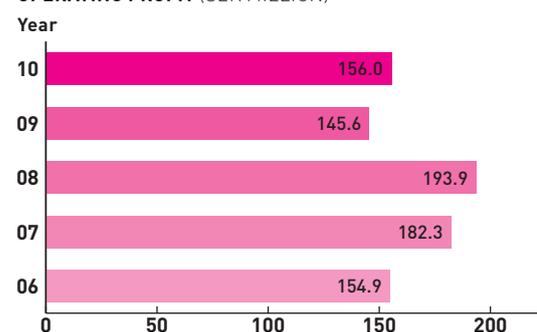
<sup>3)</sup> 2008 share split and distribution to shareholders of approx SEK 72 million (SEK 1.40/share)

<sup>4)</sup> 2007 share split and distribution to shareholders of approx SEK 66 million (SEK 1.30/share)

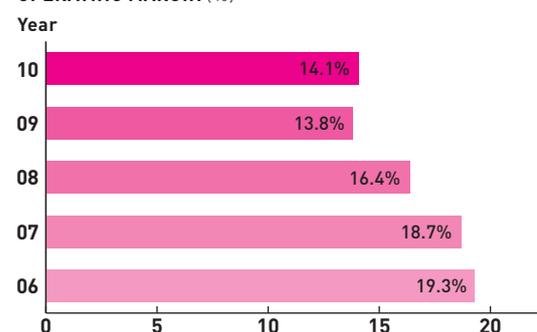
**NET SALES (SEK MILLION)**



**OPERATING PROFIT (SEK MILLION)**



**OPERATING MARGIN (%)**



## RISK AND RISK MANAGEMENT

HiQ's business is affected by a number of different factors, some of which are within the Company's control while others are not. In consultancies such as HiQ, profitability is primarily determined by four factors: available time, price, utilisation rate and cost control. These factors are in turn affected by market conditions through demand for HiQ's services and the opportunity to recruit new staff and thereby to grow.

### **BUSINESS-RELATED RISKS**

#### *Recruitment and skills supply*

Our personnel, along with our customers, are HiQ's biggest asset. The average HiQ employee has a degree in engineering and around ten years' experience in the industry. The supply of experienced and skilled staff with good business expertise depends on economic conditions. In boom periods there is often a shortage of the skills that we are looking for, which can affect HiQ's growth. We work actively on developing HiQ as an attractive employer that skilled people want to work for. In an economic downturn it is easier to recruit specific competence.

#### *Competition and price pressure*

Competition is a natural part of doing business and is necessary for healthy development. A highly competitive market is a challenge that develops HiQ as a company, since we must constantly make efforts to show our clients that we are that bit better than our competitors.

Fierce competition can also bring pressure on prices. To balance the risks of that eventuality occurring, HiQ needs to have specialist expertise that is in demand by clients, irrespective of the

state of the economy, and in certain cases to avoid projects where the price level is judged to be too low to ensure satisfactory profitability. HiQ competes with large actors and smaller niche players, depending on the area in which HiQ is operating. Some of our larger listed competitors are KnowIT, Semcon, Tieto, Cybercom and Accenture.

#### *Framework agreements*

The significance of framework agreements has increased in recent years. In our view, clients are today tending to choose to cooperate with fewer suppliers, and they are choosing them carefully. As well as quality and a high level of technical expertise, a strong financial position is of the utmost importance today if we are to be among those companies chosen by our clients as preferred suppliers. Clients want to cooperate with a supplier who will still be there at the end of the project. HiQ currently has framework agreements with practically all its major clients and, in order to reduce the risks of not remaining a preferred supplier, we must deliver quality and results as well as maintaining a good dialogue with the client.

*Developments at our key clients*

HiQ's top 10 clients account for 52% of sales. HiQ operates in long-term relationships with its clients and many have been on our client list for over five years. There is always the risk that one key client may be affected by fluctuations in the market and reduce the amount of consultancy services that it buys in, which in the short term may result in poorer capacity utilization for HiQ. As a company, we must maintain a good balance between clients from different sectors and geographical regions. More than five different sectors are represented among HiQ's top 10 clients.

*Bad debts*

Just as HiQ is affected by developments at its key clients – which in the event of a rapid decline may affect our utilisation rate – we may be hit by unpaid invoices and thus bad debts. In historical terms, we have only experienced a few bad debts and we have continually improved our routines for invoice payment and follow-up. Where we work with clients with a lower credit rating, for example because they are newly established, payment may be required in advance or subject to a short period of credit.

**MARKET-RELATED RISKS***Cyclical risks*

Market conditions affect all companies within a particular sector in one way or another. There is always an obvious risk that HiQ will be affected by economic fluctuations. Historically speaking, HiQ has maintained comparatively high profitability during both boom periods and recessions, but naturally we have also been affected as a company – which has meant adjustments to our operations, for example. By creating a flexible organisation with skills that can be transferred between different sectors and geographical areas, we have a capacity for balancing out different geographical regions.

**FINANCIAL RISKS***Exchange rate risks*

HiQ operates in several countries, which means that we are affected by changes in exchange rates. HiQ currently operates primarily in Sweden, Finland and Denmark. The majority of the

Group's currency flows are therefore in Swedish kronor, Danish kroner and the euro. The operations conducted are mainly local, meaning that revenues and costs generally arise in the same currency. Fluctuations in exchange rates affect the rate at which foreign revenues and costs are consolidated in Swedish kronor. As a result, fluctuations in exchange rates will affect the Group's revenues and profit. In some cases, sales are made in a different currency from that in which the costs of producing the services were incurred. This gives rise to an increased exchange rate risk, which may affect the Group's earnings. The holdings in foreign subsidiaries are translated from local currency to Swedish kronor at the balance sheet date, and any currency translation is taken to the Group's shareholders' equity. This exposes the Group to an exchange rate risk affecting the balance sheet. HiQ does not currently practise any kind of hedging. Substantial exchange rate fluctuations may affect us, but we deem the risk to be relatively limited.

*Interest risks*

HiQ is a debt-free company, which means that the interest risk to which we are exposed is low. Naturally, changes in interest rates affect the return we get on cash and cash equivalents, but the risk to the company's survival from these changes is non-existent.

*Project risks*

HiQ often works on projects in which new systems or products are being developed for the first time. In projects of this type it is generally not profitable for either the client or HiQ to use a fixed-price model. During the year fixed-price projects accounted for around 1% of our total sales.

*Valuation*

HiQ's balance sheet includes several items, whose values are based upon estimates and assumptions concerning the future. Among these items goodwill is included. In case the future development does not reach the estimates and assumptions made, a need for write-downs could occur. Such a writedown would affect the Group's income statement and balance sheet but not the cash flow.

## THE HIQ-SHARE

On 31 December 2010, the share capital in HiQ totalled SEK 5,230,272.30, represented by 52,302,723 outstanding shares. Each share carries one vote and all shares carry equal rights to a share in the assets and profits of the Company. At the Annual General Meeting (AGM) each person entitled to vote may vote for the full number of shares owned and represented without any restriction on voting rights. The AGM in March 2010 authorised the Board of Directors, on one or more occasions in the period up to the next AGM, to issue a maximum of 5,000,000 shares in

the form of a non-cash issue or off-set issue in conjunction with acquisitions. The Annual General Meeting also authorised the Board of Directors, on one or more occasions in the period up to the next AGM, to pass a resolution to acquire as many shares in total so that the company's holding at no time exceeds 10% of the total shares in the company. Acquisitions shall be made via Nasdaq OMX Stockholm and may only be made at a price within the price range registered at any time, i.e. the interval between the highest bid rate and lowest offer rate.

### CHANGES IN THE SHARE CAPITAL

Year	Transaction	Change share capital	Total share capital	No of outstanding shares
1996	Parent company founded	100,000	100,000	1,000
1998	Bonus share issue 39:1	3,900,000	4,000,000	40,000
1998	Split 100:1	—	4,000,000	4,000,000
1999	Redemption of warrants	58,250	4,058,250	4,058,250
2000	Purchase consideration Wise Network	77,749	4,135,999	4,135,999
2000	Purchase consideration Open software	58,590	4,194,589	4,194,589
2000	Split 10:1	—	4,194,589	41,945,890
2000	Additional payment Wise Network	16,741	4,211,330	42,113,298
2000	Redemption of warrants	106,950	4,318,280	43,182,798
2001	Redemption of warrants	34,360	4,352,640	43,526,398
2002	Purchase consideration Softplan	298,955	4,651,595	46,515,949
2002	Redemption of warrants	32,765	4,684,360	46,843,599
2004	Redemption of warrants	3,240	4,687,600	46,875,999
2004	Purchase consideration Cats	212,430	4,900,030	49,000,300
2004	Redemption of warrants	23,190	4,923,220	49,232,200
2006	Redemption of warrants	55,940	4,979,160	49,791,600
2006	Redemption of warrants	30,170	5,009,330	50,093,300
2007	Redemption of warrants	27,140	5,036,470	50,364,700
2007	Purchase consideration MobilEyes	10,919	5,047,389	50,473,890
2008	Purchase consideration Ace	17,408	5,064,797	50,647,971
2008	Redemption – Split 2:1	—	5,064,797	101,295,942
2008	Redemption of shares	- 2,532,399	2,532,399	50,647,971
2008	Bonus issue shares	2,532,399	5,064,797	50,647,971
2008	Purchase consideration Tsg	95,728	5,160,526	51,605,258
2009	Redemption – Split 2:1	—	5,160,526	103,210,516
2009	Redemption of shares	- 2,580,263	2,580,263	51,605,258
2009	Bonus issue shares	2,580,263	5,160,526	51,605,258
2010	Redemption – Split 2:1	—	5,160,526	103,210,516
2010	Redemption of shares	- 2,580,263	2,580,263	51,605,258
2010	Bonus issue shares	2,580,263	5,160,526	51,605,258
2010	Purchase consideration Friends Technology	29,087	5,189,613	51,896,123
2010	Redemption of warrants	40,660	5,230,272	52,302,723

### EMPLOYEE SHARE PROGRAMS

From 1998 up to and including 2010 HiQ implemented a number of share programmes for its employees for the purpose of attracting, retaining and motivating staff members. The programmes are based on subordinated debentures with detachable warrants or standalone warrants. The programmes were divided into sub-programmes in order to allow warrants to be offered to new employees on an ongoing basis.

The Annual General Meeting in March 2010 approved a warrants programme aimed at all employees of HiQ, divided into two series. The number of warrants subscribed for in the two series was 486,850. All the warrants were acquired

at market price. The total number of outstanding warrants, where each warrant entitles the holder to subscribe for 1 share, was 1,185,150 at year-end, corresponding to a maximum dilution effect of 2.2%.

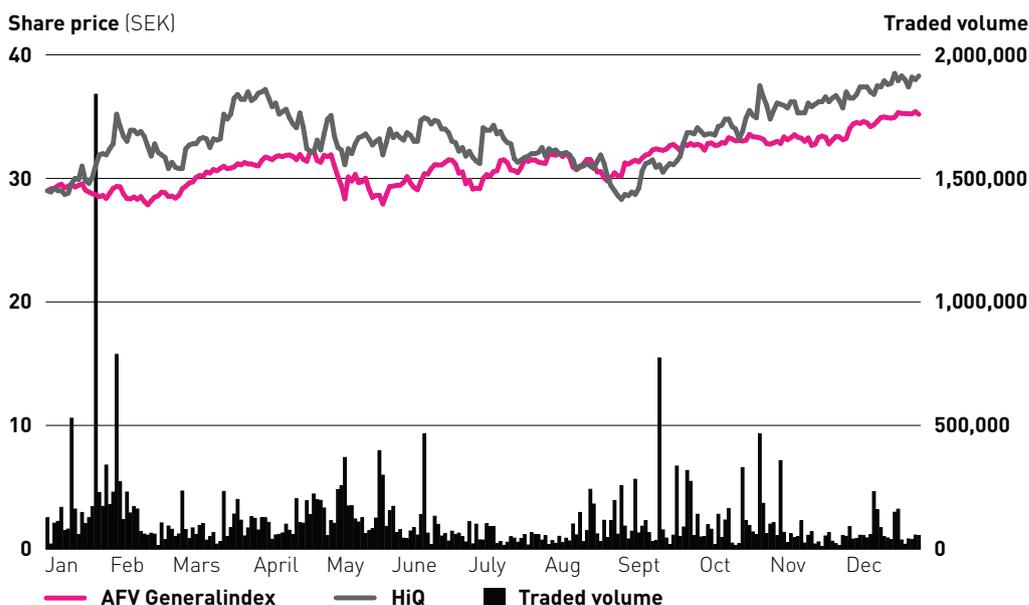
In order to encourage uptake of the warrant programme, HiQ offers a subsidy to the warrant holders who are still employed at HiQ at the time of redemption. The subsidy is effected through a bonus payment that after tax corresponds to the warrant premium. It is conditional on the Group attaining its long-term financial profitability objective during the period, i.e. an operating margin of 15%. The cost of the subsidy amounted to SEK -1.8 (5.0) million in 2010.

### WARRANT DATA

Name	No of warrants	No of underlying shares	Term	Subscription period	Subscription price
2009:1	480,800	480,800	2 years	May 2011	28.20
2009:2	217,500	217,500	2 years	Nov 2011	28.60
2010:1	235,400	235,400	3 years	May 2013	36.20
2010:2	251,450	251,450	3 years	Nov 2013	39.50

The graph below illustrates how the HiQ share has performed over the period 1 January 2010 to 30 December 2010. For up-to-date share information, please consult the Nasdaq OMX Nordic website at [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com). HiQ is listed on Nasdaq OMX Stockholm MidCap, which is a part of the Nordic Exchange. It was first listed on 12 April 1999 and the initial share price, calculated on the basis of the share split implemented, was SEK

10.60. On 30 December 2010, the market price was SEK 38.30. HiQ's market capitalisation thus amounted to around SEK 2,003 million (before dilution). The highest price paid during the year was SEK 38.50 on 20 December 2010. The lowest price paid during the year was SEK 28.70 on 12 January 2010. During the year, a total of 28.6 million shares were traded. On average, approximately 113,000 shares were traded per day.



**DIVIDEND POLICY**

HiQ's dividend level is tailored to the Group's capital requirements, which mainly take the form of investments, working capital commitments and the shareholders' requirement for a good dividend yield. The goal is for the long-term dividend level to be approximately 50% of profit after tax for the year.

**OWNERSHIP STRUCTURE**

At year-end, HiQ had 7.779 shareholders. Foreign ownership amounted to 27.6% and was distributed over the following countries: Finland 10.7%, Luxembourg 4.3%, USA 3.6%, other countries 9.0%. At yearend, Swedish institutional investors owned 40% of the shares. 18.4% of the shares were held directly by the shareholders, while 81.6% were registered in the name of a nominee.

Holdings	No of shareholders	Percentage	No of shares	Percentage
1 – 1.000	5,999	77.2%	2,211,810	4.2%
1.001 – 5.000	1,317	16.9%	3,385,522	6.5%
5.001 – 10.000	211	2.7%	1,629,219	3.1%
10.001 – 50.000	164	2.1%	3,810,870	7.3%
50.001 – 100.000	27	0.3%	1,871,203	3.6%
100.001 –	64	0.8%	39,394,099	75.3%
<b>Total</b>	<b>7,779</b>	<b>100.0%</b>	<b>52,302,723</b>	<b>100.0%</b>

**TOP 15 SHAREHOLDERS, 31 DECEMBER 2010 (AND KNOWN CHANGES)**

Name	No of shares	Share of capital and votes
Swedbank Robur fonder	4,662,791	8.9%
Lannebo fonder	4,457,955	8.5%
Svolder AB	2,990,000	5.7%
Nordeas fonder	2,651,537	5.1%
SEB Investment Management	2,594,455	5.0%
Skandia fonder	2,393,218	4.6%
Carlson fonder	2,279,398	4.4%
Handelsbanken fonder	1,990,956	3.8%
Hannu Lehessaari	1,400,000	2.7%
Danske Capital Sverige	1,008,000	1.9%
Fidelity funds	950,000	1.8%
Ken Gerhardsen	884,626	1.7%
Lars Stugemo	815,500	1.6%
Tredje AP-fonden	772,819	1.5%
Rolf Anderson	740,819	1.4%

Holdings include related-party holdings and holdings through companies.

Source: Euroclear and known holdings.

## DIRECTORS' REPORT

Directors' Report for HiQ International AB (Publ) Org. no. 556529-3205, registered office: Stockholm  
Address: Box 7421, 103 91 Stockholm

### THE BUSINESS IN GENERAL

HiQ is an IT and management consultancy that works with high-tech solutions within communications, software development and business-critical IT. The Company is a leading player in these fields, with the Nordic region as its domestic market. In 2010 the Group generated sales of SEK 1,108.4 million. At year-end the Group had 1,167 employees, and operations in Sweden, Finland, Denmark and Russia.

### OWNERSHIP

HiQ International is listed on the Nasdaq OMX Nordics MidCap list, which is part of the Nordic Exchange. At year-end HiQ had a total of 7,779 shareholders. For a more detailed description of the ownership of HiQ International AB, see The HiQ share.

### SIGNIFICANT EVENTS IN 2010

HiQ performed well over the year and achieved strong results. In 2010 HiQ returned to growth, we improved our profit margins and the year ended with strong cash flow.

In 2010 the market for IT consultancy in the Nordic region was good. Our initiatives in respect of new and existing clients have brought good results. Ten percent of sales in 2010 were to new clients. Intensive and successful efforts were made to recruit new employees. We are pleased to report that all the Group's offices still have significant recruitment needs in 2011 in order to be able to meet our customers increased demand for our services.

Demand for HiQ's services in industry and retail was very good in 2010. Within retail there is strong growth in e-commerce, which resulted in many new assignments.

In 2010 HiQ implemented a successful initiative in respect of the financial sector, which helped bring in a number of new clients and substantial projects both in the Nordic region and internationally. Our Russian office, which developed and grew well during the year, is working on a number of financial projects and carrying out near shore development in connection with this.

Our offices in Stockholm, Arboga/Västerås and Linköping developed well.

Our business in Gothenburg exhibited the strongest growth in the Group thanks to a successful initiative in respect of the automotive industry, which developed well in 2010 and managed to recover from its previous recession.

The telecoms sector is one of our largest and strongest segments from which we generally have had good demand. Leading telecoms suppliers in the Öresund region have

undergone major restructuring during the year, which affected our business in this area. Despite a challenging regional market, however, performance was stable.

In 2010 we formed HiQ Finland through merging the former two subsidiaries. This has strengthened our position on the Finnish market and contributed successfully to broadening our client base and developing the business with both new and existing clients. During the fourth quarter HiQ also acquired Friends Technology in Helsinki with 40 employees. Friends who are specialists in business process integration, will strengthen HiQ Finland.

For the fourth year in succession HiQ took top place in the magazine *Veckans Affärer's* annual survey of buyers of consulting services and was named 'IT Consultant of the Year 2010'. HiQ was ranked in the top 10 in *Universum's* annual survey of the most popular employers in Sweden among IT graduates.

### RESULTS AND FINANCIAL POSITION

HiQ's net sales in 2010 amounted to SEK 1,108.4 (1,057.7) million an increase of 5%. Operating profit amounted to SEK 156.0 (145.6) million, giving an operating profit margin of 14.1 (13.8) percent. Consolidated net financial items for the period were SEK -0.9 (-0.4) million. Pre-tax profits amounted to SEK 155.1 (145.2) million.

Cash flow from operating activities was positive at SEK 94.0 (139.5) million. At 31 December 2010 the Group had liquid assets of SEK 163.5 (131.9) million. During the year cash flow was affected by a share redemption of approximately SEK 57 million implemented in May 2010. Cash flow was further affected by payment of a cash consideration of approx. SEK 12.7 million. Interest-bearing net funds at the end of the period were SEK 139.1 (115.6) million. Shareholders' equity at the end of the period was SEK 633.8 (596.0) million and the equity/assets ratio was 71.1 (74.5) percent.

### RESEARCH AND DEVELOPMENT ACTIVITIES

The Group has very limited activities within research and development. During the year SEK 0.0 (0.0) million was expended for research and development.

### INVESTMENTS

The Group's net investments in fixed assets totalled SEK 41.1 million in the period. This include SEK 32.4 million in intangible assets through the acquisition of Friends Technology. The intangible assets are divided into goodwill of SEK 27.8 million and acquired customer relations of SEK 4.6 million.

In addition, investments in improvements to premises amounted to SEK 0.1 million, equipment SEK 1.5 million, finance leases SEK 7.5 million. In 2009 the Group invested SEK 0.4 million in improvements to premises, in equipment SEK 0.3 million and in finance leases SEK 3.0 million and intangible assets of SEK 0.6 million.

#### EMPLOYEES

At year-end HiQ had 1,167 (1,014) employees, 1,031 (932) of whom were active staff. Employees are HiQ's most important asset and HiQ works continuously to safeguard and improve the employees' work situation. Sickness absence at HiQ in 2010 was 2.3% (2.6%). HiQ is a member of a corporate healthcare scheme and certain subsidiaries engage the services of a naprapath. Staff receive subsidised healthcare. HiQ also has ethics and equality policies in place, which mean that all employees shall be given the same opportunities irrespective of age, sex, ethnical belonging and religious conviction. HiQ also works actively to create a corporate culture that develops our employees' expertise and experience.

#### PARENT COMPANY

The Parent Company's operations consist in shared Group functions for accounting and finance, investor relations and marketing. Net sales in the Parent Company were SEK 38.1 (23.4) million. Operating profit was SEK - 3.1 (- 14.6) million. Net financial items were SEK 111.6 (137.7) million, which includes result from participations in Group companies of SEK 108.6 (138.5) million. The result of 2010 includes write downs of shares in subsidiaries amounting to SEK 60.3 million, due to a group internal reallocation. After tax of SEK 25.1 (31.2) million, net profit was SEK 83.4 (91.8) million. At 31 December the Company's interest-bearing net funds were SEK 75.7 (26.2) million, adjusted shareholders' equity SEK 539.2 (493.2) million and the equity/assets ratio 95.4 (92.7) percent. The Company's net investments in the period totalled SEK 38.8 (0.2) million.

#### ENVIRONMENTAL INFORMATION

We do not consider that HiQ's activities have any significant impact on the environment. Nevertheless, HiQ's environmental work and policy are reviewed on an ongoing basis. The environmental policy states that HiQ shall engage actively in environmental activities with a view to continuously improving the environment in a way which is defensible from an economic and business perspective. We believe this makes the Company more attractive to employees, clients, suppliers and shareholders.

Environmental work is an integrated part of the business and each managing director has local responsibility for ensuring that HiQ's environmental policy is followed and any action programmes implemented. A local environmental plan is to be drawn up for each company including measurable goals to be followed up.

#### NEW SHARE ISSUES, ETC.

During 2010 HiQ's share capital increased by SEK 69,746.50 (equivalent to 697,465 shares), as a result of a non-cash issue implemented in connection with the acquisition of Friends Technology and in connection with redemption of warrants. As a result of these issues, shareholders' equity increased by SEK 21.0 million. During 2009, HiQ's share capital remained unchanged.

A warrant-based incentive scheme aimed at employees within the HiQ Group was implemented during the year. A total of 486,850 warrants were acquired during 2010. For a more detailed description of outstanding warrant programmes, see Note 20.

#### THE HIQ SHARE

At 31 December 2010 HiQ's share capital totalled SEK 5,230,272.30 spread over 52,302,723 outstanding shares. Each share carries one vote and all shares carry equal rights to a share in the assets and profits of the Company. As far as the Company is aware, there are no direct or indirect shareholdings representing at least one tenth of the voting rights for all the shares in the Company.

Neither is the Company aware of any agreements between shareholders that may entail restrictions in the right to transfer shares. At the Annual General Meeting each person entitled to vote may vote for the full number of shares owned and represented without any restriction on voting rights. The Annual General Meeting in March 2010 authorised the Board of Directors, on one or more occasions in the period up to the next AGM, to issue a maximum of 5,000,000 shares in the form of a non-cash issue or off-set issue in connection with acquisitions. At the AGM in March 2010 it was decided to conduct a split, redemption of shares and bonus issue. The number of outstanding shares and the company's share capital remained the same after the completion of this procedure.

#### OUTLOOK

HiQ works on projects and with clients for which communication is a key factor in their success. Person-to-person communications, business-to consumer communications and business-to-business communications are increasing in volume and importance every day. The technology that makes such communication possible is becoming a greater and greater part of our lives, both at home and at work. HiQ develops technologies that simplify and assist with people's daily lives. This trend is creating both great requirements and many opportunities, and is continuing unabated regardless of the economic situation.

HiQ's main strategy is to be a leading specialised service company with its heart in the Nordic region. HiQ offers services within the areas of communications and software development to clients in the Nordic region and internationally.

HiQ is governed by clearly conveyed values – results, responsibility, simplicity and joy – which result in good

quality work being performed, and thus in satisfied clients and employees. Clear values can help our employees and the company's structural capital to develop more effectively. Our values represent a crucial competitive advantage, both for us and for our clients.

HiQ's growth strategy is based on organic growth complemented by strategic acquisitions. HiQ's acquisition strategy is to strengthen the company geographically by expanding its Nordic presence and acquiring companies that add new expertise within HiQ's core business. HiQ has faith in the long-term growth of all the sectors in which it operates and believes that the number of sectors in which technology is a vital factor in success will increase in the future. HiQ prioritises quality, profitability and growth in that order.

HiQ's long-term financial targets are a growth of 30% and on operating margin of 15%. Our goal is to be profitable, to demonstrate good growth and to be the leading company in the Nordic region within selected niches as well as the best IT and management consultancy for clients, employees and shareholders.

#### **RISKS AND RISK MANAGEMENT**

HiQ's business is affected by a number of different factors, some of which are within the Company's control while others are not. For a consultancy company such as HiQ, activities are affected by business-related risks such as recruitment, competition and price pressure, development of key customers, bad debts, project risks and the ability to enter into framework agreements. Market related risks include cyclical risks. Financial risks include exchange rate risks and interest risks. For a more detailed description of HiQ's risk management, see Risk and risk management on page 34.

For a description of the Group's risk management concerning financial instruments, see Note 35.

#### **CORPORATE GOVERNANCE REPORT**

##### **GENERAL**

HiQ International AB is a Swedish public limited company with its registered office in Stockholm, Sweden. HiQ's corporate governance is based on the Swedish Companies Act, the company's articles of association, the obligations that accompany listing on the NASDAQ OMX Stockholm Midcap, the Swedish Code of Corporate Governance and other applicable laws and regulations.

Corporate governance comprises a regulatory and decision-making system for managing a company's business in an effective, controlled manner. The aim is to meet the owners' requirements in terms of the return on capital invested. Increased transparency provides good insight into the company's operations, which contributes to effective control. In Sweden, corporate governance has traditionally been regulated by legislation. In addition, the self-regulatory bodies of trade and industry have

continually presented various stipulations relating to corporate governance. For detailed information on the Swedish Code of Corporate Governance visit [www.bolagsstyrning.se](http://www.bolagsstyrning.se).

HiQ aims for a high standard through a clear and simple management system and guiding documents. Management, leadership and control of HiQ is divided between the shareholders at the Annual General Meeting, the Board of Directors and the auditors the CEO, in accordance with the Swedish Companies Act and the company's articles of association.

##### *HiQ's application of the Code of Corporate Governance*

HiQ has applied the Swedish Code of Corporate Governance since 1 July 2008. HiQ follows the Code with the following exceptions:

No Remuneration Committee has been appointed. Instead these matters are dealt with by the Board as a whole, excluding the company's CEO. This is because the Board judges that due to the nature of the business and the combined expertise of the Board members, this best promotes the business of the company and the interests of its shareholders.

##### *Shareholders*

HiQ's share is listed since April 1999 on the NASDAQ OMX stock exchange. The share capital amounts to SEK 5.23 million, spread over 52,302,723 shares with a nominal value of SEK 0.10. There is one share class. The number of shareholders at year-end amounted to 7,779 (9,280). The foreign ownership share was 28 (27)%. Swedish institutions owned 40% of the shares. 18.4% of shares were held directly by the shareholders while 81.6% were registered in the name of a nominee.

For further information regarding HiQ's share and ownership structure, please refer to the Section "The HiQ Share", on page 36–37.

##### *Annual General Meeting*

Under the Companies Act, the General Meeting is a company's highest decision-making body. The company's Annual General Meeting adopts the income statement and balance sheet, elects the Board of Directors and – where appropriate – auditors, establishes fees and deals with other matters laid down in legislation or in the Code of Corporate Governance. At the Annual General Meeting, the shareholders have the opportunity to ask questions to the management, Board of Directors and the auditors.

##### *Annual general meeting 2010*

The 2010 Annual General Meeting (AGM) was held in Stockholm on Thursday 25 March 2010. Around 40.4 percent of the votes were represented at the AGM. Anders Ljungh was elected as Chairman of the AGM. Among other things, the AGM resolved to re-elect all the members of the Board. Anders Ljungh was re-elected as Chairman of the Board.

The Board of Directors was authorised to decide on one or more occasions in the period up to the next AGM on the issue of a maximum of 5,000,000 shares as a non-cash issue or offset issue in conjunction with corporate acquisitions. It was authorised to decide on one or more occasions in the period up to the next AGM on the acquisition of a total number of shares such that the number of the company's own shares held at any one time does not exceed 10% of the total number of shares in the company. The Board was also authorised to decide on transfer of the company's own shares in settlement for the acquisition of companies or operations at a price corresponding to the share price at the time of transfer.

Furthermore, the AGM resolved to implement a share split and a mandatory redemption procedure in which SEK 57 million, corresponding to SEK 1.10 per share, was distributed to the company's shareholders. The AGM also decided to issue a maximum of 1,000,000 warrants to be transferred to employees in Sweden, Denmark and Finland. The AGM adopted principles for remuneration and other terms of employment of the executive management as proposed by the Board. The AGM also resolved to establish a Nomination Committee and adopted principles for its structure – see also under "Nomination Committee".

Minutes and other documentation relating to the Annual General Meeting are available on HiQ's web site [www.hiq.se](http://www.hiq.se)

#### *Annual General Meeting 2011*

The 2011 Annual General Meeting will be held at 4 p.m. on Thursday 28 April, 2011 on the company's premises at Mäster Samuelsgatan 17, 9th floor, in Stockholm.

#### *Nomination committee*

The Nomination Committee represents the company's shareholders and is responsible for preparing and presenting proposals for the Chairman of the meeting, the Board of Directors, its Chairman and the auditors at the Annual General Meeting. The tasks of the Nomination Committee also include proposing the fees to be paid to the Board of Directors, Board committees and the auditors. HiQ's 2010 AGM resolved that by 30 September 2010 the Chairman of the Board should convene the three largest shareholders in the company, which would then each be entitled to appoint a member of the Nomination Committee. These three members have the right to co-opt another member to the committee. The composition of the Nomination Committee shall be announced at least six months ahead of the AGM. The Nomination Committee shall prepare and submit to the General Meeting proposals for the election of the Chairman of the Board and other members of the company's Board of Directors, for Board fees and their division between the Chairman and the other Board members, plus any remuneration for committee work, for the election of and fees paid to auditors and deputy auditors (where applicable), for decisions on principles for

the structure of the Nomination Committee as well as for the chairman of the AGM.

The Nomination Committee ahead of the AGM comprises Jan Andersson (Robur fonder), Peter Rönström (Lannebo Fonder), Magnus Molin (Svolder), Ken Gerhardsen (co-opted) and Anders Ljungh, the Chairman of the Board. Jan Andersson was appointed as chairman of the Nomination Committee.

All shareholders have been given opportunity to contact the Nomination Committee with proposals, e.g. for Board members, for further evaluation within the context of the Nomination Committee's work. The Nomination Committee has held 5 meetings and has also been in contact at other times. As a basis for its appraisal of the composition of the Board the Nomination Committee had access to an appraisal questionnaire carried out by the Board and was also given opportunity to meet the members of the Board. Based on this appraisal and the opportunity to take into account suggestions for new Board members, the Nomination Committee draws up a proposal for a new Board which is submitted in conjunction with the invitation to the forthcoming AGM. At the AGM the Nomination Committee gives a report on its work. The AGM appoints auditors every four years. When auditors are to be elected the Audit Committee (which comprises the entire Board excluding the CEO) assists the Nomination Committee with producing a proposal. The current auditors, PricewaterhouseCoopers, was elected at the 2007 AGM.

#### *Board of Directors*

##### *The Board's responsibilities and duties*

The Board shall have written instructions stating the division of work between the Board, any other bodies that the Board may establish and the CEO. The work plan, which is established annually at the statutory Board meeting immediately following the AGM, establishes the basis of the Board's work, the division of work between the Board and the CEO as well as the frameworks for financial reporting.

##### *Composition of the Board*

According to the company bylaws, the Board shall have at minimum 3 members and maximum 8 members with a maximum of 5 deputies. Coming from different backgrounds and with a broad pool of experience, the directors have the knowledge required to perform their Board duties, including issues relating to strategy, executive management and structural development. Individual directors also provide valuable assistance to management in facilitating contacts with key clients and on issues relating to politics, economics, accounting and finance, law, organisation and marketing. Age, mainly education, work experience, mainly assignments, election year and holdings of HiQ shares of the Board members is presented on page 76–77.

	Independent in relation to		
	Company	Larger share-holders	Presence
Anders Ljungh	Yes	Yes	9/9
Ken Gerhardsen	Yes	Yes	7/9
Christina Ragsten Pettersson	Yes	Yes	6/9
Gunnel Duveblad	Yes	Yes	9/9
Jukka Norokorpi	Yes	Yes	6/9
Lars Stugemo	No	Yes	9/9
Leila Swärd Ramberg	Yes	Yes	9/9
Åsa Broman (co-opted staff representative).			8/9

#### *Division of work*

The board as a whole has chosen to act as a remuneration committee and audit committee with the exception of the CEO.

#### *Chairman of the Board*

The Chairman of the Board is responsible for leading the work of the Board and for the Board meeting its commitments in accordance with the Swedish Companies Act and the work plan established by the Board for its work. Continual contact with the CEO shall ensure that the Chairman of the Board monitors the company's development and ensures that the Board receives the information required in order to be able to meet its commitments. The Chairman of the Board shall also represent the company in matters concerned with ownership. Anders Ljungh has been Chairman of the Board since 2003.

#### *Board fees*

The 2010 AGM established the fees to be paid to the Board at SEK 1,225,000. Of this amount, SEK 350,000 is payable to the Chairman of the Board and SEK 175,000 each to the other non-employed Board members. In addition, SEK 50,000 has been paid to the Chairman of the Audit Committee.

#### *The work of the Board in 2010*

In 2010 the Board held 9 meetings (9 meetings were held in 2009), including a statutory meeting following the AGM on 25 March 2010. The minutes of these meetings represent documentation of decisions taken and the minutes are taken by the company's Chief Financial Officer. The regular Board meetings are prepared jointly by the Chairman of the Board and the CEO of the company. At every regular Board meeting an update is given on the business situation and financial monitoring. In addition, every meeting deals with a number of matters that are summarised below. Ahead of each Board meeting the Board receives written material as a basis for discussions and decisions that will be dealt with. Members of the executive management take part in the Board meetings in order to report on matters within their specific areas. Other matters dealt with during the year include the economic trend, competence needs, organisation and

acquisitions. In addition a full-day strategy seminar was held on issues relating to HiQ's long-term development. The CEO provides a monthly report to the Board. This report deals with markets, operations and financial development. These reports are compiled by the CEO and the Chief Financial Officer. The Company's auditor were present at the meeting at which the year-end financial statements were discussed. This gave the Board of Directors and the auditor the opportunity to discuss the business accounting and auditwork.

Compensation matters has been taken in connection with ordinary board meetings. Handled matters includes conditions and incitements for managements and compensation package for CEO.

#### *Audit committee*

The audit committee of 2010 was constituted by all the Board members except the CEO. Chairman of the audit committee is Christina Ragsten Pettersson. The committee has held 4 meetings in 2010. They have also held meetings with the auditors. Matters that has been taken under 2010 includes review of Group policies, review of results by AGM elected auditors audit of business impairment tests and matters concerning internal control.

#### *Assessment of the Board's work*

In accordance with what is laid down in the Board's work plan, the Board continually assesses its work through open discussions in the Board and through an annual Board appraisal taking the form of a questionnaire. The results of the annual Board questionnaire are submitted to the Nomination Committee. The nomination committee has also had a meeting with Board members in order to ask questions regarding the Board work.

#### *Auditors*

The company's auditors, PricewaterhouseCoopers, was elected on the AGM in March 2007. The auditor was elected for the period until the end of the AGM 2011. For the period until the Annual General Meeting 2010, Bodil Björk was responsible auditor. Due to the rotation rule (stating that an auditor in a public company could only be appointed for 7 years), Bodil Björk was changed as responsible auditor at the Annual General Meeting 2010. Thereafter, Nicklas Kullberg has acted as responsible auditor. During the year the auditor has, in addition to auditing the financial statements for the company, also reviewed the interim report for the period January – June 2010. As described in the section "The work of the Board in 2010", the auditor has also meet the Board at the Board meeting treating the full year results. For information regarding remuneration to auditors, please refer to note 6.

#### *Internal control over financial reporting*

Internal control over financial reporting is based on the control environment established by the Board and executive

management. Control environment refers to – among other things – the values and the culture that exist within HiQ, but also the organisational structure, responsibilities and powers defined and communicated to everyone concerned within the company. It also includes components such as the competence and experience of the company's employees and a number of governing documents such as policies and manuals.

*Control environment*

The Board of HiQ has an established work plan which is laid down annually at the statutory Board meeting and forms the basis of the work of the Board and for effective management of the risks to which the business is exposed. The Board annually updates and establishes the Board's work plan, the CEO's instructions, an approval matrix and an investment policy, among other things. Work plans exist for the Boards of subsidiaries and instructions exist for the Managing Directors of each company in the HiQ Group. In addition, HiQ has for example a media policy, an IR policy, a business continuity plan and a business ethics policy. The policies and other steering documents that HiQ has are judged to form a basis for good internal control.

Internal steering documents to secure high quality in financial reporting include a financial Handbook, IR-policy and the approval matrix.

The tasks of the Board include continual monitoring of compliance with the general policies and other steering documents that exist, as well as continual assessment of the company's financial situation and results. HiQ has a decentralised organisational model in which each subsidiary has great independence. The Group has an approval matrix that clearly regulates the powers that exist at each level in the organisation. The approval matrix regulates matters such as the submission of fixed price quotations, investments and discounts.

*Risk inventory/risk register*

The aim of HiQ's risk inventory is to ensure that HiQ's business is conducted in a manner that is in line with the risk level the Board and the management decided. The company's Board and senior management are responsible for the existence of and compliance with guidelines on risk management. HiQ has carried out an analysis of the risks that may affect the accuracy of the financial information that the company provides externally. In so doing a number of income statement and balance sheet items were identified where the risk of material errors is greater than in the case of other items. One example of this is the settlement of fixed price projects, where particular importance is placed on ensuring good internal control of revenue settlement. Another example is the treatment of sub-consultants (treatment of revenues and matching of costs). During the year all subsidiaries have conducted a self-valuation

regarding the internal control. During the autumn the Group controller has visited all offices and completed a review regarding administrative routines and internal control. The outcome of this work is compiled and analysed. Based on the analysis an action plan is set to improve the internal control.

*Information and communication*

Information on HiQ's steering documents such as policies, guidelines and routines is provided to the persons concerned. Significant policies and guidelines are updated as needed, but at least annually, and communicated to the staff concerned. Financial reporting issues are also discussed at meetings at which the Group's financial officers meet. For external communication HiQ follows its established media plan and IR policy.

*Monitoring*

Within HiQ a complete income statement and balance sheet are produced monthly, along with certain key ratios, at both Group and company level. Moreover, various relevant key ratios and liquidity are monitored weekly. Each month the entire Group is consolidated, with results being tracked against budget. In addition to the financial reporting, a follow-up of the internal control work and risk inventory is made. Each month the Board receives an update of the financial outcome of the group.

*Disclosure of information to the stock market*

In accordance with the commitments incumbent upon HiQ as a listed company, HiQ provides the stock market with information on the Group's financial position and development. The information is provided in the form of interim reports and an annual report, which are published in Swedish and English. In addition to purely financial information, HiQ also issues press releases concerning news and events and also gives presentations for shareholders, financial analysts and investors both in Sweden and abroad. The information published is also made available on the company's website

*Statement*

In view of the above processes and structure, the Board does not consider it appropriate to establish a separate internal audit function.

**GUIDELINES FOR DETERMINING SALARIES AND OTHER REMUNERATION FOR THE CEO AND OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT**

The Annual General Meeting on 25 March 2010 passed a resolution concerning the following principles for remuneration and terms of employment of the CEO and other members of the executive management. Remuneration of the CEO and other members of the executive management

shall comprise fixed salary, any variable remuneration, pension and any other customary benefits. The total remuneration shall be in line with market rates and the remuneration terms shall reward outstanding performance and standardise shareholder and individual incentives.

#### *Fixed salary*

Remuneration in the form of fixed salary shall be in proportion to the executive's experience, responsibilities and authority.

#### *Variable remunerations*

The variable remuneration shall be in proportion to the executive's responsibilities and authority. It shall also be subject to an upper limit and based on fulfilment of targets aligned with the shareholders' long-term interests. Where appropriate, the variable element shall be based on quantitative and qualitative targets.

The Company's costs the variable element of remuneration for the CEO and other members of the executive management are 0–100% of the fixed salary cost depending on target fulfilment.

The CEO and other members of the executive management be eligible to participate in the warrant programme, in the same way as other staff and on the same terms, in accordance with the proposal submitted to the Annual General Meeting by the Board, and have premiums subsidised on the same terms as other employees within HiQ if applicable.

#### *Pension*

HiQ offers its employees a premium-based pension scheme with entitlement to pension from the age of 65. Variable remuneration is not pensionable. Pension benefits amount to a maximum of 35% of fixed salary, not exceeding approx. SEK 0.4 million per employee per year.

#### *Other benefits*

Other benefits comprise conventional benefits in accordance with local practice.

#### *Termination and severance pay*

In the case of the CEO, there is a reciprocal period of notice of six months. If employment is terminated by the Company, severance pay equivalent to 10 months' salary is payable. If employment is terminated by the CEO, salary and other benefits are paid for four months after cessation of employment, during which period the CEO is prohibited from entering into competing activities. In the case of other members of the executive management, there is normally a reciprocal period of notice of three to six months. Issues concerning remuneration of the executive management are handled by the CEO. Decisions on remuneration of the CEO are taken by the Board of Directors.

These guidelines may be waived by the Board where there are particular reasons for this in an individual case.

#### **THE BOARD'S PROPOSED GUIDELINES APPLICABLE UNTIL THE NEXT ANNUAL GENERAL MEETING**

The Board of Directors proposes unchanged principles for the remuneration and other terms of employment of the CEO and other members of the executive management for approval by the General Meeting.

#### **PROPOSED APPROPRIATION OF THE COMPANY'S PROFIT (SEK THOUSAND)**

The following funds are at the disposal of the Annual General Meeting:

Share premium reserve	87.096
Profit brought forward	322.064
Profit for the year	83,367
<b>Total</b>	<b>492,527</b>

The Board and the CEO propose that profits be appropriated such that SEK 492,527 thousand is carried forward.

It is also proposed a share split 2:1 combined with a compulsory redemption procedure shall be carried out. The procedure will imply that each share will split into one ordinary share and one redemption share. The redemption share is suggested to be redeemed for SEK 1.80 per share, representing a transfer of approximately SEK 94.1 million to the Company's shareholders.

#### *Statement on reasons for the Board's value transfer proposal through mandatory redemption*

The proposed value transfer to the shareholders will reduce the Parent Company's equity/assets ratio from 95.4% to 94.5% and the consolidated equity/assets ratio from 71.1% to 67.7%. In view of the continued profitability of the company and the Group, the equity/assets ratio is deemed to be adequate. The Board likewise believes that it will be possible to maintain an adequate level of liquidity in the company and the Group. In the view of the Board of Directors the proposed value transfer will not prevent the company or any of the companies within the Group from meeting their short- or long-term obligations or from making the necessary investments. The proposed value transfer is therefore defensible with respect to the provisions of paragraphs 2–3 of Section 3 of Chapter 17 of the Swedish Companies Act (the precautionary principle).

The financial reports were approved for publication by the Board of Directors of the Parent Company on 21 March 2011.

For more information about the company's results and financial position, see the following income statements and balance sheets and the notes to the accounts. ■

**CONSOLIDATED** STATEMENT OF COMPREHENSIVE INCOME

(SEK thousand)	Note	2010	2009
Net sales	3, 4, 8	1,108,434	1,057,662
Assignment-specific external costs	8	-143,052	- 124,668
Staff expenses	5, 29, 32	-731,060	- 714,317
Other external expenses	6, 27	-67,088	- 60,173
Depreciation	11,12, 27	-11,227	- 12,870
<b>Operating profit</b>		<b>156,007</b>	<b>145,634</b>
Finance income	7	996	1,114
Finance costs	7	-1,943	- 1,508
Results from shares in associated companies	7	0	0
<b>Pre-tax profit</b>		<b>155,060</b>	<b>145,240</b>
Income tax	9	- 44,436	- 39,100
<b>Profit for the period</b>		<b>110,624</b>	<b>106,140</b>
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations	21	-38,569	- 15,115
<b>Other comprehensive income for the period</b>		<b>-38,569</b>	<b>- 15,115</b>
<b>Comprehensive income for the period attributable to the equity holders of the company</b>		<b>72,055</b>	<b>91,025</b>
Profit per share attributable to the equity holders of the Company			
Basic	22	2.14	2.06
Diltued	22	2.13	2.06

## CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET (SEK thousand)	Note	2010-12-31	2009-12-31
<b>ASSETS</b>			
FIXED ASSETS			
Tangible fixed assets	11	26,927	24,166
Intangible assets	12	344,846	348,867
Investments in associates	13	11,407	13,760
Deferred tax	10	3,143	1,776
Other financial fixed assets	15	293	321
<b>Total fixed assets</b>		<b>386,616</b>	<b>388,890</b>
<b>CURRENT ASSETS</b>			
Accounts receivables, trade	17	228,031	182,064
Current income tax assets		18,615	17,524
Other receivables	16	6,323	10,348
Accrued income and prepaid expenses	18	88,157	69,627
Cash and cash equivalents	19	163,512	131,862
<b>Total current assets</b>		<b>504,638</b>	<b>411,425</b>
<b>Total assets</b>		<b>891,254</b>	<b>800,315</b>

CONSOLIDATED BALANCE SHEET (SEK thousand)	Note	2010-12-31	2009-12-31
<b>EQUITY AND LIABILITIES</b>			
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	20	5,230	5,161
Other contributed capital		306,009	283,561
Other reserves	21	- 10,649	27,920
Retained earnings		333,252	279,394
<b>Total equity</b>		<b>633,842</b>	<b>596,035</b>
LIABILITIES			
<i>Long-term liabilities</i>			
Long-term interest-bearing debt	24, 27	20,727	12,715
Deferred tax	10	4,057	4,455
<b>Total long-term liabilities</b>		<b>24,784</b>	<b>17,170</b>
<i>Current liabilities</i>			
Current interest-bearing debt	24, 27	3,716	3,569
Accounts payable, trade		51,459	35,857
Provisions – additional payments		5,420	0
Other liabilities	25	66,806	55,458
Accrued expenses and prepaid income	26	105,227	92,226
<b>Total current liabilities</b>		<b>232,628</b>	<b>187,110</b>
<b>Total liabilities</b>		<b>257,412</b>	<b>204,280</b>
<b>Total equity and liabilities</b>		<b>891,254</b>	<b>800,315</b>

Information regarding the Group's pledged assets and contingent liabilities is found in note 28.

**CONSOLIDATED** STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(SEK thousand)	Note	Attributable to the equity holders of the Company				Total equity
		Share capital	Other contributed capital	Reserves	Retained earnings	
Balance at 1 January 2009		5,161	282,250	43,035	245,501	575,946
<b>Comprehensive income</b>						
Profit for the period					106,140	106,140
<i>Other comprehensive income</i>						
Currency translation adjustments	21			- 15,115		- 15,115
<b>Comprehensive income</b>				<b>- 15,115</b>	<b>106,140</b>	<b>91,025</b>
<b>TRANSACTIONS WITH SHARE-HOLDERS</b>						
Warrant premiums	20		1,311			1,311
Redemption of shares	23				- 72,247	- 72,247
<b>Total transactions with shareholders</b>			<b>1,311</b>		<b>- 72,247</b>	<b>- 70,936</b>
<b>Balance at 31 December 2009</b>		<b>5,161</b>	<b>283,561</b>	<b>27,920</b>	<b>279,394</b>	<b>596,035</b>
Balance at 1 January 2010		5,161	283,561	27,920	279,394	596,035
<b>Comprehensive income</b>						
Profit for the period					110,624	110,624
<i>Other comprehensive income</i>						
Currency translation adjustments	21			- 38,569		- 38,569
<b>Comprehensive income</b>				<b>- 38,569</b>	<b>110,624</b>	<b>72,055</b>
<b>Transactions with shareholders</b>						
Warrant premiums	20		1,492			1,492
Share issue acquisition		29	10,587			10,617
Share issue warrant exercise		41	10,368			10,409
Redemption of shares	23				- 56,766	- 56,766
<b>Total transactions with shareholders</b>		<b>70</b>	<b>22,448</b>		<b>- 56,766</b>	<b>- 34,248</b>
<b>Balance at 31 December 2010</b>		<b>5,230</b>	<b>306,009</b>	<b>- 10,649</b>	<b>333,252</b>	<b>633,843</b>

CONSOLIDATED CASH FLOW STATEMENT

(SEK thousand)	Note	2010	2009
<b>Cash flows from operating activities</b>			
Profit after financial items		155,060	145,240
Adjustments for items not included in the cash flow	31	11,227	12,870
Tax paid		- 47,874	- 62,722
<b>Cash flows from operating activities before changes in working capital</b>		<b>118,413</b>	<b>95,388</b>
<b>Cash flows from changes in working capital</b>			
Increase (-)/Decrease (+) in operating receivables		- 56,056	65,488
Increase (+)/Decrease (-) in operating liabilities		31,593	- 21,409
<b>Cash flows from current operations</b>		<b>93,950</b>	<b>139,467</b>
<b>Cash flows from investing activities</b>			
Acquisition of tangible assets		- 1,530	- 1,036
Acquisition of subsidiary, net of acquired liquid assets	31	- 12,670	- 62,586
Disposal of financial assets		585	465
<b>Cash flows from investing activities</b>		<b>- 13,615</b>	<b>- 63,157</b>
<b>Cash flows from financing activities</b>			
Warrant premiums		1,492	1,311
Exercise of warrants		10,409	0
New loans		5,420	0
Repayment of debt		- 4,363	- 3,230
Redemption of shares	23	- 56,766	- 72,247
<b>Cash flows from financing activities</b>		<b>- 43,808</b>	<b>- 74,166</b>
<b>Cash flow for the period</b>		<b>36,523</b>	<b>2,144</b>
Cash and cash equivalents at beginning of year		131,862	129,016
Effects of exchange rate changes		- 4,872	702
<b>Cash and cash equivalents at end of year</b>	19	<b>163,512</b>	<b>131,862</b>

INCOME STATEMENT, STATEMENT OF COMPREHENSIVE INCOME AND BALANCE SHEET FOR THE PARENT COMPANY

**INCOME STATEMENT, PARENT COMPANY**

(SEK thousand)	Note	2010	2009
Net sales	3, 32	38,051	23,361
Assignment-specific external costs	32	- 1,053	- 768
Other external expenses	6	-13,559	- 13,065
Staff expenses	5, 29, 32	- 26,519	- 24,126
Depreciation and write-downs	11	- 54	- 36
<b>Operating profit</b>		<b>-3,134</b>	<b>- 14,634</b>
Profit from shares in Group companies	7	108,575	138,514
Finance income	7	3,709	330
Finance costs	7	-722	- 1,172
<b>Profit after financial items</b>		<b>108,428</b>	<b>123,038</b>
Income tax	9	- 25,061	- 31,197
<b>PROFIT FOR THE PERIOD</b>		<b>83,367</b>	<b>91,841</b>

**STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY**

(SEK thousand)	Note	2010	2009
<b>Profit for the period</b>		<b>83,367</b>	<b>91,841</b>
<b>Other comprehensive income</b>			
Group contributions		- 4,250	- 7,946
Tax on Group contribution		1,118	2,089
<b>Other comprehensive income for the period</b>		<b>- 3,132</b>	<b>- 5,857</b>
<b>Comprehensive income for the period</b>		<b>80,235</b>	<b>85,984</b>

**BALANCE SHEET, PARENT COMPANY (SEK thousand)**

	Note	2010-12-31	2009-12-31
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Tangible fixed assets:			
Equipment	11	333	331
Financial fixed assets:			
Shares in subsidiaries	30	401,980	422,670
<b>Total fixed assets</b>		<b>402,313</b>	<b>423,001</b>
<b>CURRENT ASSETS</b>			
Short-term receivables			
Accounts receivable, trade		10,481	20,239
Current income tax assets		7,704	4,594
Receivables – Group companies	14	64,615	51,945
Other receivables	16	17	0
Accrued income and prepaid expenses	18	4,235	6,241
<b>Total current assets</b>		<b>87,052</b>	<b>83,019</b>
Cash and bank balances		75,704	26,179
<b>Total assets</b>		<b>565,069</b>	<b>532,199</b>

**BALANCE SHEET, PARENT COMPANY (SEK thousand)**

**EQUITY AND LIABILITIES**

**EQUITY**

Restricted equity			
Share capital (52,302,723 shares with a quota value of SEK 0.10)		5,230	5,161
Statutory reserve		41,419	41,419
<b>Total restricted equity</b>		<b>46,649</b>	<b>46,580</b>
Non-restricted equity			
Share premium reserve		87,096	64,648
Retained earnings		322,064	290,121
Profit for the period	23	83,367	91,841
<b>Total non-restricted equity</b>		<b>492,527</b>	<b>446,610</b>
<b>Total equity</b>		<b>539,177</b>	<b>493,190</b>

**PROVISIONS**

Provisions – additional payments		5,420	0
<b>Total provisions</b>		<b>5,420</b>	<b>0</b>

**CURRENT LIABILITIES**

Accounts payable, trade		1,738	567
Liabilities – group companies		5,376	22,269
Other liabilities	25	3,011	1,924
Accrued expenses and prepaid income	26	10,347	14,249
<b>Total current liabilities</b>		<b>20,472</b>	<b>39,009</b>
<b>Total equity and liabilities</b>		<b>565,069</b>	<b>532,199</b>
Pledged assets		None	None
Contingent liabilities	28	None	None

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

Equity	2010		2009		
	Shares	Votes	Shares	Votes	
Number of shares and votes	52,302,723	52,302,723	51,605,258	51,605,258	
<b>Parent company 2009</b> (SEK thousand)	<b>Note</b>	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Premium reserve</b>	<b>Retained earnings</b>
Balance at 1 January 2009		5,161	41,419	63,337	368,225
<b>Comprehensive income</b>					
Profit for the period					91,841
<i>Other comprehensive income</i>					
Group contribution					- 7,946
Tax on group contribution					2,089
<b>Comprehensive income for the period</b>					<b>85,984</b>
<b>Transactions with owners</b>					
Redemption of shares	23				- 72,247
Warrant premiums	20			1,311	
<b>Total transactions with owners</b>				<b>1,311</b>	<b>- 72,247</b>
<b>Balance at 31 December 2009</b>		<b>5,161</b>	<b>41,419</b>	<b>64,648</b>	<b>381,962</b>
<b>Parent company 2010</b> (SEK thousand)	<b>Note</b>	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Premium reserve</b>	<b>Retained earnings</b>
Balance at 1 January 2010		5,161	41,419	64,648	381,962
<b>Comprehensive income</b>					
Profit for the period					83,367
<i>Other comprehensive income</i>					
Group contribution					- 4,250
Tax on group contribution					1,118
<b>Comprehensive income for the period</b>					<b>80,235</b>
<b>Transactions with owners</b>					
Redemption of shares	23				- 56,766
Warrant premiums	20			1,492	
Share issue – acquisitions		29		10,587	
Share issue – redemption of warrants		41		10,368	
<b>Total transactions with owners</b>		<b>70</b>		<b>22,447</b>	<b>- 56,766</b>
<b>Balance at 31 December 2010</b>		<b>5,230</b>	<b>41,419</b>	<b>87,096</b>	<b>405,431</b>

## CASH FLOW STATEMENT FOR THE PARENT COMPANY

<b>Cash flow statement</b> (SEK thousand)	<b>Note</b>	<b>2010</b>	<b>2009</b>
<b>Cash flows from current activities</b>			
Profit after financial items		108,428	123,038
Adjustments for items not included in the cash flow	31	9,995	12,274
Tax paid		-28,171	-38,976
<b>Cash flows from operating activities before changes in working capital</b>		<b>90,252</b>	<b>96,336</b>
<b>Cash flows from changes in working capital</b>			
Increase (-)/Decrease (+) in operating receivables		49,477	22,139
Increase (+)/Decrease (-) in operating liabilities		-21,669	-6,412
<b>Cash flows from current operations</b>		<b>118,060</b>	<b>112,063</b>
<b>Cash flows from investing activities</b>			
Acquisition of tangible fixed assets		-56	-198
Acquisition of financial fixed assets		-23,614	-63,734
<b>Cash flows from investing activities</b>		<b>-23,670</b>	<b>-63,932</b>
<b>Cash flows from financing activities</b>			
Warrant premiums		1,492	1,311
Exercise of warrants		10,409	-
Redemption of shares	23	-56,766	-72,247
<b>Cash flows from financing activities</b>		<b>-44,865</b>	<b>-70,936</b>
<b>Cash flow for the period</b>		<b>49,525</b>	<b>-22,805</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>26,179</b>	<b>48,984</b>
<b>Cash and cash equivalents at end of year</b>	31	<b>75,704</b>	<b>26,179</b>

## NOTES

**1. GENERAL INFORMATION**

HiQ International AB ("the Company") and its subsidiaries (together "HiQ" or "the Group") is an IT- and management consulting company with operations in the Nordic region and Eastern Europe.

The Company is a limited liability company incorporated and domiciled in Stockholm, Sweden. The address of its registered office is Box 7421, 103 91 Stockholm, Sweden. The Company is listed on Nasdaq OMX Stockholm MidCap.

These consolidated financial statements have been approved for issue by the Board of Directors on 21 March 2011. The income statements and balance sheets are to be adopted by the Annual General Meeting on 28 April 2011.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**BASIS OF PREPARATION**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as they have been adopted by the EU and in accordance with RFR 1 and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 34 (Critical accounting assumptions and judgements).

**NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP**

The Group has adopted the following new and amended IFRSs as of 1 January 2010.

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the

acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. All acquisition-related costs are expensed. The revised standard was applied to the acquisition of Friends Technology in November 2010. Acquisition-related costs of SEK 0.9 million have been recognised in the consolidated income statement, which previously would have been included in the consideration for the business combination.

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2010 or later periods, but the group has not early adopted them (although they may affect the accounting for future transactions and events).

- IAS 38 (amendment), 'Intangible assets', effective 1 January 2010. The amendment gives guidance in determining fair value of an intangible assets acquired and allows accounting of a group of assets to be classified as a single asset if the individual assets have similar economical life.
- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

The group's and parent entity's assessment of the impact of these new standards and interpretations is set out below.

- IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the EU. The group is yet to assess IFRS 9's full impact.

- Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted.

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The group will apply the revised standard from 1 January 2011. When the revised standard is applied, the group and

the parent will need to disclose any transactions between its subsidiaries and its associates. It is the Group's assessment that the revised standard will not give any significant impact on the Group.

#### REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services. Revenue is shown, net of value-added tax, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

##### *Sales of services – assignments on current account*

Sales of services are recognized in the accounting period in which the services are rendered. Work carried out that has not yet been invoiced on the balance sheet date is reported as accrued income.

##### *Sales of services – fixed price assignments*

Income from ongoing fixed price service assignments and expenses relating to these assignments are reported as income and costs respectively in accordance with the degree of completion of the assignment on the closing day (percentage of completion method). The percentage of completion of an assignment is determined by comparing expense incurred on the closing day with the estimated total expenditure. In cases where the outcome of the service assignment cannot be estimated with any degree of certainty, the income is reported only to the extent that corresponds to the assignment costs incurred that will probably be reimbursed by the client. An anticipated loss on an assignment is reported immediately as a cost. Fixed price assignments make up only a limited proportion of net sales. In 2010, the proportion of fixed price assignments was 1% (1%).

##### *Sales of goods*

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured. Sales of goods are mostly done in the form of computers, software licenses etc as a part of a consultancy assignment.

##### *Licence income*

Income from licence sales is distributed in accordance with the financial import of the agreement concerned.

#### CONSOLIDATION

##### *Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the

acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Improvement expenses to others' property	17-20%
Equipment	20%
Leased equipment	17%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

## INTANGIBLE ASSETS

### *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

### *Research and development activities*

The Group has very limited activities in research and development. In 2010, SEK 0.0 (0.0) million was expensed for research and development.

### *Acquired customer relations*

Customer relations that are acquired by the Group is reported at acquisition cost less accumulated amortizations and write downs. Acquired customer relations are amortised over 5 years.

## FINANCIAL ASSETS

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale financial assets.

### *A). Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest method.

### *B). Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and nonmonetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustment recognised in equity are included in the income statement as "gains and losses from investment securities". Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on availablefor-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payment is established.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

## LEASES

Leases of property, plant and equipment where the Group has substantially all the risks and rewards from ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum leasing payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of financial charges, are included in other long-term and short-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term. Leases where the lessor retains a significant proportion of risks and rewards of ownership are classified as operating leases. Expenses made

under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

### INCOME TAXES

Income tax reported consists of tax that is to be paid or received during the current year, adjustments for the previous year's tax, and changes in deferred tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination or temporary differences arising from goodwill accounting, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities is offset when there exists a legal right to offset these assets and liabilities and when the deferred taxes are subject to the same authority.

### PROVISIONS

Provisions for restructuring costs and legal claims etc are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

### FOREIGN CURRENCY TRANSLATION

#### *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Swedish crowns, which is the Company's functional and presentation currency. When recalculating foreign subsidiaries used currency amounts to, on balance day: EUR/SEK 9.00 (10.35), DKK/SEK 1.21 (1.39), and RUB/SEK 0.22 (0.24).

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from

the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- A). Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- B). Income and expenses for each income statement are translated at average exchange rates.
- C). On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

### ACCOUNTS RECEIVABLE, TRADE:

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost, less provision for impairment. Trade receivables are always short-term, and consequently the effective interest method is not applicable. Provision for impairment is made if there is objective evidence that the Group will not receive the amount due according to the original terms of the receivables. Significant financial difficulties on the part of the debtor, the likelihood that the debtor will be declared bankrupt or undergo financial restructuring and missed or late payments (more than 30 days overdue) are regarded as indications of possible impairment of receivables. The amount of the provision is the difference between the book value of the asset and the present value of the expected future cash flows. The impairment is recognised in the income statement immediately.

The reported value of the asset is reduced using an impairment account and the loss is reported in the income statement under other external expenses. When a receivable cannot be collected it is written off in the impairment account for receivables. An amount previously written off is reversed by crediting other external expenses in the income statement.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term investments that can be traded within 3 months.

**SHARE CAPITAL**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, from the proceeds.

**ACCOUNTS PAYABLE**

Accounts payable are initially reported at fair value and thereafter at accrued acquisition value, applying the effective interest method.

**EMPLOYEE BENEFITS***A). Pension obligations*

HiQ operates a number of different pension plans. All plans are defined contribution plans where HiQ pays fixed contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

*B). Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

*C). Profit-sharing and bonus plans*

When profit-sharing and bonus programs are in use, the Group expenses costs for these programs in accordance with the obligations to pay such compensation.

**FAIR VALUE**

The reported value – after any impairment – of trade receivables and payables is assumed to equate to their fair value, since these entries are short-term in nature. The fair value of financial liabilities is calculated, for disclosure purposes, by discounting the future contracted cash flow to the current market interest rate available for similar financial instruments.

**ACCOUNTING POLICIES FOR THE PARENT COMPANY**

The parent company's accounts have been prepared in accordance with the Swedish Annual Accounts Act and Statement RFR 2 "Accounting for legal entities" issued by the Swedish Financial Accounting Standards Council. RFR 2 states that the parent company shall apply all standards and statements issued by IFRS that has been adopted by the EU, as far this is possible according to the Swedish Annual Accounts Act. Consideration should also be taken to the connection between accounting and taxation. The statement RFR 2 states in which cases, exceptions and additions should be made in relation to IFRS. The most important differences between the accounting principles of the Group and the Company are stated below.

The principal accounting policies outlined below have been applied in the preparation of the parent company's financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

*Dividends*

Dividends are recognised when the right to receive payment is regarded as collectable.

*Financial Instruments*

In the parent company financial instruments are valued of acquisition cost less accumulated write-downs. Financial current assets are valued to the lower of cost or market.

*Fixed tangible assets**Owned assets*

Tangible fixed assets are reported at acquisition cost less a deduction for accumulated depreciation and writedowns, as in the Group but with the addition of possible write-ups.

*Leased assets*

All leasing agreements are treated as operational leasing agreements.

*Taxes*

In the parent company untaxed reserves are accounted for including deferred tax. In the consolidated accounts are the untaxed reserves dividend into deferred tax and equity. ■

### 3. SALES DISTRIBUTION

Net sales (SEK thousand)	Group		Parent company	
	2010	2009	2010	2009
Consultancy services	1,085,942	1,043,558	0	0
Re-billed expenses	17,185	9,207	38	26
Other	5,307	4,897	38,013	23,335
<b>Total</b>	<b>1,108,434</b>	<b>1,057,662</b>	<b>38,051</b>	<b>23,361</b>

### 4. SEGMENT REPORTING

Management has decided the operating segments based upon the reports reviewed by the highest executive management group. The operations is considered upon a geographic perspective based upon where the operations are located, i.e. Sweden, Öresund and Finland. The Russian operations is regarded as an integrated part of the Swedish operations and is therefore included in the operating segment Sweden.

The reportable segments derive their revenue primarily from sale of IT-services. The reportable segments performance is measured on an operating profit-level, where central costs are allocated to the reportable segments, to the extent possible. Financial items are not allocated to the reportable segments. Sales between the reportable segments are done at market terms.

	Sweden		Finland		Öresund		Group Elim.		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
External revenues	803,679	713,387	181,617	177,141	123,138	167,134	0	0	1,108,434	1,057,662
Revenues from other segments	447	2,209	0	0	0	0	- 447	- 2,209	0	0
<b>Total revenues</b>	<b>804,126</b>	<b>715,596</b>	<b>181,617</b>	<b>177,141</b>	<b>123,138</b>	<b>167,134</b>	<b>- 447</b>	<b>- 2,209</b>	<b>1,108,434</b>	<b>1,057,662</b>
Operating profit	123,380	108,347	43,214	38,688	8,942	14,839	- 19,529	- 16,240	156,007	145,634
Operating margin	15.3%	15.1%	23.8%	21.8%	7.3%	8.9%			14.1%	13.8%
Depreciation	7,791	9,401	2,732	2,660	650	773	54	36	11,227	12,870
Financial items									- 947	- 394
Profit before tax									155,060	145,240
Assets	458,642	370,918	323,390	299,134	81,925	94,988	27,541	35,275	891,498	800,315
Of which in associates			11,407	13,760						

### 5. EMPLOYEES

Average number of employees:	2010			2009		
	Total	Women	Men	Total	Women	Men
PARENT COMPANY						
The municipality of Stockholm	7	2	5	6	2	4
SUBSIDIARIES						
The municipality of Stockholm	355	103	252	361	90	271
The municipality of Arboga	67	13	54	61	12	49
The municipality of Göteborg	173	42	131	152	29	123
The municipality of Lund	104	11	93	110	24	86
The municipality of Karlskrona	29	6	23	32	9	23
Herlev, Denmark	16	2	14	35	5	30
Esbo, Finland	145	31	114	144	30	114
Moskva, Russia	25	3	22	25	4	21
The municipality of Linköping	23	4	19	25	6	19
Vanta, Finland	1	0	1	—	—	—
<b>Total for the Group</b>	<b>945</b>	<b>217</b>	<b>728</b>	<b>951</b>	<b>211</b>	<b>740</b>

Note 5 continued

	2010			2009		
	No on balance sheet date	Of which men	Of which women	No on balance sheet date	Of which men	Of which women
<b>Group</b> (Incl subsidiaries)						
Board members	15	80%	20%	15	80%	20%
CEO and other senior executives	13	92%	8%	15	87%	13%

	2010			2009		
	No on balance sheet date	Of which men	Of which women	No on balance sheet date	Of which men	Of which women
<b>Parent company</b>						
Board members	7	57%	43%	7	57%	43%
CEO and other senior executives	6	83%	17%	6	67%	33%

	2010		2009	
	Group	Parent Company	Group	Parent Company
<b>Salaries and other remuneration</b> (SEK thousand)				
The Board of Directors and CEO	20,598	7,346	19,434	6,478
Other employees	470,169	5,499	476,413	5,448
Bonus reservation (warrant programme)	-1,371	-3,135	3,841	3,841
<b>Total salaries and remuneration</b>	<b>489,396</b>	<b>9,710</b>	<b>499,688</b>	<b>15,767</b>
Legal and contractual social security contributions	144,043	4,362	138,217	4,190
Bonus reservation				
Social security contributions	-431	-985	1,207	1,207
Pension expenses				
The Board of Directors and CEO	2,735	424	2,572	428
Other employees	59,106	1,048	57,019	1,091
<b>Total salaries and remuneration, pension Expenses and social security contribution</b>	<b>694,849</b>	<b>14,559</b>	<b>698,703</b>	<b>22,683</b>

Salaries, remuneration, pension expenses and social security contributions for subsidiaries in 2010 totalled SEK 572,612 (552,401) thousand in Sweden, SEK 15,636 (35,620) kkr, thousand in Denmark and SEK 101,237 (106,280) thousand in Finland and in Russia with 5,364 (4,408). The variable part of the salaries and remuneration

paid to the Board of Directors and the CEO is SEK 4,709 (4,199) thousand for the Group and SEK 3,623 (3,000) for the Parent Company. For further information regarding benefits for senior executives, please refer to note 29.

The Parent Company has less than 10 employees and therefore is no disclosure of sick leave necessary.

## 6. AUDITORS' FEE

	2010		2009	
	Group	Parent company	Group	Parent company
(SEK thousand)				
<b>PricewaterhouseCoopers</b>				
Auditing	777	190	726	273
Associated services within auditing	70	70	139	139
Tax advisory	24	24	19	19
Other services	264	264	130	125
<b>Total</b>	<b>1,135</b>	<b>548</b>	<b>1,014</b>	<b>556</b>
<b>Trevision</b>				
Auditing	301	0	277	0
<b>Total</b>	<b>301</b>	<b>0</b>	<b>277</b>	<b>0</b>
<b>KPMG</b>				
Auditing	0	0	93	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>93</b>	<b>0</b>
<b>Total</b>	<b>1,436</b>	<b>548</b>	<b>1,384</b>	<b>556</b>

**7. FINANCIAL INCOME AND COSTS**

<b>Group</b>	<b>2010</b>	<b>2009</b>
Interest income	995	1,114
Dividens	2	0
<b>Financial income</b>	<b>997</b>	<b>1,114</b>

<b>Group</b>	<b>2010</b>	<b>2009</b>
Interest expenses	- 545	- 666
Other investments	- 1	- 48
Exchange rate changes	- 1,396	- 794
<b>Financial expenses</b>	<b>- 1,942</b>	<b>- 1,508</b>
Result from shares in associated companies	0	0
<b>Financial net</b>	<b>- 945</b>	<b>- 394</b>

<b>Parent Company</b>	<b>2010</b>	<b>2009</b>
<b>RESULTS FROM SHARES IN GROUP COMPANIES</b>		
Write-down of shares in subsidiaries	- 60,341	- 16,238
Received dividends	73,532	20,590
Received Group contribution	95,384	134,162
<b>Total</b>	<b>108,575</b>	<b>138,514</b>

## INTEREST INCOME AND SIMILAR ITEMS

Exchange rate changes	3,520	0
Interest income, other	189	330
<b>Total</b>	<b>3,709</b>	<b>330</b>

## INTEREST EXPENSES AND SIMILAR ITEMS

Exchange rate changes	0	- 861
Interest expenses, Group companies	- 562	- 265
Interest expenses, other	- 161	- 46
<b>Total</b>	<b>- 723</b>	<b>- 1,172</b>

**8. FOREIGN EXCHANGE DIFFERENCES**

<b>Group (SEK thousand)</b>	<b>2010</b>	<b>2009</b>
Net sales	227	190
Assignment-specific external expenses	- 854	- 534
	<b>- 627</b>	<b>- 344</b>

**9. TAXES**

<b>Group (SEK thousand)</b>	<b>2010</b>	<b>2009</b>
<b>CURRENT TAX</b>		
Tax for the period	46,229	41,089
Adjustment of previous years' tax	0	0
<b>DEFERRED TAX</b>		
Deferred tax temporary differences	- 1,223	- 1,029
Loss carried forward	- 570	- 960
<b>Total tax cost – Group</b>	<b>44,436</b>	<b>39,100</b>

<b>Parent company (SEK thousand)</b>	<b>2010</b>	<b>2009</b>
<b>CURRENT TAX</b>		
Tax for the period	25,061	31,197
<b>Total tax cost – Parent Company</b>	<b>25,061</b>	<b>31,197</b>

Note 9 continued

**Effective tax rate**

<b>Group</b>	<b>2010 (%)</b>	<b>2010</b>	<b>2009 (%)</b>	<b>2009</b>
Profit before tax (SEK thousand)		155,060		145,240
Income tax rate in Sweden	26.3%		26.3%	
Effect of foreign income tax	- 0.1%		- 0.1%	
Non-deductible costs	0.9%		0.6%	
Non-taxable income	0.0%		- 0.1%	
Other	1.6%		0.1%	
<b>Average tax rate</b>	<b>28,7%</b>	<b>44,436</b>	<b>26,9%</b>	<b>39,100</b>

**Effective tax rate**

<b>Parent company</b>	<b>2010 (%)</b>	<b>2010</b>	<b>2009 (%)</b>	<b>2009</b>
Profit before tax (SEK thousand)		108,428		123,038
Income tax rate in Sweden	26.3%		26.3%	
Non-deductible costs/Non-taxable income	- 3.2%		- 0.9%	
Other	0,0%		0,0%	
<b>Average tax rate</b>	<b>23,1%</b>	<b>25,061</b>	<b>25,4%</b>	<b>31,197</b>

**10. DEFERRED TAX ASSETS/LIABILITIES**

	<b>2010</b>		<b>2009</b>	
	<b>Group</b>	<b>Parent company</b>	<b>Group</b>	<b>Parent company</b>
<b>DEFERRED TAX ASSETS</b>				
Losses carried forward	2,382	0	960	0
Fixed assets	761	0	816	0
<b>Total</b>	<b>3,143</b>	<b>0</b>	<b>1,776</b>	<b>0</b>
<b>DEFERRED TAX LIABILITIES</b>				
Untaxed reserves	58	0	75	0
Intangible fixed assets	3,999	0	4,380	0
<b>Total</b>	<b>4,057</b>	<b>0</b>	<b>4,455</b>	<b>0</b>

<b>Recovery date for deferred tax assets</b> (SEK thousand)	<b>2010</b>		<b>2009</b>	
	<b>Group</b>	<b>Parent company</b>	<b>Group</b>	<b>Parent company</b>
Deferred tax assets	3,143	—	1,776	—

<b>Recovery date for deferred tax liabilities</b> (SEK thousand)	<b>2010</b>		<b>2009</b>	
	<b>Group</b>	<b>Parent company</b>	<b>Group</b>	<b>Parent company</b>
Deferred tax liabilities to be Recovered within 1 year	1,452	—	1,283	—
Deferred tax liabilities to be Recovered after 1 year	2,605	—	3,172	—

(SEK thousand)	<b>Deferred tax assets</b>		<b>Deferred tax liabilities</b>	
	<b>Group</b>	<b>Parent company</b>	<b>Group</b>	<b>Parent company</b>
As of 1 January 2009	747	—	5,879	—
Change during the year	1,029	—	-1,424	—
<b>As of 31 December 2009</b>	<b>1,776</b>	<b>—</b>	<b>4,455</b>	<b>—</b>
As of 1 January 2010	1,776	—	4,455	—
Change during the year	1,367	—	- 398	—
<b>As of 31 December 2010</b>	<b>3,143</b>	<b>—</b>	<b>4,057</b>	<b>—</b>

## 11. FIXED TANGIBLE ASSETS

(SEK thousand)	Improved expenses for others' property	Group		Parent Company	
		Equipment	Leased equipment	Total	Equipment
<b>ACQUISITION VALUE</b>					
Balance at 1 January 2009	8,094	20,707	22,911	51,712	436
Acquisitions during the year	463	635	6,412	7,510	198
Acquired assets	0	0	0	0	0
Exchange differences	- 119	- 330	0	- 449	0
Disposals	0	- 557	- 5,444	- 6,001	0
<b>Balance at 31 December 2009</b>	<b>8,438</b>	<b>20,455</b>	<b>23,879</b>	<b>52,772</b>	<b>634</b>
Balance at 1 January 2010	8,438	20,455	23,879	52,772	634
Acquisitions during the year	175	1,519	12,781	14,475	57
Acquired assets	0	217	0	217	0
Exchange differences	- 273	- 764	0	- 1,034	0
Disposals	0	- 841	- 9,754	- 10,594	0
<b>Balance at 31 December 2010</b>	<b>8,340</b>	<b>20,586</b>	<b>26,906</b>	<b>55,832</b>	<b>691</b>

(SEK thousand)	Improved expenses for others' property	Group		Parent Company	
		Equipment	Leased equipment	Total	Equipment
<b>DEPRECIATION AND WRITE-DOWNS</b>					
Balance at 1 January 2009	- 5,474	- 12,797	- 6,103	- 24,374	- 267
Depreciation	- 1,192	- 2,371	- 3,570	- 7,133	- 37
Disposals	0	494	2,083	2,577	0
Exchange differences	79	249	- 4	- 449	0
<b>Balance at 31 December 2009</b>	<b>- 6,587</b>	<b>- 14,425</b>	<b>- 7,594</b>	<b>- 28,607</b>	<b>- 304</b>
Balance at 1 January 2010	- 6,587	- 14,425	- 7,594	- 28,607	- 304
Depreciation	- 573	- 2,085	- 3,717	- 6,375	- 54
Disposals	0	783	4,482	5,265	0
Exchange differences	201	610	0	811	0
<b>Balance at 31 December 2010</b>	<b>- 6,959</b>	<b>- 15,117</b>	<b>- 6,829</b>	<b>- 28,906</b>	<b>- 358</b>

(SEK thousand)	Improved expenses for others' property	Group		Parent Company	
		Equipment	Leased equipment	Total	Equipment
<b>NET BOOK AMOUNT</b>					
Balance at 1 January 2009	2,620	7,910	16,808	27,338	169
Balance at 31 December 2009	1,851	6,030	16,285	24,166	331
Balance at 1 January 2010	1,851	6,030	16,285	24,166	331
Balance at 31 December 2010	1,381	5,469	20,077	26,926	333

**LEASED EQUIPMENT**

The Group leases company cars with financial leasing.

The agreements are based on market terms. The leased assets are collateral for the leasing debt (note 27).

## 12. INTANGIBLE ASSETS

Group (SEK thousand)	Acquired customer relations		Total
	Goodwill		
<b>ACQUISITION VALUE</b>			
Balance at 1 January 2009	346,622	31,462	378,084
Acquisition	613	0	613
Exchange differences	- 13,818	- 643	- 14,463
<b>Balance at 31 December 2009</b>	<b>333,417</b>	<b>30,819</b>	<b>364,236</b>
Balance at 1 January 2010	333,417	30,819	364,236
Acquisition	27,760	4,473	32,233
Exchange differences	- 30,521	- 1,470	- 31,991
<b>Balance at 31 December 2010</b>	<b>330,656</b>	<b>33,822</b>	<b>364,478</b>
<b>AMORTISATION AND WRITE-DOWNS</b>			
Balance at 1 January 2009	0	- 9,754	- 9,754
Amortisation	0	- 5,738	- 5,738
Exchange differences	0	123	123
<b>Balance at 31 December 2009</b>	<b>0</b>	<b>- 15,369</b>	<b>- 15,369</b>
Balance at 1 January 2010	0	- 15,369	- 15,369
Amortisation	0	- 4,700	- 4,700
Exchange differences	0	437	437
<b>Balance at 31 December 2010</b>	<b>0</b>	<b>- 19,632</b>	<b>- 19,632</b>
Group (SEK thousand)	Acquired customer relations		Total
	Goodwill		
<b>NET BOOK AMOUNT</b>			
Balance at 1 January 2009	346,622	21,708	368,330
Balance at 31 December 2009	333,417	15,450	348,867
Balance at 1 January 2010	333,417	15,450	348,867
Balance at 31 December 2010	330,656	14,190	344,846

Acquired customer relations is amortised on a straight-line method over their estimated useful lives. The useful life is expected to 5 years, equivalent to a rate of 20% per year.

**IMPAIRMENT TESTS FOR GOODWILL**

The cash-generating units listed below account for the majority of the Group's total goodwill

(SEK thousand)	2010	2009
HiQ Finland – Consultancy services in Finland	151,096	173,760
HiQ København – Consultancy services in Öresund	45,829	52,647
HiQ Göteborg – Consultancy services in Göteborg	25,537	25,537
HiQ Stockholm – Consultancy services in Stockholm	61,535	61,535
HiQ Ace – Consultancy services in Linköping	19,938	19,938
Friends Technology – Consultancy services in Finland	26,721	—
<b>Total</b>	<b>330,656</b>	<b>333,417</b>

**RECOVERABLE AMOUNT FOR CASH-GENERATING UNITS IS BASED ON THE FOLLOWING IMPORTANT ASSUMPTIONS**

The impairment tests have been based on calculations of the value in use. These values are based on cash flow valuations, in which the forecast for the first year constitutes agreed budget for the unit. The forecast for the following four years is based on management's judgement of the development during this period. Cash flows forecasted for the period beyond the explicit forecast period is based on a continued annual growth rate of 3%.

This level is estimated to be in line with the expected level of inflation. Forecasted cash flows are discounted with a discount rate of 13.9% (pre-tax).

**IMPORTANT ASSUMPTIONS AND VARIABLES WITH A SIGNIFICANT IMPACT ON THE CALCULATED RECOVERABLE AMOUNT:**

Top-line growth: Net sales for a consultancy company is dependent on assumptions regarding price levels, utilisation rates and number of employees.

Operating margin: A consultancy company has a low need for investments and also low working capital requirements. Therefore, the operating margin is of relatively large importance for the forecasted future cash flows. In addition to the development of net sales, staff expenses is one of the most important variables for the estimation of the future operating margin

Long-term growth: When calculating the recoverable amount HiQ has used a growth rate of 3% in order to extrapolate cash flows after the explicit forecast period.

*Discount rate:* When calculating the recoverable amount HiQ has made the assumption that the operations is financed only by equity, an assumption that is regarded as fair based on HiQ's type of operations.

*Sensitivity analysis:* A sensitivity analysis shows that none of the cash-generating units has a need for impairment if the following assumptions are assumed:

- Top-line growth: 0% (from the first forecasted year and onwards)
- Operating margin: 15% (in line with the Group's long-term financial targets)
- Discount rate: 15.3% (pre-tax)

The Company's prediction is that reasonable possible changes in annual growth rate, operating margins, discount rate and other assumptions would not have such large impact on the recoverable amount that they would reduce the recoverable amount to a value lower than the carrying amount.

In 2010, the management has reviewed HiQ Copenhagen's status as a cash-generating unit. As a result of the re-organisation that has taken place in 2010, the operations in Copenhagen is now an integrated unit of the operations in HiQ Öresund. This has led to that the impairment test is now conducted on the integrated unit.

### 13. INVESTMENTS IN ASSOCIATES

Group (SEK thousand)	2010	2009
At beginning of year	13,760	14,545
Share of profit	0	0
Disposed share	- 583	0
Exchange differences	- 1,770	-785
<b>Book value at end of year</b>	<b>11,407</b>	<b>13,760</b>

Investments in associates includes HiQ Softplan's premises in Espoo, Finland. These premises is owned by a real estate company, owned by the companies that are tenants. The ownership shares in the real estate company are equal to the proportion of the area that HiQ Softplan has of the total area of the building. The real estate company is a non-profit company with the only

mission to provide its tenants cost-efficient premises.

The name of the real estate company is Westends Affärscentrum OY and the Group's ownership share is 29.9% by the end of 2010.

The Group's share of revenues, profit, assets and liabilities are outlined below:

(SEK thousand)	Sales	Profit	Assets	Liabilities	Equity	Ownership
<b>2010</b>						
Westend Affärscentrum OY	550	0	11,420	13	11,407	29.9%
<b>2009</b>						
Westend Affärscentrum OY	381	0	13,846	86	13,760	31.8%

### 14. RECEIVABLES – GROUP COMPANIES

Parent Company	2010	2009
Receivables – Group company	64,615	51,945

### 15. FINANCIAL FIXED ASSETS

Group (SEK thousand)	2010	2009
Available-for-sale financial assets - shares	26	0
Other receivables	267	321
<b>Total</b>	<b>293</b>	<b>321</b>

None of the receivables above have been due.

**16. OTHER RECEIVABLES**

<b>Group</b> (SEK thousand)	<b>2010</b>	<b>2009</b>
Other receivables	6,323	10,348
<b>Total</b>	<b>6,323</b>	<b>10,348</b>

The book value of other receivables is assessed to equate to their fair value.  
None of the receivables above have been due.

<b>Parent Company</b> (SEK thousand)	<b>2010</b>	<b>2009</b>
Other receivables	17	0

**17. ACCOUNTS RECEIVABLES, TRADE**

<b>Group</b> (SEK thousand)	<b>2010</b>	<b>2009</b>
Accounts receivables, trade	228,444	182,477
Provision for bad debt	- 413	- 413
Book value of accounts receivables, trade	228,031	182,064
<b>Prepaid amount</b>	<b>2,434</b>	<b>5,844</b>

The book value of trade receivables is assessed to equate to their fair value.

For a breakdown of reported trade receivables by age see below:

<b>Group</b>	<b>2010</b>	<b>2009</b>
Not yet due	218,204	173,708
Up to 3 months overdue	9,746	6,862
Between 3 and 6 months overdue	81	1,494
More than 6 months overdue	0	0
<b>Total</b>	<b>228,031</b>	<b>182,064</b>

The Group's clients are primarily globally leading international corporations with a good credit rating. The Group has suffered very limited bad debts in its history.

The book value of trade receivables breaks down into the following currencies:	<b>2010</b>	<b>2009</b>
Swedish kronor	189,652	143,926
Euro	30,719	33,367
Danish kronor	3,139	4,614
Dollar	390	157
Other currencies	4,131	0
<b>Total</b>	<b>228,031</b>	<b>182,064</b>

During the year the following change were made in the provisions for bad debt:	<b>2010</b>	<b>2009</b>
Opening balance	413	3,583
Provisions	226	0
Reversed provisions	- 193	- 2,117
Confirmed bad debt	- 33	- 1,054
<b>Closing balance</b>	<b>413</b>	<b>413</b>

Provisions and write-downs for trade receivables are reported under  
Other external expenses in the consolidated income statement.

**18. PREPAID EXPENSES AND ACCRUED INCOME**

(SEK thousand)	Group		Parent Company	
	2010	2009	2010	2009
Assignments not yet invoiced	71,538	59,619	3,674	5,615
Other	16,620	10,008	561	626
<b>Total</b>	<b>88,158</b>	<b>69,627</b>	<b>4,235</b>	<b>6,241</b>

The book value is assessed to equate to their fair value.

**19. CASH AND CASH EQUIVALENTS**

Group (SEK thousand)	2010	2009
Cash and cash equivalent	163,512	131,862
<b>Total</b>	<b>163,512</b>	<b>131,862</b>

**20. SHARE CAPITAL**

	No of shares
As of 1 January 2009	51,605,258
Split 2:1 (each share split into an ordinary share and one redemption share)	+51,605,258
Redemption of redemption shares	- 51,605,258
As of 31 December 2009	51,605,258
As of 1 January 2010	51,605,258
Split 2:1 (each share split into an ordinary share and one redemption share)	+51,605,258
Redemption of redemption shares	- 51,605,258
Issue of shares in relation to acquisition of Friends Technology OY	290,865
Issue of shares exercise of warrants	406,600
As of 31 December 2010	52,302,723

The total number of ordinary shares as of 31 December 2010 amounted to 52,302,723 (51,605,258) with a quota value of SEK 0.10 per share. All issued shares are fully paid.

**OUTSTANDING WARRANTS**

At the end of the financial year the following series of warrants (where each warrant entitles the holder to subscribe for one share) were outstanding:

Time of issue	Subscription period	Strike	Outstanding number	
			2010-12-31	2009-12-31
May 2008	May 2010	36.30 SEK	—	251,050
November 2008	November 2010	25.60 SEK	—	431,600
May 2009	May 2011	28.20 SEK	480,800	480,800
November 2009	November 2011	28.60 SEK	217,500	217,500
May 2010	May 2013	36.20 SEK	235,400	—
November 2010	November 2013	39.50 SEK	251,450	—
<b>Total</b>			<b>1,185,150</b>	<b>1,380,950</b>

The average subscription price for outstanding warrants amounted to SEK 32.26 at the end of 2010. In 2010, 406,600 warrants were used for subscription of shares. In 2009, no warrants were used for subscription of shares. The warrants have been sold to employees of the Group.

Sale of warrants to are made on market terms, based on a valuation made by external advisors with Black-Scholes valuation model. The total amount of warrant premiums received amounts to SEK 1.6 (1.5) million, recognised in equity

Note 20 continued

The following assumptions have been used in valuation of warrants

	Share price <sup>1)</sup>	Strike <sup>2)</sup>	Interest	Volatility	Term
May 2009	24.98	28.20	1,33%	32%	2 years
November 2009	25.25	28.60	1,21%	29%	2 years
May 2010	31.95	36.20	1,50%	30%	3 years
November 2010	36.00	39.50	1,71%	28%	3 years

<sup>1)</sup> The share price for the May-2009-serie, was set at the average of the closing price from the period 8 May – 13 May 2009. For the November-2009-serie the average closing price from the period 28 October – 2 November 2009 was used. The share price for the May-2010-serie, was set at the average of the closing price from the period 6 May – 11 May 2010. For the November-2010-serie the average closing price from the period 4 November – 9 November 2010 was used.

<sup>2)</sup> The strike price for the May-2009-serie was set at 110% of the average closing price for the period 29 April – 13 May 2009. For the November-2009-serie 110% of the average closing price for the period 20 October – 2 November 2009 was used. The strike price for the May-2010-serie was set at 110% of the average closing price for the period 28 April – 11 May 2010. For the November-2010-serie 110% of the average closing price for the period 27 October – 9 November 2010 was used.

Expenses associated with the warrant programs amounted to SEK 0.2 (0.3) million, of which 0.0 (0.0) million has been charged to costs and SEK 0.2 (0.3) million, recognised in equity.

## 21. RESERVES

Group (SEK thousand)	Reserves	Exchange reserve	Total
Balance as of 1 January 2009	46	42,989	43,035
Exchange differences:			
– Group	—	– 15,115	– 15,115
<b>Balance as of 31 December 2009</b>	<b>46</b>	<b>27,874</b>	<b>27,920</b>
Balance as of 1 January 2010	46	27,874	27,920
Exchange differences:			
– Group	—	– 38,569	– 38,569
<b>Balance as of 31 December 2010</b>	<b>46</b>	<b>– 10,695</b>	<b>– 10,649</b>

## 22. PROFIT PER SHARE

### BASIC PROFIT PER SHARE:

Profit per share is calculated as profit for the period (attributable to the equity holders of the Company)

divided by the average number of outstanding shares for the period.

Group (SEK thousand)	2010	2009
Profit for the period attributable to the equity holders of the company	110,624	106,140
Average number of outstanding shares (thousand)	51,680	51,605
<b>Basic profit per share (SEK/share)</b>	<b>2.14</b>	<b>2.06</b>

### DILUTED PROFIT PER SHARE:

The diluted profit per share is calculated as the profit for the period (attributable to the equity holders of the Company) divided by the average number of outstanding shares for the period with consideration taken to the potential dilution from outstanding warrants. The

potential dilution is calculated as the difference between the outstanding number of options and the number of shares that could be acquired at market value (calculated as the average share price for the period), for the sum of the subscription price for the outstanding options.

Group (SEK thousand)	2010	2009
Profit for the period attributable to the equity holders of the company	110,624	106,140
Average number of outstanding shares (thousand)	51,680	51,605
Possible dilution from warrants	196	0
<b>Adjusted number of outstanding shares (thousand)</b>	<b>51,876</b>	<b>51,605</b>
<b>Diluted profit per share (SEK/share)</b>	<b>2.13</b>	<b>2.06</b>

**23. DIVIDEND PER SHARE**

The dividend paid in 2010 and 2009 amounted to SEK 0 million (0.00 per share) and SEK 0 million (SEK 0.00 per share) respectively. During spring 2009, HiQ completed a share split (2:1), (in which each ordinary share were split into one ordinary share and one redemption share) combined with compulsory redemption procedure, in which 51,605,258 shares were redeemed at SEK 1.40 each. Thereby a total of SEK 72,2 million was distributed to the shareholders. During spring 2010, HiQ completed a share split (2:1), (in which each ordinary share were split into one ordinary share and one redemption share) combined with compulsory redemption procedure, in

which 51,605,258 shares were redeemed at SEK 1.10 each. Thereby a total of SEK 56.8 million was distributed to the shareholders. For 2011 the Board proposes that no dividend should be paid. It is also proposed a share split 2:1 (each ordinary share is split into one ordinary share and one redemption share) combined with a compulsory redemption procedure, where each redemption share is redeemed at SEK 1.80 per share, totalling SEK 94.1 million. The Annual General Meeting on April 28, 2011 will decide if procedure shall be carried out. These financial statements does not reflect the proposed split and redemption procedure.

**24. INTEREST-BEARING DEBT**

(SEK thousand)	Group		Parent Company	
	2010	2009	2010	2009
LONG-TERM Leasing (note 28)	16,361	12,715	0	0
Bank loans	4,366	0	0	0
<b>Total</b>	<b>20,727</b>	<b>12,715</b>	<b>0</b>	<b>0</b>
SHORT-TERM Leasing	3,716	3,569	0	0
<b>Total</b>	<b>3,716</b>	<b>3,569</b>	<b>0</b>	<b>0</b>

The Parent Company (and the Group) has an unutilised overdraft facility of SEK 50 million (SEK 50 million).

**25. OTHER LIABILITIES****Group**

Other short-term liabilities (kkkr)	2010	2009
Social security contributions and tax	21,294	24,418
Value added tax	30,531	23,197
Other liabilities	14,981	7,843
<b>Total</b>	<b>66,806</b>	<b>55,458</b>

**Parent Company**

Other short-term liabilities (kkkr)	2010	2009
Social security contributions and tax	1,422	1,262
Other liabilities	1,589	662
<b>Total</b>	<b>3,011</b>	<b>1,924</b>

**26. ACCRUED EXPENSES AND PRE-PAID INCOME**

(SEK thousand)	Group		Parent Company	
	2010	2009	2010	2009
Holiday salaries, including social security contributions	58,238	51,042	1,541	1,684
Accrued payroll tax	12,390	11,982	356	368
Accrued salaries, including social security contributions	12,471	14,443	6,013	9,646
Other	22,128	14,759	2,437	2,550
<b>Total</b>	<b>105,227</b>	<b>92,226</b>	<b>10,347</b>	<b>14,249</b>

**27. LEASING**

Operational leasing (SEK thousand)	Group		Parent Company	
	2010	2009	2010	2009
Due for payment within 1 year	14,176	8,612	4,588	440
Due for payment between 1 and 5 years	43,038	11,833	34,490	0
Due for payment after 5 years	4,273	0	4,273	0

Note 27 continued

The Group's operational leasing contracts primarily consists of leases for premises. The premises rented by the Group are leased on market terms, with the rent partly or fully linked to changes in the price index. Lease terms are between 3 and 10 years.

The parent company's operational leasing contracts primarily consists of leases for premises and company cars. The premises rented by the parent company are leased on market terms, with the rent partly or fully linked to changes in the price index.

<b>Financial leasing – Group</b> (SEK thousand)	<b>2010</b>	<b>2009</b>
Due for payment within 1 year	3,716	3,569
Due for payment between 1 and 5 years	16,361	12,715

The Group's financial leasing agreements relates to company cars. The leasing term is 3 years, with terminal value of 50% after 3 years, with a depreciation rate 17% per year. The leasing agreements can be terminated without financial penalty with the car being redeemed at

its residual value. Leasing agreements are established on market terms. The leasing liability is hedged since the right to the leased object is returned to the lessor in case of payment failure.

## 28. PLEDGED ASSETS AND CONTINGENT LIABILITIES

HiQ International AB has a contingent liability for the fulfilment of the subsidiaries rent agreements. The amount for the contingent liabilities amount to SEK 0 (0) thousand. In addition to the contingent liabilities outlined above, there is no other pledged assets

and contingent liabilities of SEK 10,255 (3,198) thousand related to leasing agreements. Otherwise there are no other pledged assets or contingent liabilities that has not been identified that are not reported in these financial statements.

## 29. BENEFITS FOR MANAGEMENT

<b>Salary and other remuneration</b> (SEK thousand)	<b>Base salary</b>	<b>Variable salary</b>	<b>Other benefits</b>	<b>Pension premiums</b>	<b>Other remuneration</b>	<b>Total</b>
Chairman of the Board	350				154	504
Other Board members	925				39	964
CEO	2,448	3,623	137	424	0	6,632
Other senior Executives (11 people)	13,154	1,462	1,083	2,599	0	18,298
<b>Total</b>	<b>16,877</b>	<b>5,085</b>	<b>1,220</b>	<b>3,023</b>	<b>193</b>	<b>26,398</b>

Salaries and remuneration for the CEO in 2010 amounted to SEK 6,071 (5,203) thousand, of which the variable part amounted to SEK 3,623 (3,000) thousand. SEK 123 thousand of the variable part is attributable to repayment of warrant premium for warrant program issued in 2008, according to decision by the AGM. A defined contribution pension premium was paid at the highest tax-deductible amount, SEK 424 (428) thousand. Social security contributions amounted to SEK 1,951 (1,692) thousand as well as taxes on pension payment of SEK 103 (104) thousand. The retirement age of the CEO is 65 years. During 2010 the CEO acquired 20,000 warrants to a fair value of SEK 70 thousand. In 2010 no warrants have been converted. During 2009 the CEO acquired 12,000 warrants to a fair value of SEK 27.6 thousand. The CEO's employment terms stipulates a mutual period of notice of six months during which period salary and other benefits are paid. If the CEO resigns, salary and other benefits is paid under four months after the termination. If notice is given by the Company, the CEO is also entitled to severance pay corresponding to ten months' remuneration. If the company would be acquired by a public offer, receives a new main shareholder or conducts a major shift in

business idea or changes the scope of operations, the CEO has the right to resign on the same terms as if the notice was given by the company.

The Board as a whole (except for the CEO) acts as a remuneration committee and deals with matters concerning the CEO's terms of employment and pension terms.

The members of the Board received a total remuneration of SEK 1,275 (1,275) thousand, of which the Chairman of the Board received SEK 350 (350) thousand. The AGM in March 2010 decided that the remuneration for the Chairman of the Board shall amount to SEK 350 thousand and that the Board members not employed by the Company shall receive a remuneration of SEK 175 thousand (Ken Gerhardsen, Gunnel Duveblad, Leila Swärd Ramberg, Jukka Norokorpi and Christina Ragsten Pettersson). In addition, the chairman of the Audit Committee has received a remuneration of SEK 50 thousand. No other remuneration were paid to the members of the Board, except for reimbursement of travel and accommodation expenses incurred in connection with their work on the Board.

The 11 (15) other senior executives received salary and remuneration during 2010 with a total amount of SEK 14,616 (17,913) thousand, of which the variable part amounted to SEK 1,462 (1,572) thousand, of the variable part SEK 235 (532) thousand was related to repaid warrant premiums according to the decision of the Annual General Meeting in 2008. The variable part is based on result that are quantitative as well as qualitative. Social security contribution amounted to SEK 4,766 (5,223) as well as taxes on pension payments of SEK 631 (650) thousand. Pension premiums amounted to SEK 2,599 (3,073) thousand. During 2010 other senior executives acquired 17,000 warrants at a fair value of SEK 59 thousand. During 2009 other senior executives acquired

64,000 warrants at market price. The market price for these warrants at time of allotment amounted to SEK 144 thousand.

Other senior executives have a mutual term of notice of 3–6 months and in most cases are entitled to severance pay equivalent to 3–6 months on notice given by the company. The retirement age for all other senior executives is 65 years.

Matters relating to salary and remuneration paid to other senior executives were decided by the CEO of HiQ International, in certain cases following consultation with the Chairman of the Board.

The information above applies to the parent company as well as for the group.

### 30. GROUP COMPANIES

Specification of the Parent Company's and the Group's shares in Group companies:

Name	Corporate id	Registered office	Country	Shares	Share of capital	Book value (SEK thousand)
Frends Technology OY	0757272-2	Vaanta	Finland	13,155	100%	39,651
HiQ Accelerated Concept Evaluation AB	556640-3415	Linköping	Sweden	523.600	100%	26,849
HiQ Computer and Audio-Technical Systems AB	556194-0403	Stockholm	Sweden	10.000	100%	1,200
HiQ MobilEyes AB	556563-2345	Stockholm	Sweden	1.000	100%	4,557
ZAO MobilEyes	7707281246	Moskva	Russia	69.042	100%	2,545
HiQ Mälardalen AB	556443-8736	Lidingö	Sweden	1.000	100%	215
HiQ København A/S	20851147	Kgs. Lyngby	Denmark	500	100%	3,495
HiQ Linköping AB	556738-3400	Linköping	Sweden	1.000	100%	1,100
HiQ Stockholm AB	556506-5819	Stockholm	Sweden	1.000	100%	41,532
HiQ Göteborg AB	556244-6384	Göteborg	Sweden	1.020	100%	44,798
HiQ Karlskrona AB	556534-5336	Karlskrona	Sweden	1.000	100%	600
HiQ Skåne AB	556628-0136	Lund	Sweden	1.000	100%	100
HiQ Finland OY	0648086-9	Espoo	Finland	600	100%	235,338
						<b>401,980</b>
<b>Parent Company (SEK thousand)</b>					<b>2010</b>	<b>2009</b>
<b>ACQUISITION VALUE</b>						
At beginning of year					472,980	472,120
Acquisitions					39,651	860
<b>At end of year</b>					<b>511,701</b>	<b>472,980</b>
<b>ACCUMULATED WRITE-DOWNS</b>						
At beginning of year					- 50,310	- 34,072
Write-downs					- 60,341	- 16,238
<b>At end of year</b>					<b>- 110,651</b>	<b>- 50,310</b>
<b>Closing book value of shares in subsidiaries</b>					<b>401,980</b>	<b>422,670</b>

## 31. CASH FLOW FROM OPERATING ACTIVITIES

	<u>Group</u>		<u>Parent Company</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Interest paid and dividends received</b>				
Interest received	996	1,114	189	330
Interest paid	- 545	- 666	- 722	- 312
	<u>Group</u>		<u>Parent Company</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Adjustments for items not included in cash flow</b>				
Anticipated dividends from Group companies	—	—	- 50,400	- 4,000
Depreciation	11,227	12,870	54	36
Write-down of shares in Group companies	—	—	60,341	16,238
<b>Total</b>	<b>11,227</b>	<b>12,870</b>	<b>9,995</b>	<b>12,274</b>
	<u>Group</u>		<u>Parent Company</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Transactions not leading to payments</b>				
Acquisition of assets by financial leasing	7,510	3,045	0	0
Acquisition – non-cash issue	10,617	0	10,617	0
<b>Cash and cash equivalents</b> (SEK thousand)	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
The following components are included in the liquid assets:				
Cash and cash equivalents	163,512	131,862	75,704	26,179
<b>Total cash and cash equivalents</b>	<b>163,512</b>	<b>131,862</b>	<b>75,704</b>	<b>26,179</b>

The Parent Company (and the Group) has an unutilised overdraft facility of SEK 50 million.

	<u>Group</u>		<u>Parent Company</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Acquisition of Group companies</b>				
Acquired assets and liabilities				
Tangible fixed assets	358	—	—	—
Intangible assets	33,417	613	—	—
Current receivables	10,596	—	—	—
Cash and cash equivalents	9,802	—	—	—
<b>Total assets</b>	<b>54,173</b>	<b>613</b>	<b>—</b>	<b>—</b>
Current liabilities	13,221	—	—	—
Defereed tax liabilities	1,222	—	—	—
<b>Total liabilities</b>	<b>14,443</b>	<b>—</b>	<b>—</b>	<b>—</b>
Purchase consideration	38,721	613	39,651	613
Less: Non-cash issue	- 10,617	—	- 10,617	—
Less: Not yet paid additional payment	- 5,629	—	- 5,629	—
Purchase price paid	22,473	613	23,405	613
Less: Acquired cash and cash equivalents	- 9,803	—	—	—
Effect on cash and cash equivalents	12,670	613	23,405	613

**32. RELATED-PARTY TRANSACTIONS****RELATED-PARTY RELATIONS:**

The parent company has at related-party relation to its subsidiaries (note 30):

<b>Purchases and net sales, Group internal, Parent company</b> (SEK thousand)	<b>2010</b>	<b>2009</b>
Net sales to Group companies	38,017	20,807
Purchases from Group companies	65,980	104,590
Interest income from Group companies	0	0
Interest expenses paid to Group companies	566	265
<b>Results from shares in Group companies, Parent company</b> (SEK thousand)	<b>2010</b>	<b>2009</b>
Received dividends from Group companies	73,532	20,590
Received Group contributions	95,384	134,162
Write-down of shares in Group companies	-60,341	-16,238
<b>Total</b>	<b>108,575</b>	<b>138,514</b>

**TRANSACTIONS WITH SENIOR EXECUTIVES**

Remuneration to Board members have, according to a decision made by the Annual General Meeting, been paid with an amount of SEK 1,275 (1,275) thousand. In addition, SEK 193 (158) thousand have been paid as reimbursement of travel and accommodation expenses in connection with the Board work. No loans has been

given to the Board members or any senior executives. For further information regarding benefits for senior executives, please refer to note 29.

**TRANSACTIONS WITH ASSOCIATED COMPANIES**

Group companies have paid rents to associates with SEK 550 (381) thousand.

**33. ACQUISITIONS**

In 2010 Frends Technology OY ("Frends") was acquired. The Group acquired 100% of the share capital in Frends on 9 November 2010. The acquired business contributed revenues of SEK 7.2 million and net profit of SEK

0.6 million to the Group for the period from 9 November to 31 December 2010. If the acquisition had occurred on 1 January 2010, Group net sales would have been SEK 1,140 million and net profit SEK 114.1 million.

**Purchase consideration:**

Cash paid	22,474
Fair value of shares issued	10,617
Expected additional payment	5,629
Total purchase consideration	38,719
Fair value of net assets acquired	-10,960
Goodwill	27,760

Goodwill is attributable to the acquired operations' strong profitability and synergies expected to arise after the acquisition of Frends.

Fair value of the shares issued was based on the published share price. A total of 290,865 shares were issued at a share price of SEK 36.50 per share.

<b>Assets and liabilities included in the acquisition:</b>	<b>Fair value</b>	<b>Acquiree's book value</b>
Cash and cash equivalents	9,803	9,803
Tangible fixed assets	358	358
Deferred tax liabilities	1,477	0
Acquired customer relations	4,646	—
Trade and other receivables	9,119	9,119
Liabilities	-13,221	-13,221
Deferred tax liabilities	-1,222	—
Net assets acquired	10,960	6,059

### 34. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### A. ESTIMATED IMPAIRMENT OF GOODWILL

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 12). In note 12 a sensitivity analysis regarding the value of the Group's goodwill is presented.

### 35. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including Foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall policy is to minimising the potential adverse effects on the Group's financial performance arising from these risks.

The risk management is carried out centrally as well as decentralised by the subsidiaries, according to the Group's policies and guidelines.

#### A. MARKET RISK

##### *Foreign exchange risk*

HiQ has operations mainly in Sweden, Finland, Denmark and Russia. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations. Most of the company's operations are local, i.e. income and expenses are in the same currency, which decreases the exposure to foreign exchange risks. In some cases, sales are made in a different currency from that in which the costs of producing the services were incurred. In cases where revenues and expenses are in different currencies the foreign exchange risk increase. Because of its limited foreign exchange exposure, HiQ does not currently employ any form of currency hedging. The company could be affected by substantial foreign exchange rate fluctuations, but we consider this risk to be small. The currency breakdown of the Group's incoming payments is SEK 81%, Euro 16%, DKR 2% and other currencies 1%. For outgoing payments the breakdown is SEK 83%, Euro 14%, DKR 3% and other currencies 0%. If the Swedish Crown had strengthened/weakened by 10% against the Euro (with all other variables held constant) the net profit 2010 would have been approximately SEK 3.1 million lower / higher. Equity would have been approximately SEK 17.8 million higher / lower, mainly as a

#### B. EXPOSURE TO FOREIGN CURRENCIES

The Group is partly exposed to foreign currencies and fluctuations in exchange rates could have an effect on the company. In note 35 a more detailed analysis of the Group's exposure to foreign currencies is presented.

#### C. REVENUE RECOGNITION

The Group applies the percentage of completion method in recognising revenues in fixed price contracts. The percentage of completion method requires estimates regarding the proportion of services performed (out of the total services required for the fixed price contract) on the balance sheet date. If the proportion between estimated performed services and total services would differ by 10% from the Management's assessment, net sales would increase by SEK 1.1 million if the performed proportion would have increased and decreased by SEK 1.1 million if the performed proportion would have decreased.

result of foreign exchange difference on translation of goodwill.

The Group has investments in foreign entities whose net assets are exposed to foreign exchange risks. The foreign exchange exposure arising from this are not hedged.

##### *Price risk*

From time to time the Group's surplus liquidity could be invested in short-term investments exposed to some (low) price risk. The price risk is regarded as low, due to the short duration of the investments. By the end of the financial period, the Group did not have any short-term investments.

##### *Cash flow and interest rate risk*

As the Group has no significant interest-bearing assets, except cash at bank accounts, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Borrowings issued at fixed rates could expose the Group to interest rate risk. Financial leasing agreements as well as the Group's credit facility are at variable interest rates. Therefore no interest rate regarding fair values arise.

#### B. CREDIT RISK

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions. Most of HiQ's assignments are charged on account, i.e. time spent is invoiced monthly. 99% of net sales is charged on account, with fixed-price assignments, i.e. projects charged according to a fixed schedule, accounting for the remaining 1%. Projects charged on account are invoiced monthly or at the conclusion of the project. Payment is normally due within 30

days, although shorter and longer payment periods occasionally apply. Each week, accounts receivables are followed up to ensure that payment terms are met. Interest is charged on late payments and unpaid invoices are referred to a debt collection agency.

Most of HiQ's clients are large and well-established. The ten largest clients account for about 52% of net sales and include Ericsson and Nokia. New clients are subject to credit checks. Actual bad debts have historically been low.

#### C. LIQUIDITY RISK

Liquidity risk is managed by maintaining sufficient cash and short-term investments and the availability of funding through an adequate amount of committed credit facilities. The management forecasts the Group liquidity (cash and cash equivalents and credit facilities) based upon forecasted cash flows. HiQ's liquidity is very good. Cash flow before investments in 2010 was SEK 93.5 (139,5) million and on 31 December 2010 cash and cash equivalents amounted to SEK 163,5 (131,9) million.

#### D. VALUATION RISK

HiQ's balance sheet includes several items, whose values are based upon estimates and assumptions concerning the future.

Among these items goodwill and work in progress are included. In case the future development does not reach the estimates and assumptions made, a need for write-downs could occur. Such a write-down would affect the Group's income statement as well as balance sheet but not the cash flow. As of 31 December 2010, the total book value of the Group's goodwill amounted to SEK 330.7 million.

#### MANAGEMENT OF CAPITAL RISK

The Group's aims as regards its capital structure are to safeguard the Group's ability to continue its operations, such that it can continue to generate a return for shareholders and benefits for other stakeholders, and to maintain a capital structure that – against this background – keeps capital costs down.

To maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets in order to reduce debts.

A consultancy company such as HiQ has a limited asset-based security base for borrowing. The Group's strategy in 2010, which as unchanged from 2009, was to maintain positive net funds. As at 31 December 2010 financial net funds amounted to SEK 139.1 million (SEK 115.6 million as at 31 December 2009).

The Board of Directors and the Managing Director declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent

Company's financial position and results of operations. The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 21 March, 2011

Anders Ljungh  
Chairman of the Board

Christina Ragsten Pettersson  
Member of the Board

Ken Gerhardsen  
Member of the Board

Gunnel Duveblad  
Member of the Board

Leila Swärd Ramberg  
Member of the Board

Lars Stugemo  
Member of the Board and  
Chief Executive Officer

Jukka Norokorpi  
Member of the Board

Our Auditors' report for this annual report was submitted on 21 March, 2011.

PricewaterhouseCoopers AB

Nicklas Kullberg  
Authorised Public Accountant

## AUDITORS' REPORT

To the Annual General Meeting of HiQ International AB (publ)  
Corporate identity number 556529-3205

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of HiQ International AB (publ) for the year 2010. These accounts are included on pages 39–74 of the printed version of this Annual Report. These accounts, the administration of the company and the application of the Annual Accounts Act in the preparation of the annual report and the application of IFRS international accounting standards, as adopted by the EU, and of the Annual Accounts Act to the consolidated financial statements are the responsibility of the Board of Directors and the President. 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 consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from

liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below. The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (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. A corporate governance report has been prepared. The directors' report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting that the income statement and balance sheet for the Parent Company, the report of comprehensive income and balance sheet for the Group to be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the directors' report and that the members of the Board of Directors and the President to be discharged from liability for the financial year.

Stockholm, 21 March, 2011  
PricewaterhouseCoopers AB

Nicklas Kullberg  
Authorised Public Accountant



ANDERS LJUNGH



ÅSA BROMAN



GUNNEL DUVEBLAD



JUKKA NOROKORPI



LARS STUGEMO



LEILA SWÄRD RAMBERG

## BOARD OF DIRECTORS

**KEN GERHARDSEN**

**ANDERS LJUNGH**, born 1942. Ph.D. in Technology, Royal Institute of Technology; M.Sc. Business and Economics, Stockholm School of Economics. Chairman and member of the Board since 2003. Senior Adviser, Morgan Stanley 1996–2001; CFO, European Bank for Reconstruction and Development 1991–1994; Head of Handelsbanken's Overseas Department 1975–1990; World Bank 1969–1975. Other assignments: Chairman of the boards of Axiomatics, Living Capital Management, Elinbolagen and Mobilize Systems. Holdings in HiQ: 13,000 shares.

**ÅSA BROMAN**, born 1974. Industrial Economics, Linköping Institute of Technology. Co-opted employee representative since 2008. Employed in HiQ since 2005. Previous position: Tele2 AB.

**GUNNEL DUVEBLAD**, born 1955. Computer Science, Umeå University. Member since 2007. Managing Director, EDS North Europe 2002–2006. Employed by IBM 1977–2002, holding various managerial positions within IBM at Nordic and European level. Other assignments: Member of the boards of Sweco, Posten North, Aditro and Stiftelsen Ruter Dam. Holdings in HiQ: 2,000 shares.

**KEN GERHARDSEN**, born 1952. M.Sc. Engineering Physics, Linköping Institute of Technology. Member since 1995. President and CEO of HiQ International AB until February 2000. Other assignments: Member of the board of Ymer Technologies. Holdings in HiQ: 884,626 shares.

**JUKKA NOROKORPI**, born 1948. M.Sc. Software Engineering, Tampere University, Finland. Member since 2004. Consultant and adviser for IT companies since 2001; various positions within Nokia, ICL and Teamware Group in Finland, Sweden and internationally 1986–2001; Oy Softplan 1973–1986. Other assignments: Chairman of the boards of Predisys Oy, Medixine Oy and 7signal Oy. Member of the board of and Nebula Oy.

**CHRISTINA RAGSTEN PETERSSON**, born 1958. M.Sc. Business and Economics, Stockholm University. Member since 2004. Senior business controller, Head of Group Planning and Strategy Support, Nordea Bank since 2004; Assistant Under-Secretary at the Swedish Ministry of Industry, Employment and Communications and the Swedish Ministry of Finance 1999–2004; Management Consultant at Indevo and InterPares 1987–1999. Holdings in HiQ: 2,000 shares.

**LARS STUGEMO**, born 1961. President and CEO of HiQ International AB since 2000. M.Sc. Electrical Engineering, Royal Institute of Technology 1986. Employed since March 1995. Managing Director, HiQ Data AB 1998–2000. Previous positions: Managing Director, Communicator Infotech AB; Consultant and Account Manager, Enator Teknik AB. Holdings in HiQ: 815,500 shares, 32,000 warrants.

**LEILA SWÅRD RAMBERG**, born 1962. Master of Law, Uppsala University. Member since 2003. Partner, Theia Investments AB 2005–; Director Sourcing External Product Development, Ericsson Radio Systems AB 2000–2003; Legal Counsel, Ericsson Radio Systems AB 1997–2000. Other assignments: Member of the boards of Theia Fond 1 AB, Lastbilsbolaget GP AB and AMOK Studios AB. Holdings in HiQ: 9,000 shares.

Holdings include related party holdings and holdings through companies.

**AUDITOR** PricewaterhouseCoopers AB. Responsible auditor Nicklas Kullberg, born 1970. Authorised Public Accountant. Auditor of HiQ since 2010.

**CHRISTINA RAGSTEN PETERSSON**



JON CARVELL



PATRIK HOLM



PETER HÄGGSTRÖM



ANDERS KARÉN



JERKER LINDSTÉN



FREDRIK MALM



ANDERS NILSSON



JUKKA RAUTIO



BO RINGDAHL



LARS STUGEMO

## MANAGEMENT



ANNA JENNEHOV

**JON CARVELL**, born 1969. Managing Director, HiQ Skåne AB since 2004. M.Sc. Computing, Chalmers University of Technology 1993. Employed since 2004. Previous positions: Sales Manager and Site Manager, Ementor Sverige AB; Sales Manager, Enea Business Software AB; IT Consultant, Ministry of Public Works in Kenya; self-employed; trainee with Gambro GmbH in Germany. Holdings in HiQ: 12,000 shares.

**PATRIK HOLM**, born 1966. Managing Director, HiQ Ace since 2009. M.Sc. Industrial Economics, Linköping Institute of Technology 1993. Employed since 2008. Previous positions: Senior Vice President, Enea Nordic Services, Managing Director, Enea Systems AB, Managing Director, Enea Epact AB. Holdings in HiQ: 16,624 shares.

**PETER HÄGGSTRÖM**, born 1976. Marketing Manager, HiQ International AB, since 2010. Pedagogics and journalism, University of Gothenburg 2002, Poppius 2008. Previous positions: competence manager Åhlénsgruppen, Head of own brands Male clothes MQ Retail AB, Head of sales Sportcore, self-employed in Plankträff AB.

**ANNA JENNEHOV**, born 1964. Group Controller since 1999 and Head of Corporate Communications, HiQ International AB. B.Sc. Economics, Stockholm University 1990. Employed since 1998. Previous positions: Producer and Financial Officer, Cirkus Cirkör; Producer and Marketing Manager, Fria Teatern; Business Administrator, Econtive Hotel & Restaurang. Holdings in HiQ: 2,000 warrants.

**ANDERS KARÉN**, born 1957. Vice President Operations, HiQ International AB since 2002. M.Sc. Industrial Economics, Linköping Institute of Technology 1981. Employed since 1999. Previous positions: Logistics Manager, Ericsson Radio Systems; Business Development Manager, Ericsson Radio Systems. Holdings in HiQ: 20,000 shares, 20,000 warrants.

**JERKER LINDSTÉN**, born 1971. Managing Director, HiQ Göteborg AB since 2004. M.Sc. Automation Engineering, Chalmers University of Technology 1995. Employed since 2004. Previous positions: Regional Manager, Sales Manager, Framfab Region West; Business Area Manager, etc., Telia. Holdings in HiQ: 6,000 shares.



KLAS NYSTRÖM



MIKAEL TENG

**FREDRIK MALM**, born 1974. CFO, HiQ International AB since 2002. M.Sc. Business and Economics, Stockholm School of Economics 1997. Employed since 2002. Previous positions: Corporate Finance, Enskilda Securities; Corporate Finance, Nordea Securities; Holdings in HiQ: 19,000 shares, 19,000 warrants.

**ANDERS NILSSON**, born 1970. Managing Director, HiQ Mälardalen since 2004. Qualified Engineer 1990. Employed since 2000. Previous positions: Project Manager, Celsius Test Systems; Product Manager, Volvo Aero Support; Licence Engineer, ABB. Holdings in HiQ: 880 shares.

**KLAS NYSTRÖM**, born 1955. Managing Director, HiQ Karlskrona AB since 2007. Naval Officer. Employed since 2007. Previous positions: Various positions at Telenor; Founder and Vice President of Testbolaget Sverige AB; Ericsson; Lieutenant-Commander in the Swedish Navy. Holdings in HiQ: 12,000 warrants.

**JUKKA RAUTIO**, born 1974. Managing Director, HiQ Finland Oy since 2010, Managing Director HiQ Quality Services OY 2008 – 2010. B.Sc 2001, Oulu University. Employed since 2008. Previous positions: Founder and managing Director, TSG Test Solutions. Holdings in HiQ: 400,00 shares.

**BO RINGDAHL**, born 1959. Managing Director, HiQ Stockholm AB since 2006. Business, economics and law, Stockholm University. Employed since March 1997. Salesperson/Section Head/Consultant, HiQ Stockholm. Previous positions: Freelance Consultant, CFO and VP, Memex. Holdings in HiQ: 12,000 warrants.

**LARS STUGEMO**, born 1961. President and CEO of HiQ International AB since 2000. M.Sc. Electrical Engineering, Royal Institute of Technology 1986. Employed since March 1995. Managing Director, HiQ Data AB 1998–2000. Previous positions: Managing Director, Communicator Infotech AB; Consultant and Account Manager, Enator Teknik AB. Holdings in HiQ: 815,500 shares, 32,000 warrants.

**MIKAEL TENG**, born 1964. Business Development Manager, HiQ International since 2007. M.Sc. Engineering, Royal Institute of Technology 1990. Employed since 1998. Previous positions: Global Account Manager and consultant, HiQ Stockholm; Manager, Accenture; Consultant, Tieto Enator; SW Engineer, Oerlikon Contraves AG, Switzerland. Holdings in HiQ: 4,000 warrants.

Includes related party holdings and holdings through companies.

## ORGANISATION

HiQ's operational activities are currently organised in ten subsidiaries with a total of 1,167 employees at yearend: HiQ Stockholm in Stockholm; HiQ Mälardalen in Arboga and Västerås; HiQ Göteborg; HiQ Skåne in Lund; HiQ Karlskrona; HiQ Ace in Linköping; HiQ København in Copenhagen, Denmark; and HiQ Finland and Frennds Technology in Finland. In addition, HiQ has a development center in Russia.

**HiQ Stockholm** (founded 1995) – systems development and management consulting in telecoms, finance & insurance, automotive, defence, industry and the public sector.

**HiQ Mälardalen** (founded 1992) – systems development and integration of various types of training simulators for aviation and military defence purposes. Specialises in modelling and simulation. Offices in Arboga, Borlänge and Västerås.

**HiQ Karlskrona** (founded 2004) – systems development, primarily in telecoms. Specialises in development and testing of telecoms systems for operators and suppliers.

**HiQ Ace** (acquired 2008) – systems development in the telecoms, defence and automotive sectors. Specialises in simulation technology for the automotive sector and the telecoms industry.

**HiQ Göteborg** (founded 1998) – systems development and management consulting in telecoms, automotive, industry and the public sector. Specialises in automotive IT and telematics.

### **HIQ ÖRESUND**

**HiQ Skåne** (founded 2002) – systems development in telecoms and industry.

**HiQ København** (acquired 2000) – systems development and management consulting in telecoms and industry.

### **HIQ FINLAND**

**HiQ Finland** (acquired 2002 and 2008) – specialises in quality assurance, systems development and project management in industry, telecoms, entertainment & gaming, finance and the public sector.

**Frennds Technology** (acquired 2010) – specialises in IT related to operations and integration of business processes and IT.

**HiQ Russia** (acquired 2007) – experts in software development for finance, telecoms, gaming etc.

## DEFINITIONS OF KEY RATIOS

**Operating profit/loss:** Operating profit/loss after depreciation.

**Gross margin:** Operating profit/loss after reversal of depreciation, as a percentage of net sales.

**Operating capital:** Operating profit/loss, as a percentage of net sales.

**Working capital:** Balance sheet total less non-interest-bearing provisions and liabilities, liquid assets and other interest-bearing assets.

**Return on shareholders' equity:** Profit/loss after tax in relation to average of opening and closing shareholders' equity.

**Return on working capital:** Operating profit/loss in relation to average of opening and closing working capital.

**Net sales per employee:** Net sales in relation to average number of employees.

**Added value:** Operating profit/loss plus salary expenses, including social security contributions and pension expenses.

**Added value per employee:** Added value in relation to average number of employees.

**Operating profit per employee:** Operating profit/loss in relation to average number of employees.

**Average number of employees:** Average number of employees during the year, converted into full-time employee equivalents.

**Equity/assets ratio:** Closing shareholders' equity as a percentage of closing balance sheet total.

**Direct yield:** Proposed dividend as a percentage of share price at end of financial year.

**Earnings/share:** Profit after tax divided by average number of shares, before and after dilution.

**Equity/share before dilution:** Shareholders' equity in relation to total number of outstanding shares.

**Equity/share after full dilution:** Adjusted equity, i.e. equity adjusted for the increase in equity arising from the exercise of warrants, in relation to total number of shares upon full exercise of all warrants.

**Cash flow/share before dilution:** Cash flow for the year in relation to total number of outstanding shares.

## HISTORY

**1992** The foundation stone of HiQ is laid with the formation of Statyetten Konsult AB and its subsidiary, Approve AB. Simulation technology forms the basis of the Group's operations.

**1995** HiQ is established in Stockholm with the task of expanding the business, focusing on telecoms.

**1998** The name of the Parent Company is changed to HiQ International AB.

**1998** Subsidiaries in Gothenburg and Oslo are established.

**1999** HiQ International is listed on the Stockholm Stock Exchange.

**2000** Two new subsidiaries are acquired, HiQ København in Denmark and HiQ Open in Gothenburg.

**2000** A subsidiary is established in Finland, HiQ East Oy.

**2002** Softplan Oy of Finland is acquired.

**2002** A new subsidiary, HiQ Skåne AB, is established in Lund. HiQ East Oy and HiQ A/S are wound up.

**2003** HiQ Väst and HiQ Open merge into one company, HiQ Göteborg AB.

**2004** Computer and Audio Technical Systems AB is acquired.

**2004** A new subsidiary, HiQ Karlskrona AB, is established.

**2007** Acquired MobilEyes AB.

**2008** Acquired Ace Simulation AB.

**2008** Acquired HiQ Quality Services Oy.

**2010** Acquired Friends Technology OY.

ADDRESSES

**HiQ INTERNATIONAL**

(Headquarter)  
Mäster Samuelsgatan 17, 9 tr  
(until July 2011)  
Regeringsgatan 20 (from August 2011)  
P.O. Box 7421  
SE-103 91 Stockholm, Sweden  
phone: +46 8 588 90 000  
fax: +46 8 588 90 001

**HiQ STOCKHOLM**

Mäster Samuelsgatan 17, 9 tr  
(until July 2011)  
Regeringsgatan 20 (from August 2011)  
P.O. Box 7421  
SE-103 91 Stockholm, Sweden  
phone: +46 8 588 90 000  
fax: +46 8 588 90 001

**HiQ GÖTEBORG**

Norra Hamngatan 22  
SE-411 06 Göteborg, Sweden  
phone: +46 31 743 91 00  
fax: +46 31 743 91 01

**HiQ SKÅNE**

Emdalavägen 10, 4 tr  
SE-223 69 Lund, Sverige  
phone: +46 46 540 55 50  
fax: +46 46 306 570

**HiQ MÅLARDALEN**

Gunnarsrovägen 2  
P.O. Box 206  
SE-732 24 Arboga, Sweden  
phone: +46 589 845 00  
fax: +46 589 845 01  
Linslagargränd 1, 1tr  
721 30 Västerås  
phone: 0589 - 845 00  
fax: 0589 - 845 01

**HiQ KARLSKRONA**

Campus Gräsvik 4  
SE-371 75 Karlskrona, Sweden  
phone: +46 768 800 801  
fax: +46 455 300 205

**HiQ ACE, LINKÖPING**

Teknikringen 8  
SE-583 30 Linköping, Sweden  
phone: +46 13 21 04 60  
fax: +46 13 21 04 61

**HiQ KØBENHAVN**

Marielundsvej 43B, 1  
2730 Herlev, Denmark  
phone: +45 45 20 11 10  
fax: +45 45 20 11 19

**HiQ FINLAND**

Vaisalantie 6  
02130 Espoo, Finland  
phone: +35 89 435 5860  
fax: +35 89 43 55 8686



