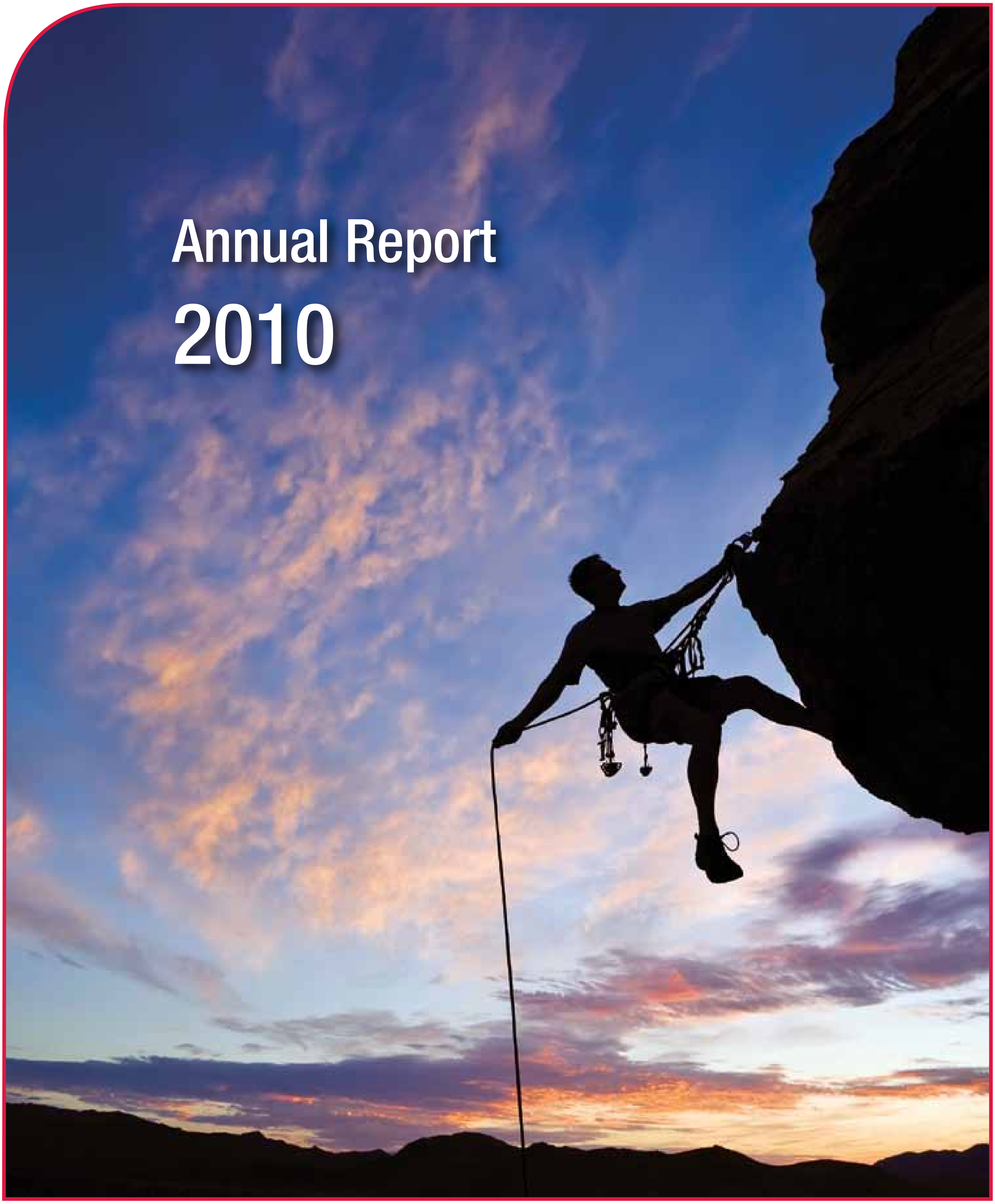
PROACT

Annual Report 2010



Annual report 2010

About PROACT

Proact is a specialist in storage, archiving and securing large volumes of mission-critical information. As an independent integrator, Proact provides systems, support and consulting services within its focus area of data storage and archiving.

The Proact Group has more than 420 employees and conducts business in Belgium, Czech Republic, Denmark, Estonia, Finland, Latvia, Lithuania, The Netherlands, Norway, Slovakia, Spain and Sweden. Proact was founded in 1994 and its parent company, Proact IT Group AB (publ) has been listed on Nasdaq OMX Stockholm since 1999 under the symbol PACT.

For information on what Proact has to offer, customer references, history and staff, etc., please see the company's website at www.proact.eu.

Annual General Meeting 2011

The Annual General Meeting will take place on Wednesday, 4 May 2011, at 6 p.m. in the Company’s premises at Isafjordsgatan 35, Kista.

Shareholders who are entered in the shareholder register kept by Euroclear Sweden on Thursday, 28 April 2011 and who have registered as described below shall be entitled to participate in the proceedings of the Annual General Meeting. Shareholders whose shares are registered to administrators must therefore temporarily register under their own names in the shareholder register to be entitled to participate in the proceedings of the Annual General Meeting, either personally or through a representative. Such re-registration must be completed by Thursday, 28 April 2011 at the latest.

Registration of participation in the Annual General Meeting must be received by the Company by 4 p.m. on Monday, 2 May 2011 at the latest. Registration may take place as follows:

Address:
Proact IT Group AB
FAO: Annual General Meeting
Box 1205
SE-164 28 KISTA
Tel.: +46 (0) 8 410 667 11
E-mail: arsstamma@proact.se

Future information

4 May 2011	Interim report, 1st quarter 2011
12 July 2011	Half-yearly report 2011
20 October 2011	Interim report, 3rd quarter 2011
15 February 2012	Year-end report 2011

Managing Director's Statement

2010 was another record year for Proact; sales rose to almost SEK 1.4 billion, with a profit before tax of SEK 70 million, giving a margin before tax of 5.1 %. Profits were up 17 % compared with 2009. The first six months of the year were strong and were followed by a slightly weaker third quarter and a very strong fourth quarter, with growth of 33 % adjusted for currency effects and with a margin before tax of 6.4 %. Proact's long-term target is to achieve a margin before tax of 7 %.

This growth means that Proact has taken market shares on a number of the markets in which the company is active. There are a number of reasons for these successes:

- attractive offers for customers
- growing quantities of digital information for storage and archiving
- dedicated, highly skilled and focused employees

Sales in Finland were up 45 %, and the operating profit increased by 142 %. This is the result of a couple of years of deliberate focus in order to establish new relations and customer segments, as well as combining offers to the market and increasing the proportion of contracted services. Over the year, the Netherlands have provided acknowledgement that the Proact business model does indeed work on new markets, as this company - which was newly established in 2008 - saw an operating margin of 4 % in 2010. Denmark is reporting a small profit. Further efforts will be made to bring about expansion and improvements in profits in Denmark.

The option for customers of buying system solutions as a service and paying for what is used, combined with finance through Proact Finance, gives the company a strong competitive advantage and is being received well by the market. Over the year, finance agreements worth over SEK 65 million have been entered into at Proact Finance.

An agreement was entered into over the fourth quarter concerning the acquisition of Storyflex Inc., a company operating in the Czech Republic and Slovakia. This company, which has 35 employees and sales in excess of SEK 100 million, is the dominant specialist in the field of storage and archiving on its market. The company will form part of the Proact Group as of the first quarter of 2011.

Early 2011 saw the acquisition of Databasement B.V., a company operating in the Netherlands, Belgium and Spain. This company, which has 52 employees and sales worth around SEK 180 million, has built up its business model around cloud-based storage and archiving services. The company's range of services in this field is the best on the market and can be implemented directly on other Proact markets. The company will be consolidated into Proact in the first quarter of 2011.

Photographer: T.Busch-Christensen

With these acquisitions, Proact has taken a further strategic step towards moving its focus from Northern Europe to Europe as a whole. Countries such as Poland, Germany and the United Kingdom are interesting, but our scheduling and priorities as regards the various markets do, as always, come second to what we consider the most important thing: finding the right people around whom we can build our business.

To create greater growth and continuing improvements in profits, the company is focusing on enhanced in-house efficiency, better sharing of knowledge and a developed process for handling innovations. The development of what Proact has to offer takes place via close contact both with world-leading suppliers of storage and archiving systems and with new, interesting, innovative startups.

I would like to thank our customers, the people who trust Proact to be their partner. What our customers demand from Proact is what forms the basis for our company's development.

I would also like to thank all our employees. Their hard work, executed very professionally, has made it possible for us once again to break records in terms of results.

Olof Sand
CEO, Proact IT Group AB (publ)

Directors' report 2010

The Board of Directors and the Managing Director of Proact IT Group AB (publ), corporate ID number 556494-3446, hereby submit the annual financial statement and group financial statement for the 2010 financial year, the company's sixteenth year of operation. The consolidated balance sheet and income statement and the balance sheet and income statement for the parent company will be ratified at the Annual General Meeting on 04 May 2011.

General information

The name of the company is Proact IT Group AB (publ), and it has its registered office in the Municipality of Stockholm, Sweden. The address of head office is Isafjordsgatan 35, SE-164 28 Kista. The company has been listed on NASDAQ OMX Stockholm with ticker symbol PACT since 1999.

Business approach

Proact specialises in storage and archiving, as well as securing large volumes of mission-critical information. As an independent integrator, Proact provides systems, consultancy services and support and operating services in its primary field of storage and archiving.

As at 31 December 2010, Proact employed 348 staff in Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway and Sweden.

The parent company, Proact IT Group AB (publ), is responsible for issues relating to the Group as a whole.

The past year

2010 has been characterised by strong growth in both sales and profits. The profit before tax has been better than the corresponding quarter in the previous year for the 24th quarter in a row.

Proact Finance, which was launched in 2009, has undergone strong growth over the year, and future contracted cash flows as at 31 December 2010 amount to SEK 61 million. Proact's range of operating and cloud-based services are being received well on the market. The combination of cloud-based services and finance through Proact Finance provides the company with a competitive advantage.

Early on in the year, the way in which profits developed in the Netherlands - where the company was launched in 2008 - indicated that Proact's effective business model can be established on new markets. As well as a few minor supplementary acquisitions in the Nordic countries, agreements were entered into concerning the acquisition of Storyflex, a company operating in the Czech Republic and Slovakia, over the fourth quarter of 2010. It is thought that the acquisition process will be completed in the first quarter of 2011.

New recruitment is an important factor for continuing growth on both new and established markets. Proact has taken on 64 (38) new employees over the year.

Group sales and profit

Sales per geographical area	Jan-Dec 2010	Jan-Dec 2009	Jan-Dec 2008	Jan-Dec 2007
Sweden	543.6	516.7	431.5	368.3
Finland	314.9	216.9	190.8	162.8
Norway	280.3	275.7	254.4	219.1
Denmark	134.1	130.0	96.9	63.1
The Netherlands	94.7	53.8	18.7	–
Lithuania	28.8	70.8	43.0	37.4
Latvia	18.1	15.5	20.2	25.1
Estonia	13.3	7.0	2.8	–
Intra-Group trading	–40.7	–33.7	–14.1	–11.0
Sales	**1,387.1**	**1,252.7**	**1,044.2**	**864.8**

Group sales over the year amounted to SEK 1,387 (1,253) million, which is equivalent to an increase of 11 % on 2009. Growth adjusted for currency effects amounted to 18 %. More or less all countries demonstrated positive growth in 2010.

As far as sales were concerned, system sales amounted to SEK 923 (803) million, an increase of 15 % compared with 2009. Services sales relating to consultancy services, agreed customer support and operating services amounted to SEK 460 (447) million for the whole year, which is equivalent to an increase of 3 %.

Operating profit per geographic area	Jan-Dec 2010	Jan-Dec 2009	Jan-Dec 2008	Jan-Dec 2007
Sweden	26.5	26.9	25.4	16.8
Norway	21.5	22.9	14.0	14.8
Finland	21.5	8.9	7.4	1.6
The Netherlands	3.8	0.8	–3.5	–
Lithuania	2.6	7.6	4.9	4.7
Latvia	1.7	1.2	1.5	2.5
Denmark	0.3	2.6	1.9	2.3
Estonia	–0.8	–2.6	–0.8	–
Elimination	–5.0	–8.3	–4.0	–3.3
Operating profit	**72.1**	**60.0**	**46.8**	**39.4**
Net financial items	–2.0	0.1	3.3	1.3
Profit before tax	**70.1**	**60.1**	**50.1**	**40.7**

The slightly lower profit before tax level for Sweden can be linked mainly with lower profitability in respect of operations and consultancy, while at the same time the establishment of the new presence in Sundsvall has taken longer than planned. Finland has developed well and demonstrated good growth and profitability over the last seven quarters. This development in comprehensive income can be attributed to both system and services sales. Operations in Norway are demonstrating stable profit levels, although these are slightly lower than last year. The investments in an increased client base and stability in Denmark have brought about positive results over the second six months of 2010. The Netherlands have developed well over the year. Proact has implemented a number of deals with hosting companies in which the various Proact finance concepts have been successfully applied. The earnings performance in the Baltic countries has been affected over the entire year by the low levels of economic activity in these countries. In spite of everything, Latvia and Lithuania are showing an operating profit thanks to the contracted suppose base. Different markets are of different strengths over time, which is why it is beneficial for Proact to be active on a number of markets.

Profit before tax amounted to SEK 70.1 (60.1) million for the 2010 financial year.

Tax for the year amounted to SEK 17.6 (7.8) million, which is equivalent to a tax rate of 25 %.

Profit per share amounted to SEK 5.43 (5.22).

Financial position and cash flows

The Group's liquid funds amounted to SEK 73.0 (97.4) million as at 31 December 2010. In addition, the Group has an unutilised overdraft facility of SEK 45.1 (42.0) million.

The equity/assets ratio was 21.4 (24.1) % as at 31 December 2010. This reduction is due mainly to an increase in balance sheet total due to greater accounts receivable in connection with a number of higher-volume deals in December 2010. Growth in net sales in December amounted to 40 %, compared with December of the previous year.

Cash flow from current operations amounted to SEK 63.6 million. Cash flow from financial operations amounted to SEK –36.0 million (of which SEK –19.2 million relates to buy-back of the company's own shares and SEK –14.7 million relates to dividends to shareholders and minority owners in subsidiaries).

The Group's investments in tangible fixed assets over the year amounted to SEK 39.8 (22.5) million, which is largely attributable to Proact Finance leasing operations.

Total goodwill for the Group amounts to SEK 75.1 (77.4) million, attributable primarily to the Swedish and Norwegian operations. Other intangible assets amount to SEK 16.2 (21.7) million and are depreciated over a useful life of no more than ten years.

The Group's total deductions for losses amount to SEK 97 (126) million. It has been assessed that all deductions for losses can be made use of against future taxable profits and the tax effect of the estimated future deduction has been recorded as a deferred tax claim.

As at 31 December 2010, a total of SEK 28.0 (33.5) million has been recorded as deferred tax claims pertaining to unutilised deductions for losses and temporary differences. Tax for the year amounts to SEK 17.6 (7.8) million, of which 6.7 (7.6) million has been paid.

Employees

The average number of employees over the year was 325 (315). On 31 December, the company employed 348 (328) people. The acquisition of Storyflex and Databasement brought the number of employees to 435 in early 2011.

Parent company

The parent company's turnover amounted to SEK 38.2 (33.6) million and relates to invoiced, groupwide expenses. Profit before tax amounted to SEK 25.5 (28.4) million. This profit is largely attributable to dividends from subsidiaries.

Cash flow over the year amounted to SEK 0.0 (0.0) million, of which cash flow from operations amounted to SEK 31.8 (33.1) million. The parent company's buy-back of its own shares amounted to SEK 19.2 (21.2) million. Over the year, dividends of SEK 12.6 million were given to the company's shareholders.

At the end of the year, 8 (5) people were employed by the parent company.

Environment

The company does not carry on any business affected by registration or licence obligations under the Swedish Environmental Code.

Research and development

The company does not have its own research and development department.

The company's research and development operations are run by means of close contact with leading suppliers of storage and archiving systems. The company also finds out about technical developments in the field by means of participation in trade fairs and seminars. This skills development for the staff is used for ongoing development of what the company has to offer.

Risks and uncertainty factors

The Group manages financial risks on the basis of a finance policy laid down by the Board. The Group's operational risks are mainly assessed and managed by the Group executive and reported to the Board at Proact.

The operational risks are that demand for the company's products and services will fall, and that the time from tender to order will increase due to caution among clients when making investments.

The financial risks involve currency risk, credit/counterparty risk, interest rate risk and liquidity/finance risk. The currency risk has been the most significant of these financial risks over the business year. The acquisitions which have taken place in 2010 and early 2011, as well as the good development which has taken place within Proact Finance, involve greater exposure to the above financial risks.

A major contracted agreement base, covering approximately one-third of total income, means that susceptibility to changes is limited. For a detailed description of risks and risk management, see Note 2.

Board and executive

Over the year, Olof Sand has been the Managing Director for the Swedish companies Proact IT Group AB and Proact IT Sweden AB and as Group President.

Other senior officers in 2010 were Jonas Persson (CFO of Proact IT Group AB), Arne Kungberg (Business Unit Director East), Martin Ödman (Business Unit Director West) and Peter Javestad (Managing Director of Proact Finance AB).

At the Annual General Meeting on 18 May 2010, Anders Hultmark was re-elected to the Board and appointed Chairman of the Board. Christer Holmén, Eva Elmstedt, Mikael Gottschlich and Roger Bergqvist were re-elected as Board members.

Each year, the Board defines an agenda for the Board and instructions for the Managing Director. This agenda determines – among other things – which issues are to be discussed, the forms of Board meetings, minutes and reports, as well as the distribution of work between the Board and the Managing Director.

The Board has met ten times in 2010. At all ordinary general meetings, the Board has discussed Proact's operations and financial position, looking at lines of business and financial administration. In addition, the Board has discussed strategic issues such as financial targets, the establishment of business and operational plans, acquisitions and disposals and issues relating to personnel and organisation, legal issues and essential policies. Individual Board members have assisted the Group executive on various issues of a strategic nature. The Board has appointed two Board members to make up an audit committee, two to make up a remuneration committee, and three to make up an acquisition committee. The company's auditor participates in Board meetings at least once a year and on such occasions reports on observations from the inspection. The audit committee has met three times over the year.

Guidelines on remuneration for senior officers

The Annual General Meeting for 2010 made a decision regarding the following guidelines for remuneration to senior officers, to remain in force until the time of the next Annual General Meeting.

Remuneration to the Managing Director and other senior officers will be made up of a set salary, variable remuneration (where applicable), other customary benefits and pension. Other senior officers include Business Unit Directors (= regional managers), the Managing Director of Proact Finance AB and the CFO for the Group. Total remuneration to officers must be in line with market conditions and competitive on the labour market on which the officer is active, and significant performance must be reflected in the total remuneration.

The set salary and variable remuneration must be related to the responsibilities and authorisations of the officials. The total variable remuneration for all senior officers must be maximised (to an amount corresponding, on average, to seven monthly salaries), based on results in relation to targets set, and coincide with the interests of shareholders.

Pension terms must be in line with market conditions, given the situation in the country in which the officer resides permanently.

The issue of remuneration to the Managing Director will be discussed by the Board, and for other senior officers this issue will be considered by the Managing Director.

The Board is entitled to deviate from the above guidelines if the Board is of the opinion that there are special reasons for doing so in the individual case in question. In the opinion of the Board, there has been compliance with the above guidelines for 2010.

The Board will propose to the 2011 Annual General Meeting that the above guidelines continue to apply.

Corporate governance

Corporate governance at Proact IT Group AB (publ) is based on the Companies Act, the Swedish Company Accounts Act, the Articles of Association, the listing agreement with NASDAQ OMX in Stockholm and the Swedish Code of Corporate Governance. The corporate governance report, including the Board of Directors' report on internal auditing for 2010, is included as a separate section in this annual report: see page 28. The report is also published on the company's website.

Ownership

Proact shares have been listed on NASDAQ OMX Stockholm with ticker symbol PACT since July 1999. Proact had 3,528 (3,801) shareholders as at 31 December 2010, of whom most were private individuals with small holdings. Major shareholders were Skandia Liv with 10.4 % (10.4 %), IGC Industrial Growth Co. AB 10.1 % (10.1 %), Swedbank Robur Småbolagsfonder 8.7 % (7.1 %), Skagen Fonder 7.9 % (8.1 %), Thyra Hedge 5.3 % (7.0 %), Öresund Investment AB 5.3 % (5.1 %) and SEB Fonder with a 4.6 % (–) holding.

As far as the Board of Directors is aware, there are no agreements between shareholders requiring specific information in accordance with the Swedish Company Accounts Act.

The share

Share capital amounts to SEK 10,618,837, divided over 9,333,886 shares with a quotient value of 1.14. All shares entitle the holder to an equal share of the company's assets and profits and entitle the holder to one vote at the general meeting. At the Annual General Meeting, every individual entitled to a vote may vote with the full number of votes he owns and represents in shares, without limitation as to voting rights. There were 154,300 shares in the company's own keeping as at 31 December 2010.

Buy-back of own shares

The buy-back of shares takes place with a view to optimising the company's capital structure. In accordance with a decision made at the Annual General Meeting on 18 May 2010, the 401,000 shares bought back between May 2009 and May 2010 have been withdrawn and cancelled.

At the Annual General Meeting, the Board of Directors was also authorised to acquire up to 10 per cent of the company's shares by the next Annual General Meeting. Thereafter, and up to 31 December 2010, 154,300 shares - approximately 1.7 % - have been acquired at an average price of SEK 90.70. Over the year, shares have been bought back at a cost of SEK 19.2 million.

Significant events after the end of the financial year

10 January 2011 saw the acquisition of Databasement B.V., a company operating in the Netherlands, Belgium and Spain. For more information, see note 32.

The purchase price of SEK 11.9 million relating to the acquisition of Storyflex was paid on 31 January 2011. For more information, see note 32.

Expectations of the future

Both companies and private individuals are saving more and more digital information, and research company IDC predicts that the volume of stored information will grow by more than 50 % per year over the next few years. As the technical systems are becoming more efficient, this volume growth means economic growth of approximately 5 % per year. Proact has major opportunities to demonstrate economic benefits to companies and authorities to be gained by modernising their technical systems for the storage and archiving of digital information. Proact's ambition is to grow twice as quickly as the market on the established markets, and even more quickly on the new markets. Growth may take place through both ongoing acquisitions and establishment of new companies. The company's scheduling and priorities as regards the various markets come second to what the company considers to be the most important thing: finding the right people around whom the business can be built.

According to everyone who has assessed the market, the strong market trend over the next few years will involve the development of cloud-based services, or "Cloud Services". This is also applicable to Proact's specialist field of storage and archiving. But nothing is either black or white, and it is thought that customers will be opting for cloud services for some of their storage and archiving needs, and to use their own internal systems for other storage and archiving. Proact has both technically and economically competitive solutions for both of these options. The acquisition of Databasement in early 2011 will help to greatly underpin what Proact has to offer the market in terms of cloud-based services, and hence to increase the proportion of contracted services.

Policy on dividends

The company's policy on dividends is adapted to suit the Group's profit level, financial position and investment requirements. The dividend proposal is weighed up between shareholders' demands for reasonable direct returns and the company's need to be able to finance itself. In the long term, Proact intends to issue a dividend of 25-35 % of profits after tax.

Dividend proposal and proposed appropriation of profits

The Board of Directors and Managing Director will propose a dividend of SEK 1.50 (1.35) per share to the Annual General Meeting for the 2010 business year.

The Annual General Meeting has at its disposal:

Retained earnings	SEK 47,369,389
Profit for the year	SEK 25,089,552
Total non-restricted equity	SEK 72,458,941

The Board of Directors and the Managing Director propose that retained earnings be managed as follows:

Dividend, SEK 1.50 per share	SEK 13,769,379
To carry forward	SEK 58,689,562
Total	SEK 72,458,941

There are 9,333,886 registered shares within the company, of which as at 28 February 2011 514,300 shares are bought-back own shares not entitled to dividends. The total of the dividend of SEK 13,769,379 proposed above may change, but to no more than SEK 14,000,829, if ownership of the number of bought-back own shares changes prior to the record day for dividends.

The Board submits the following statement of motivation in accordance with Chapter 18, Subsection 4 of the Companies Act in respect of the proposal on distribution of dividends:

"The proposed dividend amounts to 12 % of the company's equity and 7 % of the Group's equity. Non-restricted equity in the parent company at the end of the 2010 financial year amounted to SEK 72,458,941. The annual report indicates - among other things - that the Group's equity/assets ratio amounts to 21.4 %. The proposed dividend does not jeopardise the implementation of the investments deemed necessary.

In the opinion of the Board, the company has relatively high equity in relation to the scope of the company's operations and the risks associated with the implementation of operations. It may further be noted that the Group has liquid assets amounting to approximately SEK 73 million."

For the company's accounted profit/loss for the financial year and its situation as at 31/12/2010, please see the income statement and balance sheet below, the equity report and the cash flow analyses, as well as the notes pertaining to these.

Consolidated statement of comprehensive income

Amounts in SEK 000	Note	2010	2009
System income		923,437	802,859
Service income		460,176	447,188
Other revenue		3,529	2,649
Net sales	3,4,5,28	**1,387,142**	**1,252,696**
Cost of goods and services sold	6,9,14,19	–1,025,074	–925,796
Gross profit	5, 28	**362,068**	**326,900**
Sales and marketing expenses	9	–171,902	–161,849
Administration expenses	6,8,9	–118,062	–105,087
Operating profit	3,7,8,13,14,27	**72,104**	**59,964**
Financial income	10	1,026	1,427
Financial expenses	11	–2,996	–1,268
Profit/loss before tax	14	**70,134**	**60,123**
Income tax	12	–17,629	–7,754
Income for the year		**52,505**	**52,369**
Other comprehensive income			
Translation differences		–12,814	2,489
Total comprehensive income for the year		**39,691**	**54,858**
Profit/loss for the year attributable to:			
Parent company's shareholders		50,402	50,514
Holdings without a controlling influence		2,103	1,855
		52,505	**52,369**
Comprehensive income for the year attributable to:			
Parent company's shareholders		37,924	53,265
Holdings without a controlling influence		1,767	1,593
		39,691	**54,858**
EARNINGS PER SHARE			
Earnings per share for profit/loss attributable to the parent company's shareholders after buyback, SEK[1]	31	5,43	5,22
Weighted average number of shares after buy-back		9,279,372	9,675,410

1) The company has no outstanding instruments which may involve dilution.

Income statement for parent company

Amounts in SEK 000	Not	2010	2009
Net sales	3,5,28	38,205	33,617
Gross profit	5, 28	**38,205**	**33,617**
Administration expenses	6, 9	–35,348	–37,847
Operating profit	3,8,7	**2,857**	**–4,230**
Financial income	10	26,059	34,102
Financial expenses	11	–3,447	–1,436
Profit/loss before tax	14	**25,469**	**28,436**
Income tax	12	–379	8,413
Income for the year		**25,090**	**36,849**

Statement of comprehensive income for parent company

Amounts in SEK 000	2010	2009
Other comprehensive income	–	–
Total comprehensive income for the year	**25,090**	**36,849**

Consolidated balance sheet

Amounts in SEK 000	Not	31/12/2010	31/12/2009
ASSETS			
FIXED ASSETS			
Goodwill	6, 15	75,122	77,359
Other intangible assets	6, 15	16,202	21,713
Tangible fixed assets	6, 16	45,811	26,864
Pension receivables	13	1,494	1,267
Other long-term receivables	18	9,188	6,396
Deferred tax receivables	12	27,991	33,473
TOTAL FIXED ASSETS		**175,808**	**167,072**
CURRENT ASSETS			
Inventories	19	9,791	7,326
Accounts receivable	2, 20	432,953	317,851
Current tax receivables		3,299	3,124
Other receivables		4,099	5,133
Prepaid expenses and accrued income	21	172,062	152,915
Cash and cash equivalents	26	72,959	97,423
CURRENT ASSETS, TOTAL		**695,163**	**583,772**
TOTAL ASSETS		**870,971**	**750,844**
EQUITY AND LIABILITIES			
EQUITY	30		
Equity pertaining to the parent company's shareholders			
Share capital (9,333,886 shares, at quotient value 1.138)		10,619	10,619
Other capital contributions		297,964	297,964
Other reserves		–5,726	6,752
Retained earnings including profit/loss for the year		–119,900	–138,502
Equity pertaining to the parent company's shareholders		**182,957**	**176,833**
Equity pertaining to holdings without a controlling influence		**3,511**	**3,820**
TOTAL EQUITY		**186,468**	**180,653**
LIABILITIES			
Long-term liabilities			
Provisions for pensions	13	420	–
Bank loans	24	3,882	6,000
Other long-term liabilities	26, 32	1,859	2,520
Deferred tax liabilities	12	4,926	6,498
Long-term liabilities, total		**11,087**	**15,018**
Current liabilities			
Accounts payable		324,321	185,442
Current tax liabilities	12	11,321	9,779
Other liabilities	22	47,382	44,871
Accrued expenses and prepaid income	23	290,392	315,081
Current liabilities, total		**673,416**	**555,173**
TOTAL LIABILITIES		**684,503**	**570,191**
TOTAL EQUITY AND LIABILITIES		**870,971**	**750,844**
Assets pledged	25	31,981	32,891

Balance sheet for parent company

Amounts in SEK 000	Not	31/12/2010	31/12/2009
ASSETS			
FIXED ASSETS			
Tangible fixed assets	6, 16	237	462
Financial fixed assets			
Shares in Group companies	17	151,597	148,505
Other long-term receivables	18	4,599	4,599
Deferred tax receivables	12	8,034	8,413
FIXED ASSETS, TOTAL		**164,467**	**161,979**
CURRENT ASSETS			
Current receivables from Group companies	18	21,762	19,464
Other receivables		1,301	798
Prepaid expenses and accrued income	21	7,373	1,882
Cash and cash equivalents	26	–	–
CURRENT ASSETS, TOTAL		**30,436**	**22,144**
TOTAL ASSETS		**194,903**	**184,123**
EQUITY AND LIABILITIES			
EQUITY	30		
Restricted equity			
Share capital (9,333,886 shares, at quotient value 1.138)		10,619	10,619
Statutory reserve		28,236	28,236
Total restricted equity		**38,855**	**38,855**
Non-restricted equity			
Retained earnings		47,369	42,321
Profit/loss for the year		25,090	36,849
Total non-restricted equity		**72,459**	**79,170**
TOTAL EQUITY		**111,314**	**118,025**
LIABILITIES			
Long-term liabilities			
Current liabilities to Group companies	18	7,857	7,857
Current liabilities			
Accounts payable		3,294	1,493
Current liabilities to Group companies	18, 26	64,553	51,188
Other liabilities	22, 24	1,067	563
Accrued expenses and prepaid income	23	6,818	4,997
Current liabilities, total		**75,732**	**58,241**
TOTAL LIABILITIES		**83,589**	**66,098**
TOTAL EQUITY AND LIABILITIES		**194,903**	**184,123**
Securities pledged and contingent liabilities			
Assets pledged	25	4,599	4,599
Contingent liabilities for subsidiaries	25	64,483	51,573

Statement of changes in equity

GROUP			Attributable to the parent company's shareholders				Attributable to holdings without controlling influence	Total equity
Amounts in SEK 000	Note 30	Share capital	Other capital contributions	Translation of foreign operations	Retained earnings	Totalt		
Opening balance as at 1 January 2009		**10,619**	**297,964**	**4,001**	**–156,145**	**156,439**	**3,615**	**160,054**
Total comprehensive income for the year		–	–	2,751	50,514	53,265	1,593	54,858
Dividends to holdings without a controlling influence		–	–	–	–	–	–1,388	–1,388
Reduction of share capital		–533	–	–	533	–	–	–
Bonus issue		533	–	–	–533	–	–	–
Buy-back of own shares		–	–	–	–21,189	–21,189	–	–21,189
Dividends		–	–	–	–11,682	–11,682	–	–11,682
Closing balance as at 31 December 2009		**10,619**	**297,964**	**6,752**	**–138,502**	**176,833**	**3,820**	**180,653**
Total comprehensive income for the year		–	–	–12,478	50,402	37,924	1,767	39,691
Dividends to holdings without a controlling influence		–	–	–	–	–	–2,076	–2,076
Reduction of share capital		–437	–	–	437	–	–	–
Bonus issue		437	–	–	–437	–	–	–
Buy-back of own shares		–	–	–	–19,200	–19,200	–	–19,200
Dividends		–	–	–	–12,601	–12,601	–	–12,601
Closing balance as at 31 December 2010		**10,619**	**297,964**	**–5,726**	**–119,901**	**182,956**	**3,511**	**186,467**

PARENT COMPANY

Amounts in SEK 000	Note 30	Number of shares	Share capital	Statutory reserve	Retained earnings	Profit/loss earnings	Total equity
Opening balance as at 1 January 2009		**10,249,086**	**10,619**	**28,236**	**39,371**	**35,821**	**114,047**
Transfer of previous year's profit			–	–	35,821	–35,821	–
Dividends			–	–	–11,682	–	–11,682
Reduction of share capital			–533	–	533	–	–
Bonus issue			533	–	–533	–	–
Buy-back of own shares			–	–	–21,189	–	–21,189
Income for the year			–	–	–	36,849	36,849
Closing balance as at 31 December 2009		**9,734,886**	**10,619**	**28,236**	**42,321**	**36,849**	**118,025**
Transfer of previous year's profit			–	–	36,849	–36,849	–
Dividends			–	–	–12,601	–	–12,601
Reduction of share capital			–437	–	437	–	–
Bonus issue			437	–	–437	–	–
Buy-back of own shares			–	–	–19,200	–	–19,200
Income for the year			–	–	–	25,090	25,090
Closing balance as at 31 December 2010		**9,333,886**	**10,619**	**28,236**	**47,369**	**25,090**	**111,314**

Cash flow statements

Amounts in SEK 000	Noet	Group 2010	Group 2009	Parent company 2010	Parent company 2009
CASH FLOW FROM OPERATIONS FOR THE YEAR	26				
Income for the year		**52,505**	**52,369**	**25,090**	**36,849**
Adjustment for items not affecting cash flow:					
Depreciation and write-downs	15, 16	22,773	16,709	261	240
Writedowns of inventories		–	996	–	–
Financial items		12,930	281	2,199	504
Other adjustments	26	–1,121	–1,581	–	–
Changes in provisions	13	100	–3,402	–	–
Income tax	12	10,925	179	379	–8,413
Cash flow from current operations before changes in working capital		**98,112**	**65,551**	**27,929**	**29,180**
Cash flow from changes in working capital:					
Inventories		–2,098	90	–	–
Operating receivables		–149,601	–86,013	–13,583	–7,740
Operating liabilities		117,171	83,182	17,491	11,705
Cash flow from current operations		**63,584**	**62,810**	**31,837**	**33,145**
INVESTMENT ACTIVITIES					
Acquisition of businesses	17,26,32	–1,299	–938	–	–
Capital expenditure on tangible fixed assets	16, 26	–39,818	–22,497	–36	–274
Changes in long-term receivables		70	–42		
Cash flow from investment activities		**–41,047**	**–23,477**	**–36**	**–274**
FINANCING ACTIVITIES					
Dividends to holdings without a controlling influence	26	–2,076	–1,388	–	–
Dividends		–12,601	–11,680	–12,601	–11,682
Buy-back of own shares		–19,200	–21,189	–19,200	–21,189
Change, loans		–2,119	6,000	–	–
Cash flow from financing activities		**–35,996**	**–28,257**	**–31,801**	**–32,871**
CASH FLOW FOR THE YEAR		**–13,459**	**11,076**	**–**	**–**
Cash and cash equivalents, January 1	26	97,423	84,531	–	–
Translation difference in cash and equivalents		–11,005	1,816	–	–
CASH AND CASH EQUIVALENTS AT YEAR-END		**72,959**	**97,423**	**–**	**–**

Notes to the accounts

Amounts in SEK 000

Note 1 - Accounting principles

Corporate information

The consolidated accounts relating to the 2010 financial year for Proact IT Group AB have been prepared by the Board of Directors and Managing Director, who on 29 March 2011 have approved this annual report and these consolidated accounts for publication. The annual report and consolidated accounts will be submitted to the Annual General Meeting on 4 May 2011 for approval and adoption. The parent company is a Swedish limited company (publ) listed on NASDAQ OMX Stockholm and headquartered in Stockholm, Sweden. The primary operations of the Group involve offering specialist skills in the field of storage and archiving of large volumes of business-critical information.

General accounting principles

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), and interpretation pronouncements from the International Financial Reporting Interpretations Committee (IFRIC) as assumed by the EU. In addition, Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups has been applied.

The annual accounts for Proact IT Group AB have been compiled in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities). Differences between the parent company's and the Group's applied accounting principles stem from the limited opportunities for applying IFRS to the parent company as a consequence of the Annual Accounts Act, and in some cases because of applicable tax regulations. The most significant differences are described below under "Significant differences between the Group's and the parent company's accounting policies".

Changes to accounting principles and information

The Group applies the same accounting principles as those described in the annual report for 2009, with the following exceptions due to new or revised standards, interpretations and improvements which have been endorsed by the EU and are to be applied as of 1 January 2010. Only the changes which have affected the company are described below.

Over the year, the Group has introduced the following new and amended standards from IASB and statements from IFRIC as of 1 January 2010.

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements.

These revised standards were issued in January 2008 and will be applied for financial years commencing 1 July 2009 or later. IFRS 3R has introduced a number of changes to the reporting of business combinations executed after this date, which will affect the scale of reported goodwill, reported profit for the period in which the acquisition took place and future reported profits.

IAS 27R requires changes to participating interests in a subsidiary, where the majority shareholder does not lose controlling influence, to be recognised as equity transactions. As a consequence of this, these transactions will no longer give rise to goodwill, or lead to any profit or loss. In addition, IAS 27R has changed the reporting of losses occurring in subsidiaries, as well as loss of control of a subsidiary.

The changes to 3R and IAS 27R have not affected the income statements and balance sheets to any significant extent.

Standards amendments and interpretations which have not yet come into force or have been approved by the EU, and which have not been applied by the Group in advance.

The Group has opted to comment only on such IFRS and IFRIC interpretation as may affect the Group's financial results and position as of the 2011 financial year.

The most important effects of these changes are outlined below.

IFRS 7 Financial Instruments: It is expected that the supplements will be approved by the EU in the second quarter of 2011 and will involve submission of further quantitative and qualitative information when removing financial instruments from the balance sheet. If a transfer of assets does not result in removal as a whole, information must be provided on this. In the same way, if the company retains an interest in the removed asset, the company must also provide information on this.

IFRS 9, Financial Instruments: A new standard which includes new rules on write-downs, hedge accounting and removal from the balance sheet. IFRS 9 will probably be applied for the financial year commencing 1 January 2013 or later. Pending completion of all parts of the new standard, the Group has not evaluated the effect that introduction of this may have on the Group.

Consolidated financial statements

Scope of the Group

Subsidiaries are all the companies where the Group is entitled to formulate financial and operational strategies in a manner which normally ensues with a shareholding amounting to more than half the voting rights. Subsidiaries are included in the consolidated financial statements from the day on which controlling influence passes to the Group. They are excluded from the consolidated financial statements from the day on which the controlling influence ceases.

The purchase method

The purchase method is used to report on the Group's operating acquisitions. The purchase price for the acquisition of a subsidiary is made up of the fair value of transferred assets, liabilities and the shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities which are a consequence of an agreement on a conditional purchase price. Acquisition-related expenses are reported in the income statement when they arise. Identifiable acquired assets and transferred liabilities in a business combination are initially valued at fair value on the acquisition date. For every acquisition, the Group decides whether all holdings without a controlling influence in the acquired company are reported at fair value or at the proportional percentage of the net assets of the acquired company.

The amount by which the purchase price, any holding without a controlling influence and the fair value on the acquisition date of earlier shareholdings exceeds the fair value of the Group's share of identifiable acquired net assets is reported as goodwill. If this amount falls below the fair value for the assets of the acquired subsidiary, in the event of what is known as a "bargain purchase", the difference is reported directly in the statement of comprehensive income.

Internal Group transactions and balance sheet items, as well as unrealised profits and losses on transactions between Group companies are eliminated. The accounting principles for subsidiaries have been amended where necessary in order to guarantee consistent application of the Group's principles.

Translation of foreign subsidiaries

The consolidated financial reports are presented in Swedish kronor (SEK), which is the parent company's functional and presentation currency.

The income statements and balance sheets, including goodwill, of companies with functional currencies other than SEK are translated into SEK. As a result, assets and liabilities are translated at the rate on the balance sheet date and the income statements at the average rate over the period. Translation differences are recognised in the comprehensive income for the period as a separate item. When investments are divested, the previous translation differences are recognised in the income statement as part of capital gains.

Holdings without a controlling influence

Holdings without a controlling influence comprise the part of subsidiary results and net assets which are not directly or indirectly owned by the parent company. The Group handles transactions with holders without a controlling influence as transactions with the Group's shareholders. In the case of acquisitions from holders without a controlling influence, the difference between the purchase price paid and the current acquired share of the book book value of the subsidiary's net assets is recognised against equity. Profits and losses on divestments to holders without a controlling influence are also recognised against equity.

In 2010, Proact signed an agreement concerning the purchase of 60 % of Storyflex Inc. Operations will be run under the name Proact Czech Republic Ltd. The parties have entered into an agreement which means that Proact has the opportunity/an obligation to acquire the remaining share within three to seven years. The calculated value of the selling options assigned to owners without a controlling influence will be recognised as a provision for a conditional purchase price. This means that no share without a controlling influence will be recognised. Any change in the fair value of the selling options/purchase price will be recognised as an adjustment of equity.

Income recognition

Goods

The Group's income mainly comes from the sale and installation of hardware and software, maintenance and support services and independent IT consultancy services. Income from the sale of hardware and software is recognised when Proact has transferred all material risks and benefits associated with ownership of the product. In most cases this is at the time of transferring legal ownership or when the goods are physically handed over to the purchaser. In cases where material risks associated with the ownership of the goods remain, the sale has not been completed and thus income is not recognised.

Services

Maintenance and support income stems mainly from fixed price service agreements and is recognised on a straight-line basis over the term of the agreements. Consultancy services are normally recognised in income as currently invoiced, i.e. as the work is completed. Fixed price consultancy projects or currently invoiced consultancy projects with caps are recognised in income as they are confirmed. Of the estimated total income for a project, during each period the proportion settled corresponds to the share of estimated total costs accumulated during the period.

Rental income

Income from leasing operations is generated on an ongoing basis, and rental income is recognised on a straight-line basis over the rental period.

Tangible fixed assets

Property, plant and equipment are recognised at acquisition value less depreciation and writedowns. Expenditure that can be directly attributed to the acquisition of the asset is included in the historical cost. Depreciation of property, plant and equipment is based on the acquisition value of the assets and the estimated useful life. In this regard, a depreciation time of three years is applied for computers, five years for machinery and equipment and three years for spare parts. The useful life of the assets is tested on every balance sheet date and adjusted where required. The book value of assets is written down to recovery value if the asset's book value exceeds its assessed recovery value. Profits and losses during disposal are determined through comparison between the sales income and reported value, and are reported in the income statement.

Intangible fixed assets

Goodwill

Reported goodwill is the difference between - on the one hand - the acquisition value of Group company shares, the value of holdings without a controlling influence in the acquired operations and the actual value of a previously owned share, and on the other hand the reported value in the acquisition analysis of acquired assets and transferred liabilities. Goodwill is reported as shown in the section entitled Intangible fixed assets. A writedown test is carried out each year, as well as when there is an indication that an asset has fallen in value. Goodwill is allocated to cash generating units for the purposes of writedown testing. Each of these cash generating units constitutes the Group's business in each of the countries where this business is done. In cases where the carrying amount of the asset exceeds its estimated recoverable amount, the value of the asset is written down to its recoverable amount.

Client-related assets and support contract

Client-related assets and support contracts which are identified upon the acquisition of companies are recognised as intangible assets at acquisition value. Client-related assets are depreciated on a straight-line basis over a maximum of 10 years. In each case a useful life is set over which the support contracts are depreciated on a straight-line basis according to plan. If there are indications of impairment, the asset's recoverable amount is assessed. In cases where the carrying amount of the asset exceeds its estimated recoverable amount, the value of the asset is written down to its recoverable amount.

Write-downs

Assets that have an indeterminate useful life are not amortised but are tested annually for impairment. Assets which are depreciated/amortised are assessed in terms of decrease in value whenever an event or a change in circumstances indicates that the carrying amount may not be recoverable. The writedown made corresponds to the amount by which the book value of the asset exceeds its recovery value. The recovery value is the higher of an asset's fair value minus sales costs and value in use. During impairment testing, assets are grouped at the lowest levels at which there are separately identifiable cash generating units.

Financial assets

The Group classifies its financial assets in the following categories: financial assets at valued at fair value via the income statement, loans receivable and accounts receivable, financial instruments held to maturity and financial assets which can be sold. Classification depends on the purpose for which the instruments were acquired. The Group establishes the classification of the instruments at the time of first recognition. Only the instruments relevant to the Group are described below.

Financial assets valued at fair value via the income statement

Assets and liabilities in this category are constantly valued at fair value with value changes recorded in the income statement. This category consists of two subgroups: financial assets and liabilities held for trading and other financial assets and liabilities which the company has initially opted to value at fair value in the income statement. A financial asset is classified as a holding for trade if it is acquired with a view to being sold in the short term. Derivatives are always valued at fair value via a statement of comprehensive income.

Loans receivable and accounts receivable

Loans receivable and accounts receivable are non-derivative financial assets with determined or determinable payments which are not listed on an active market. It is noteworthy that they are incurred when the Group supplies money, products or services directly to a client without the intention of purchasing with the accrued claim. They are included in current assets, with the exception of items with due dates more than 12 months after the balance sheet date which are classified as non-current assets. Loans receivable and accounts payable are included in the Accounts receivable item in the balance sheet.

Assets in this category are valued at accrued acquisition value after the acquisition date. Accrued historical cost is determined from the effective interest that is calculated at the date of acquisition. Accounts receivable are recognised at the amount expected to be paid following individual assessment. The expected maturity of accounts receivable is short, and so the value has been recognised at a nominal amount without discount. Write-downs of accounts receivable are reported in operating expenses.

Financial liabilities

Accounts payable have short expected maturities and are valued at nominal value without discounting.

Borrowing is initially recognised at fair value, net after transaction costs. Borrowing is then recognised at accrued cost and any difference between the amount received (net after transaction costs) and the repayment amount is recognised in the income statement, distributed across the loan period, with the application of the effective interest method.

Inclusion of derivative financial instruments and hedges

Derivatives are included in the balance sheet on contract date and are valued at fair value, both at first inclusion and when subsequently reassessed. All derivatives are reported on an ongoing basis at fair value, with value changes reported in the statement of comprehensive income.

Calculation of fair value

The fair value of financial instruments traded in an active market (e.g. market listed derivatives and financial assets held for trading and financial assets held for sale) are based on listed market prices on the balance sheet date. Listed market prices used for the Group's financial assets are the relevant purchase price, the applied listed market price of financial liabilities is the relevant sale price.

The fair value of financial instruments such as forward exchange contracts which are not traded on an active market is established by using valuation techniques. Such methods may include an analysis of recent transactions of similar instruments or discounting of anticipated cash flows.

The nominal value less any assessed credits, for accounts receivable and liabilities to suppliers, are assumed to correspond to their fair value. The fair value of financial liabilities is calculated for disclosure in a note by discounting the future contracted cash flow at the current market rate of interest available to the Group for similar financial instruments.

Liquid assets and short-term investments

Liquid assets are deposited in bank accounts or invested in Swedish interest-bearing securities. The maturity of investments included in liquid assets is three months at the most.

Leasing

In Proact operations, the Group acts as both lessor and lessee.

Leasing agreements are classified as financial leasing agreements if the financial benefits and financial risks associated with ownership of the leased object are materially transferred from the lessor to the lessee. If this is not the case, the leasing agreement is reported as an operational leasing agreement.

Reporting of finance leasing agreements means that the lessee recognises the fixed asset as an asset in the balance sheet and that a corresponding liability is initially recognised. On first recognition, the leased asset is valued at an amount corresponding to its fair value or the minimum lease charge, whichever is lower. Fixed assets are depreciated according to finance leasing agreements over the estimated useful life, while the lease charges are recognised as interest and amortisation of the leasing liability.

In the case of operational leasing agreements, the lessee does not recognise the leased asset in the balance sheet. In the income statement, the lease charge for operational leasing agreements is distributed on a straight-line basis over the leasing period.

Where Proact is the lessor in accordance with an operational leasing agreement, the asset is classified among tangible fixed assets. The asset is covered by the Group's depreciation principles. The leasing charges are recognised in the income statement on a straight-line basis over the term of the lease. In the case of finance leasing agreements, when Proact is the lessor, the transaction is reported as a sale and a lease receivable is recognised, consisting of the future minimum lease charges and any residual values guaranteed to the lessor. Lease charges received are recognised as interest income and repayment of lease receivables.

Inventories

Stock is valued at the lowest of the acquisition value and the net selling price. The net realisable value is the estimated sales price in operating activities, after deductions for estimated expenses for preparation and for achieving a sale.

The acquisition value for inventories is based on the first-in first-out principle (FIFO) and includes costs arising upon acquisition of the inventories and their transport to their current location and condition.

Equity

Costs attributable to the new issue of shares or options are included in equity as a reduction in liquid assets. The buy-back of own shares is classified as own shares and recognised in equity as a deduction.

Dividends

Dividends proposed by the Board of Directors reduce distributable funds and are recognised as liabilities once the Annual General Meeting has approved the dividend.

Taxes

Deferred taxes are calculated according to the balance sheet method for all temporary differences that arise between the carrying value and the tax-related value of assets and liabilities. Deferred tax assets including as yet unexercised tax loss carryforwards are recognised only if it is deemed that they can be exercised. Deferred tax liabilities/tax assets are reassessed each year at the current tax rate and reported in the consolidated income statement as part of tax for the year. Tax liabilities/tax assets are assessed at nominal amounts and in accordance with the applicable tax rules and rates. Net deferred tax assets and deferred tax liabilities are recognised if they relate to the same tax authority.

Provisions

A provision is recognised in the balance sheet when there is a commitment as a consequence of an event that has occurred, and it is likely that an outflow of resources will be required to settle the obligation, and that a reliable estimate of the amount can be made. Where the time at which payment is made is material, provisions must be set at the net present value of the payments which are expected to be required to settle the liability.

Contingent liabilities

A contingent liability is present when there is a possible commitment that stems from events that have occurred and its existence is confirmed only by one or more uncertain future events or when there is a commitment that is not recognised as a liability or provision, because it is not likely that an outflow of resources will be required or the size of the commitment cannot be calculated in a reliable manner. Thus information is provided unless the likelihood of outflow of resources is extremely low.

Employee benefits

Pensions

Defined contribution plans

In defined contribution plans the Group pays contributions to a separate legal entity. The contributions are charged to income as they arise. The Group has no legal obligations other than paying something above the ongoing contributions.

Defined benefit plans

A defined benefit plan is a pension scheme which defines the amount of pension employees receive upon retirement. The factors which are normally decisive are age, number of years of service and salary. The company makes actuarial assumptions each year to calculate the liability and cost. Such assessment is carried out by independent actuaries. Liabilities are estimated at discounted values and reported in pension provisions. Actuarial gains and losses outside what is known as the 10% corridor are reported over employees' average remaining estimated employment time.

Severance pay

The Group reports expenses for severance pay in the income statement when it is demonstrably obliged either to give notice to employees in accordance with a detailed formal plan without the option of recall, or to provide compensation as a result of an offer made to encourage voluntary resignation from employment. Benefits due more than 12 months after the balance sheet date are discounted to net present value.

Bonus schemes

Where there are legal commitments the Group recognises a liability and a cost for bonuses based on a formula that allows for sales and/or gains in accordance with the company's bonus models.

Other benefits after termination of employment

Some Group companies provide other long-term benefits to their employees. The entitlement to these benefits is normally based on the employee remaining in the employ of the company until retirement and the employment period spanning a certain number of years. The anticipated cost of these benefits is distributed over the employment period using the same accounting method as for defined benefit schemes. Actuarial profits and losses as a consequence of experience-based adjustments and changes to actuarial assumptions are reported in the income statement in the period in which they arise. These obligations are valued annually by an independent actuary.

Cash flow analysis

The indirect method has been applied when drawing up the cash flow statement. When applying the indirect method, net payments to and from current operations are calculated by adjusting the net result for changes in operating income and expenses during the period, items which are not included in the cash flow and items which are included in the cash flow of investment and financing business. Cash and cash equivalents comprise cash balances and immediately accessible holdings in banks and corresponding institutes, and short-term investments with a maturity from the acquisition date of less than three months and which are exposed to only a minimal risk of value fluctuation.

Uncertain assessments and estimates

The balance sheet includes asset items: goodwill, intellectual rights and deferred tax receivables, which are tested each year for writedown needs. This test is based on assumptions on the future on the basis of circumstances which are known at the time of testing.

In addition, each year the book value of deferred tax assets is reviewed based on an examination of expected taxable income.

When calculating utilisation value of assets assumptions are made about future earnings evolution. Future earnings may not accord with the assumptions made if conditions in the market change without the company executive adapting the organisation and business in accordance with the changed market conditions; in which case future earnings may be worse and thus the need for major adjustments to recorded amounts may arise.

If Proact is acting as a lessor, the leasing agreements are classified as operational or financial, depending on - for example, the economic service life or the value of the minimum lease payments.

Significant differences between the Group's and parent company's accounting policies

The parent company is compliant with the same accounting principles as the Group, with the following exceptions.

Shares in subsidiaries are reported in the parent company in accordance with the cost method.

Note 2 - Financial risk management

The financial risks involve currency risk, credit/counterparty risk, interest rate risk and liquidity/finance risk. The currency risk has been the most significant of these financial risks over the business year. With acquisitions completed in late 2010 and, above all, in early 2011 and the good development of Proact Finance, the company will be affected to a greater extent by all of the above financial risks in future.

Currency risk

Currency risk is the risk of changes in currency exchange rates having an adverse effect on the income statement, balance sheet and cash flow. Proact has a currency risk in the USD and EUR currencies in particular as most of its purchases are made from suppliers that invoice in these currencies. The currency risk which may arise is managed by means of a currency clause with customers which covers the currency risk which may occur from the time of tendering until delivery to the customer, and also by hedging major purchases in foreign currencies. Proact's finance policy means that exposure exceeding EUR 200 thousand/ USD 250 thousand must be hedged. Forward contracts must have a term of no more than three months. The market value of outstanding forward contracts is SEK -137 (-655) thousand, which has affected the income statement by an equivalent amount. Net assets in foreign subsidiaries and the permanent financing of subsidiaries are not hedged. The purchase and sale of foreign currencies is reported in Note 14.

Sensitivity analysis

The sensitivity analysis below on this page describes how Proact's profits are affected by changes of a number of variables important to the Group. The impact on earnings has been calculated based on circumstances in 2010 and the events must be viewed as isolated, without measures being taken to compensate for any drop-off in earnings.

Credit/counterparty risk

Credit risk is the risk that the counterparty in a transaction will not meet its financial contractual obligations and that collateral does not cover the company's receivable. The predominant element of Proact's credit risk relates to receivables from customers. Proact's sales are divided over a large number of end-customers spread over a wide geographical area, which limits the concentration of credit risk. The credit risk within the Group must be kept to a minimum by establishing a credit limit for each and every one of the company's customers and partners, as well as entering into agreements where considered necessary with a view of minimising credit risk.

The biggest customers can be found in telecoms, the public sector, oil/energy and trade/services. The ten biggest customers are responsible for 32 (31) % of sales, and no one customers total solutions is responsible for more than 7 (5) %. The biggest customers are spread over a number of countries within the Proact Group. Below is a time analysis of accounts receivable as at 31 December:

	SEK m 2010	% 2010	SEK m 2009	% 2009
Not due	384.8	88.9	285.1	89.7
< 30 days	39.0	9.0	27.6	8.7
31-60 days	2.8	0.6	2.7	0.8
61-90 days	3.7	0.9	1.0	0.3
>90 days	2.7	0.6	1.5	0.5
Total	**433.0**	**100**	**317.9**	**100**

Customer losses in 2010 amount to SEK – (31) thousand, and uncertain receivables to SEK 181 (–) thousand.

According to the company's finance policy, the parent company must manage the Group's investments of surplus liquidity. Investments must be made in bank accounts or in interest-bearing Swedish securities. Securities must relate to government bonds or certificates issued by banks or by brokers owned by banks. Investments must only be made in certificates with a K1 rating or in certificates issued by finance companies which are under the supervision of the Swedish Financial Supervisory Authority. No investments may have a term longer than six months. Over the year, investments have been made to a lesser extent only as interest rates have been exceptionally low.

Interest risk

Interest risk is the risk that permanent changes in market interest rates will adversely affect cash flow or the fair value of financial assets and liabilities. Group income and cash flow from operations have been essentially independent of changes in market interest levels. However, the interest risk will increase as financing operations increase in scope, and also when loan financing is required to a greater extent in the event of future acquisitions. A rising interest rate constitutes a risk, primarily because it may reduce customers' general willingness to invest. The Group's total lending amounted to SEK 3.9 (6.0) million as at 31 December 2010.

Liquidity/finance risk

Fundamentally, liquidity risk is managed with caution. Liquidity planning, in combination with credit limits and lending facilities, is used to ensure that the Group has sufficient liquid funds at all times.

"Finance risk" relates to the risk of the financing of the Group's capital requirements and refinancing of outstanding loans being impaired or made more expensive. The credit facilities consist of overdraft facilities amounting to SEK 45.1 (42.0) million, which was unutilised as at 31 December 2010.

The financial position of the company is strong. At the end of the year, Proact had liquid assets of SEK 73.0 (97.4) million, an equity/assets ratio of 21.4 (24.1) % and unutilised overdraft facilities as stated above.

This strong financial position guarantees endurance and places Proact in a good position to continue to make the most of opportunities for growth.

The company is unable to guarantee that no capital requirement will arise. Failure to generate profits or meet future needs for finance may substantially affect the market value of the company. Short-term liquidity requirements are currently provided for by overdraft facilities.

Sensitivity analysis

Important factors	Change	Effect on profits before depreciation (SEK m) 2010	Effect on profits before depreciation (SEK m) 2009	Effect on equity after 27% tax (SEK m) 2010	Effect on equity after 27% tax (SEK m) 2010
Sales volume	+/–5%	+/–26.5	+/–24.7	+/–19	+/–18
Gross margin	+/–2%-percentage points	+/–27.7	+/–25.1	+/–20	+/–18
Personnel expenses	+/–5%	–/+16.8	– /+16.4	–/+12	–/+12
Currency exchange rate, SEK/USD	+/–10%	+/–22.5	+/–19.9	+/–16	+/–15
Currency exchange rate, SEK/EUR	+/–10%	+/–5.7	+/–5.4	+/4	+/4

Note 3 - Reporting by segment

The information below is presented from an executive perspective, which means that it is presented in the manner applied in internal reporting.
Reportable segments are identified on the basis of internal reporting to the highest executive decision-maker.
The Group has identified the Managing Director as the highest executive decision-maker, and operations are controlled and reported by geographical market.
These segments are consolidated in accordance with the same principles as the Group as a whole. Transactions between segments take place under market conditions.

2010 financial year	Sweden	Finland	Norway	Denmark	Netherlands	Lithuania	Latvia	Estonia	Other	Elim.	Group
SALES											
External sales	511,811	313,453	270,132	132,488	86,008	28,796	17,269	12,359	14,826		1,387,142
Internal sales	31,759	1,475	10,235	1,589	8,655	0	805	975	0	–55,493	–
Net sales	**543,570**	**314,928**	**280,367**	**134,077**	**94,663**	**28,796**	**18,074**	**13,334**	**14,826**	**–55,493**	**1,387,142**
PROFIT											
Operating profit	**26,473**	**21,467**	**21,522**	**321**	**3,792**	**2,605**	**1,663**	**–828**	**1,669**	**–6,580**	**72,104**
Financial income											1,026
Financial expenses											–2,996
Tax											–17,629
Profit/loss for the year											**52,505**
Tangible fixed assets	**8,862**	**4,699**	**2,306**	**1,058**	**2,215**	**663**	**127**	**209**	**36,251**	**–10,579**	**45,811**

2009 financial year	Sweden	Finland	Norway	Denmark	Netherlands	Lithuania	Latvia	Estonia	Other	Elim.	Group
SALES											
External sales	493,427	214,882	270,161	127,180	53,759	70,789	15,542	6,956	–		1,252,696
Internal sales	23,308	2,049	5,536	2,809	0	0	0	46	–	–33,748	–
Net sales	**516,735**	**216,931**	**275,697**	**129,989**	**53,759**	**70,789**	**15,542**	**7,002**	**–**	**–33,748**	**1,252,696**
PROFIT											
Operating profit	**26,914**	**8,871**	**22,947**	**2,570**	**774**	**7,646**	**1,218**	**–2,649**	**–**	**–8,327**	**59,964**
Financial income											1,427
Financial expenses											–1,268
Tax											–7,754
Profit/loss for the year											**52,369**
Tangible fixed assets	**6,666**	**4,224**	**2,990**	**1,132**	**1,138**	**1,155**	**190**	**221**	**12,289**	**–3,141**	**26,864**

Note 4 - Sales per sector

	Group	
	31/12/2010	31/12/2009
Public sector	320,280	262,266
Retail and wholesale trade and services	288,843	220,309
Telecom	283,559	257,528
Oil, energy	178,438	166,706
Manufacturing industry	165,864	156,436
Banking, finance	72,553	111,099
Media	54,791	31,766
Other	22,814	46,586
Total sales	**1,387,142**	**1,252,696**

Note 5 - Intragroup purchasing and sales

Of the parent company's total purchasing expenses and sales income, SEK 11,278 (18,235) thousand, 62 % (72 %) refers to purchasing and SEK 37,368 (33,617) thousand, 98 % (100 %) refers to sales to other group companies.

Note 6 - Depreciation and write-downs

	Group		Parent Company	
	2010	2009	2010	2009
Depreciation included in expenses for sold goods and services				
- Spare parts and demonstration equipment	3,237	3,093	–	–
Depreciation included in administration expenses				
- Tangible assets	14,788	8,289	261	240
- Intangible assets	4,748	5,327	–	–
Total	**22,773**	**16,709**	**261**	**240**

Note 7 - Research and development costs

No research and development costs were specifically charged to income or capitalised during the year.

Note 8 - Operating expenses and information on auditors' fees

Fees and remuneration	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Ernst & Young				
Audit as per order	1,071	1,041	174	176
Audit beyond order	47	–	–	–
Tax advice	92	354	71	330
Other services	277	199	157	191

Auditing work refers to the scrutiny of the annual report and bookkeeping and administration by the Board of Directors and Managing Director. Audit assignments also include what the company's auditor is required to perform, advise on or other contributions resulting from observations made during this auditing work.

The cost of sold goods, sales and marketing expenses and administrative expenses include depreciation of SEK 22,773 (16,709) thousand and payroll expenses amounting to SEK 320,198 (310,531) thousand.

Note 9 - Average number of employees, salaries, other remuneration and social costs, etc

Average number of employees	Average number 2010	Average number 2009	of which men 2010	of which men 2009
Parent Company				
Sweden	7	5	6	4
Subsidiaries				
Sweden	133	135	119	119
Norway	65	65	57	57
Finland	42	37	37	32
Denmark	30	31	26	27
Latvia	12	10	8	6
Lithuania	16	18	12	13
Estonia	7	6	6	5
Netherlands	13	9	11	8
Total subsidiaries	**318**	**310**	**276**	**267**
Group total	**325**	**315**	**281**	**271**

Members of the Board of Directors and senior officers	Number 2010	Number 2009	of which men 2010	of which men 2009
Group and parent company				
Members of the Board of Directors and Managing Director/Group President	6	6	5	5
Other senior officers	4	11	4	9

Salaries, remuneration and social costs	Salaries and remuneration to the Board of Directors and Managing Director, COO (of which bonuses, etc.) 2010	2009	Salaries and remuneration to other employees 2010	2009	Salaries and remuneration Total 2010	2009	Social costs (of which pension expenses) 2010	2009
Parent Company								
Sweden	4,325	4,819	5,997	3,498	10,322	8,317	6,098	4,344
	(1,447)	(1,560)					(2,024)	(1,391)
Subsidiaries								
Sweden	–	–	83,534	86,432	83,534	86,432	38,640	39,238
	(–)	(–)					(10,333)	(10,155)
Norway	1,837	1,434	61,418	63,710	63,255	65,144	13,992	9,099
	(546)	(446)					(4,873)	239
Finland	1,569	1,634	35,761	31,639	37,330	33,273	8,893	8,032
	(466)	(467)					(6,876)	(5,910)
Denmark	1,618	2,481	30,010	30,149	31,628	32,630	1,801	2,144
	(128)	(748)					(1,554)	(1,904)
Latvia	429	496	2,296	1,982	2,725	2,478	564	541
	(67)	(105)					–	–
Lithuania	446	630	2,908	4,244	3,354	4,874	1,036	1,506
	(33)	(194)					–	–
Estonia	342	399	1,752	1,990	2,094	2,389	713	807
	(38)	(58)					–	–
Netherlands	3,376	1,623	9,578	6,652	12,954	8,275	1,265	1,008
	(390)	–					(304)	(297)
Total subsidiaries	**9,617**	**8,697**	**227,257**	**226,798**	**236,874**	**235,495**	**66,904**	**62,375**
	(1,668)	(2,018)	–	–	–	–	(23,940)	(18,027)
Group total	**13,942**	**13,516**	**233,254**	**230,296**	**247,196**	**243,812**	**73,002**	**66,719**
	(3,115)	(3,578)					(25,964)	(19,418)

Note 9 continued - Average number of employees, salaries, other remuneration and social costs, etc

Remuneration to the Board of Directors and senior officers

	Directors' fees		Committee fees	
	2010	2009	2010	2009
Board Chairman Anders Hultmark	340	257	39	36
Board member Roger Bergqvist	137	87	48	36
Board member Eva Elmstedt	137	87	34	13
Board member Christer Holmén	137	87	43	27
Board member Mikael Gottschlich	137	87	16	9
Board Chairman Staffan Ahlberg 1)	0	107	0	13
Board member Anna Lindström 2)	0	43	0	13
Board member Dag Sehlin 2)	0	43	0	13
Board member Terje Thon 2)	0	43	–	–
Summa	**888**	**840**	**180**	**160**

1) Chairman of the Board until the 2009 Annual General Meeting.
2) Board member until the 2009 Annual General Meeting.

	Managing Director		Other senior officers	
	2010	2009	2010	2009
Set salaries	2,568	2,220	3,888	10,130
Performance-related pay	1,120	1,521	1,388	3,003
Benefits	88	102	180	786
Pension costs	837	669	929	1,510

All group companies except for the Norwegian company follow the principle of defined contribution pension plans.

The Managing Director's pension premium is equivalent to 33 per cent of his ordinary annual salary but as a maximum the amount deductible by the company and health insurance. The variable element of the salary provides no entitlement to a pension. Retirement age is 65.

The Managing Director's pensionable salary for the year amounted to SEK 2,568 (2,220) thousand for the year.

There are no other pension liabilities besides the paid-in pension contributions.

The company must give the Managing Director up to 3 months' notice of termination of employment, and the Managing Director must give the company 3 months' notice.

Should the company give notice to terminate his employment, the Managing Director is entitled to severance pay of 12 months' salary plus pension costs.

The variable element of the Managing Director's salary is based on the company's growth and profit.

There were four other senior officers in 2010. In 2009, there were eleven other senior officers. Of the other senior officers, three people are employed by the parent company and one person is employed by subsidiaries.

Proact's pension terms in accordance with a defined contribution pension plan are applicable to other senior officers.

The variable element of the salary entitles the incumbent to a pension, and retirement age is 65.

The pensionable salary for other senior officers for the year amounted to SEK 5,126 (8,412) thousand for the year.

There are no other pension liabilities besides the paid-in pension contributions.

The company must give other senior officers 3-9 months' notice of termination of employment, and other senior officers must give the company 3-6 months' notice. Should the company give notice to terminate their employment, other senior officers are entitled to severance pay of 0-12 months' salary.

The variable element of the salaries of other senior officers is based on growth and profits both locally and within the Group.

Queries relating to remuneration and benefits to the Managing Director and other senior officers will be dealt with by the Board of Directors.

Options

There are no option programmes.

Proact shareholdings of the Board of Directors, the Managing Director and other senior officers

Styrelse	Shareholding in Proact 31/12/2010
Anders Hultmark (through company)	942,607
Roger Bergqvist	1,500
Eva Elmstedt	–
Christer Holmén	–
Mikael Gottschlich (through company)	497,006

Managing Director and other senior officers:	Shareholding in Proact 31/12/2010
Olof Sand (Managing Director)	91,974
Jonas Persson	5,825
Martin Ödman	19,000
Peter Javestad	8,600
Arne Kungberg	7,051

Note 10 - Financial income

	Group		Parent Company	
	2010	2009	2010	2009
Interest income	851	1,056	458	406
Interest income from Group companies	–	–	1,104	1,114
Income from participations in Group companies	–	–	24,497	32,582
Currency differences	–	–	–	–
Other items	175	371	–	–
Total	**1,026**	**1,427**	**26,059**	**34,102**

The Group's entire financial income is attributable to loans and receivables.

Note 11 - Financial expenses

	Group		Parent Company	
	2010	2009	2010	2009
Interest expenses	539	401	253	253
Interest expenses to Group companies	–	–	994	678
Currency differences	2,323	764	2,199	504
Other items	134	103	1	1
Total	**2,996**	**1,268**	**3,447**	**1,436**

All of the Group's financial expenses are attributable to other liabilities.

Note 12 - Tax on profit for the year

Tax expense (–) / tax income (+)	Group		Parent Company	
	2010	2009	2010	2009
Current tax for the year	–13,784	–11,199	–	–
Deferred tax	–3,845	3,445	–379	8,413
Tax expense in the income statement	**–17,629**	**–7,754**	**–379**	**8,413**

During the year, the Group paid tax of SEK 6,704 (7,575) thousand, and SEK – (–) thousand for the parent company.

	Group		Parent Company	
Reconciliation of effective tax	2010	2009	2010	2009
Reported profit before tax	70,134	60,123	25,469	28,436
Tax for the parent company, based on the Swedish tax rate of 26.3%	–18,445	–15,812	–6,698	–7,479
Difference attributable to foreign tax rates	–132	323	–	–
Non-deductible expenses	–1,874	–1,177	–92	–83
Non-taxable income	426	45	6,443	8,569
Losses for the year for which no deferred tax claims may be capitalised	–240	–730	–	–
Tax effect for the year relating to capitalised unused loss carryforwards from previous years	1,508	8,988	–	7,424
Other adjustments relating to deferred tax	1,128	610	–32	–18
Tax expense (–) / tax income (+)	**–17,629**	**–7,754**	**–379**	**8,413**

Deferred tax assets and tax liabilities

There are temporary differences in cases of differences between the reported tax values of assets or liabilities. The group's temporary differences and loss carryforwards have resulted in deferred tax liabilities and tax assets regarding the following items:

Group

Deferred tax assets	Opening balance	Deferred tax reported in income statement	Currency rate differences	Closing balance
Underskottsavdrag	31,885	–6,299	–339	25,247
Goodwill	–24	–61	7	–78
Materiella anläggningstillgångar	2,313	1,190	–118	3,385
Övrigt	1,998	167	–138	2,027
Avsättningar	–48	–134	–10	–192
Kvittning	–2,651	253	–	–2,398
Summa uppskjuten skattefordran	**33,473**	**–4,884**	**–598**	**27,991**

Deferred tax liability	Opening balance	Deferred tax reported in income statement	Currency rate differences	Closing balance
Other intangible assets	–5,823	1,318	288	–4,217
Goodwill	–3,326	–26	245	–3,107
Offset	2,651	–253	–	2,398
Total deferred tax liabilities	**–6,498**	**1,039**	**533**	**–4,926**

Net deferred tax assets and tax liabilities are reported when there is a legal set-off right for current tax assets and liabilities. Deferred tax assets have been reported for unused loss carryforwards relating to tax losses in the subsidiaries where the company has assessed that these unused loss carryforwards can be utilised against future taxable profits. Expected taxable profits have been calculated assuming positive growth in the forthcoming years in the data storage markets and 3 % profitability growth has been assumed for the future.

Deferred tax is not reported on temporary differences attributable to participations in subsidiaries.

Future effects are reported when Proact can no longer control the time of charging back the temporary differences. The positive profit development over the year has resulted in the Group being able to report a tax cost of SEK –17 629 (–7 754) thousand as equalisation of profits between the countries has not been possible.

Parent Company

	Opening balance	Deferred tax	Closing balance
Unused loss carryforwards	8,413	–379	8,034
Total deferred tax assets	8,413	**–379**	**8,034**

Unutilised loss carryforwards

Unutilised loss carryforwards are reported as deferred tax assets when it is likely that these can be utilised to offset future taxable excesses. The parent company's unutilised loss carryforwards amount to SEK 30,546 (31,989) thousand. In 2009, a tax effect of SEK 8,413 thousand was reported in the parent company relating to previous years' unutilised loss carryforwards.

The group's unutilised loss carryforwards amounted SEK 96,603 (125,727) thousand, of which SEK 96,598 (121,749) thousand have been deemed to be utilisable, which is why deferred tax receivables of SEK 25,247 thousand have been reported.

Can be utilised at the latest by:

Year	31/12/2010
2011	–
2012	–
2013	–
2014	–
2015	–
Not subject to time limit	96,603
Total unutilised loss carryforwards	**96,603**

Note 13 - Pension and other long-term remuneration to employees

	Group	
Pension and other long-term remuneration to employees	2010	2009
Provisions – opening balance	1,267	–1,953
Provisions/writebacks for the period	–100	3,402
Exchange rate differences for the year	–93	–182
Receivables/Provision at end of period	**1,074**	**1,267**

All group companies except for the Norwegian company follow the principle of defined contribution pension plans. Until 2003, the Norwegian companies in principle operated a defined benefit pension plan. This collective pension plan mainly depends on the number of years of service, salary level at pensionable age and the size of the state participation. The pension plan has been financed through payments to funds in insurance companies.

In 2004, the Norwegian company changed to a new pension plan (ITP) except for a few people born before 1947, for whom the previous defined benefit plan continues to apply. The new pension plans are mostly defined contribution plans but a small proportion has been classified as defined benefit plans.

Long-term remuneration to employees comprises benefits which are based on the employee remaining in the employ of the company until retirement and the employment period spanning a certain number of years.

The following assumptions have been used in actuarial calculations of defined benefit pension plans and other payments:	2010	2009
Discount rate	3.6%	4.4%
Expected return on pension assets in funds	5.0%	5.6%
Future annual salary increases	4.0%	4.3%
Future annual pension increases	0.9%	1.3%
G adjustment	3.8%	4.0%
Employee turnover	0.0%	0.0%
Payroll tax	14.1%	14.1%

Managed assets	2010	2009
Shares	14.5%	9.9%
Real estate	19.6%	20.0%
Interest-bearing long-term receivables	45.3%	43.0%
Interest-bearing current receivables	18.9%	26.7%
Other	1.7%	0.4%
	100%	**100%**

No part of the managed assets is invested in the company's own equity instruments or other assets.

	Defined benefit pension plan		Other long-term remuneration to employees	
The amount reported in the consolidated income statement is as follows:	2010	2009	2010	2009
Costs pertaining to employment during the current year	–180	–202	–1,484	–1,431
Interest expenses	–359	–346	–276	–187
Expected return on pension assets in funds	531	549	445	390
Administration expenses	–129	–125	–48	–47
Payroll taxes	–31	–28	–181	–177
Actuarial gains and losses	122	0	–936	3,436
Net pension costs for the year are included in pension expenses	**–46**	**–153**	**–2,480**	**1,985**

Provision, pension and other long-term remuneration to employees	2010	2009	2010	2009
Net present value of pension liabilities	–8,480	–8,712	–7,247	–6,610
Minus pension assets in funds	9,775	10,058	7,957	7,766
Calculated surplus (+) / deficit (–)	**1,295**	**1,345**	**710**	**1,156**
Payroll taxes	–	–	–	–13
Actuarial gains and losses	–879	–1,222	–52	–
Receivables/Provisions for pensions, net liability	**416**	**124**	**658**	**1,143**

Present value of defined benefit pension liabilities	2010	2009	2010	2009
Amount at start of year	–8,712	–8,383	–6,610	–4,486
Benefits earned over the year	–180	–202	–1,484	–1,431
Benefits paid	318	327	91	94
Interest expenses	–359	–346	–276	–187
Actuarial gains/losses	–196	937	515	–4
Currency differences	649	–1,046	517	–597
Amount at year-end	**–8,480**	**–8,712**	**–7,247**	**–6,610**

Change in funded pension funds	2010	2009	2010	2009
Amount at start of year	10,058	8,667	7,766	5,628
Premiums paid by employer	312	212	1,812	1,163
Return on pension funds	531	549	445	390
Benefits paid from funded pension funds	–318	–471	–91	–154
Actuarial gains and losses	70	–	–1,335	–
Administration expenses	–129	–	–48	–
Currency differences	–749	1,102	–592	739
Amount at year-end	**9,775**	**10,058**	**7,957**	**7,766**

Defined benefit pension plan	2010	2009	2008
Pension liabilities	–8,480	–8,712	–8,778
Funded pension funds	9,775	10,058	9,326
Surplus/Deficit	**1,295**	**1,345**	**547**

Note 14 - Foreign currencies

Exchange rate differences affecting net result for the year	Group		Parent Company	
	2010	2009	2010	2009
Cost of sold product	–1,799	361	–	–
Net financial items	–2,149	–393	–2,199	–504

Invoicing and goods purchases in foreign currencies

Most goods are purchased from the USA and Europe, and therefore the company is affected by changes in the dollar and euro exchange rate respectively.

	Group		Parent Company	
	2010	2009	2010	2009
USD 000				
Invoicing, USD	23,881	17,272	–	–
Share of sales	13%	11%		
Goods purchases, USD	54,959	44,890	–	–
Share of goods purchases	47%	45%		
EUR 000				
Invoicing, EUR	6,856	10,686	–	–
Share of sales	5%	9%		
Goods purchases, EUR	12,832	15,899	–	–
Share of goods purchases	14%	22%		

Accounts receivable and accounts payable in foreign currencies	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
USD 000				
Accounts receivable, USD	13,078	3,190	–	–
Percentage of total accounts receivable	21%	7%		
Accounts payable, USD	17,846	8,237	–	–
Percentage of total accounts payable	37%	32%		
EUR 000				
Accounts receivable, EUR	706	1,498	–	–
Percentage of total accounts receivable	1%	5%		
Accounts payable, EUR	3,799	1,684	–	–
Percentage of total accounts payable	11%	9%		

Hedges as at 31 December 2010

As at balance sheet date the Group's forward hedges amounted to USD 4,393 (3,540) thousand and EUR 1,533 (200) thousand in the Group and relate to accounts payable.

As at 31 December, accounts receivable in foreign currencies amounted to SEK 95,319 (38,517) thousand and accounts payable amounted to SEK 155,596 (76,844) thousand. Of accounts payable, SEK 43,683 (27,603) have been hedged with forward exchange contracts. The market value of forward contracts as at 31 December 2010 meant an unrealised loss of SEK 137 (655) thousand, which has affected the income statement by an equivalent amount.

There are no outstanding forward contracts in the parent company.

Net investments in foreign subsidiaries	31/12/2010	31/12/2009
Equity in foreign subsidiaries divided by currency		
DKK 000	12,576	12,311
EUR 000	2,698	1,462
NOK 000	41,091	37,790
LVL 000	217	185
LTL 000	2,177	3,913
EEK 000	577	–2,919

Note 15 - Intangible fixed assets

	Goodwill	Customer relations	Support contractst	Total
Acquisition value – opening balance as at 1 January 2010	195,305	35,264	5,131	235,700
Acquisitions for the year from acquisition of business	1,467	–	333	1,800
Currency differences	–9,403	–893	–304	–10,600
Closing accumulated acquisition value	**187,369**	**34,371**	**5,160**	**226,900**
Opening depreciation and writedowns	–117,946	–16,999	–1,683	–136,628
Depreciation for the year	–	–3,697	–1,051	–4,748
Currency differences	5,699	64	37	5,800
Year-end accumulated depreciations	**–112,247**	**–20,632**	**–2,697**	**–135,576**
Book value as at 31 December 2010	**75,122**	**13,739**	**2,463**	**91,324**
Acquisition value – opening balance as at 1 January 2009	192,048	33,832	3,808	229,688
Acquisitions for the year from acquisition of business	–	–	938	938
Currency differences	3,257	1,432	385	5,074
Closing accumulated acquisition value	**195,305**	**35,264**	**5,131**	**235,700**
Opening depreciation and writedowns	–116,729	–12,324	–762	–129,815
Depreciation for the year	–	–4,421	–906	–5,327
Currency differences	–1,217	–254	–15	–1,486
Accumulated depreciation and writedowns – closing balance	**–117,946**	**–16,999**	**–1,683**	**–136,628**
Book value as at 31 December 2009	**77,359**	**18,265**	**3,448**	**99,072**

	Group	
Allocation of goodwill	31/12/2010	31/12/2009
Sweden	39,357	39,357
Norway	21,108	22,777
Finland	648	745
Denmark	1,467	–
Latvia	5,277	6,074
Lithuania	7,265	8,406
Total	**75,122**	**77,359**

The value of the intangible asset "Customer relations" is largely attributable to the acquisition of Dimension AB in 2004 and the acquisition of Xperion AS in 2008.

The acquisitions for the year relate to final payment for the acquisition of the Danish company Orchestra Nordic in 2009, as well as this year's acquisition of the Danish company Great Solutions AS; see also Note 32.

Writedown test

Any goodwill writedown needs are tested each year by calculating the future utilisation value of each cash-generating unit. Cash-generating units are the countries in which investment was made. When estimating the future utilisation value, the future cash flows of the respective cash-generating units have been calculated based on the forthcoming 5 budget years assuming an eternal growth of 3%. A discount rate of 14% before tax (10% after tax) has been applied to calculations. The discount rate is based on a ten-year bond rate plus a risk factor which varies between the various cash-generating units.

Testing writedown needs also comprises a sensitivity analysis where future growth in profitability has been calculated for 0% and 3% growth respectively and the discount rate is altered by +/– 3 percentage points.

Writedown needs are present if the reported value of goodwill exceeds the calculated future utilisation value. No such need is deemed to exist for 2010.

There was no need for writedown for 2009, either.

Note 16 - Tangible fixed assets

	Group		Parent Company	
	31/12/10	31/12/09	31/12/10	31/12/09
Computers and machinery				
Opening balance, historical cost	59,853	43,465	1,264	989
Acquisitions for the year	35,120	18,174	36	275
Sales/disposals	–1,876[1)]	–1,487	–	–
Currency differences	–3,326	–299	–	–
Closing accumulated acquisition value	**89,771**	**59,853**	**1,300**	**1,264**
Opening balance, depreciation	–40,184	–34,914	–802	–561
Depreciation for the year	–13,557	–6,984	–261	–241
Sales/disposals	–	1,435	–	–
Currency differences	2,801	279	–	–
Year-end accumulated depreciations	**–50,940**	**–40,184**	**–1,063**	**–802**
BOOK VALUE	**38,831**	**19,669**	**237**	**462**

1) Divestment for the year relates to fixed assets which have been reclassified as financial leasing.

	Group		Parent Company	
	31/12/10	31/12/09	31/12/10	31/12/09
Equipment				
Opening balance, historical cost	18,511	17,562	–	–
Acquisitions for the year	1,280	1,208	–	–
Sales/disposals	–203	–175	–	–
Currency differences	–1,020	–84	–	–
Closing accumulated acquisition value	**18,568**	**18,511**	**–**	**–**
Opening balance, depreciation	–15,849	–14,741	–	–
Depreciation for the year	–1,231	–1,305	–	–
Sales/disposals	190	146	–	–
Currency differences	786	51	–	–
Year-end accumulated depreciations	**–16,104**	**–15,849**	**–**	**–**
BOOK VALUE	**2,464**	**2,662**	**–**	**–**

	Group		Parent Company	
	31/12/10	31/12/09	31/12/10	31/12/09
Spare parts				
Opening balance, historical cost	36,667	33,831	–	–
Acquisitions for the year	3,418	3,115	–	–
Sales/disposals	–	–66	–	–
Currency differences	–2,861	–213	–	–
Closing accumulated acquisition value	**37,224**	**36,667**	**–**	**–**
Opening balance, depreciation	–32,134	–29,455	–	–
Depreciation for the year	–3,237	–3,093	–	–
Sales/disposals	–	33	–	–
Currency differences	2,663	381	–	–
Year-end accumulated depreciations	**–32,708**	**–32,134**	**–**	**–**
BOOK VALUE	**4,516**	**4,533**	**–**	**–**
TOTAL BOOK VALUE, TANGIBLE FIXED ASSETS	**45,811**	**26,864**	**237**	**462**

Note 17 - Shares in group companies

Shares in Group companies	Corp. Ident. No.	Headquarters	Number of shares	Capital participation in %	Book value 31/12/2010 SEK 000	Book value 31/12/2009 SEK 000
Proact IT Sweden AB	556328-2754	Stockholm, SE	47,456,047	100%	59,257	59,257
Proact IT Norge AS	971 210 737	Oslo, NO	2,407,500	100%	49,523	49,523
Proact Finland OY	1084241-2	Espoo, FI	20,000	100%	15,519	15,519
Proact Systems A/S	18 803 291	Brøndby, DK	600	100%	3,085	3,085
Proact Finance AB	556396-0813	Sollentuna, SE	500,000	100%	5,000	5,000
Proact IT Latvia SIA	LV40003420036	Riga, LV	850	85%	4,432	4,432
Proact Lietuva UAB	BI01-66	Vilnius, LT	7,386	74%	7,845	7,845
Proact Netherlands B.V.	20136449	Baarn, NL	9,180	51%	2,271	2,271
Proact Estonia AS	115131151	Tallinn, EE	21,727	70%[1]	4,665	1,573
					151,597	**148,505**
Indirect shares in Group companies						
Shares in Proact IT Sweden AB						
Dimension NetAssist AB	556578-0961	Stockholm, SE	10,000	100%	1,000	1,000
Kipling Holding AB	556537-6414	Stockholm, SE	4,122,800	100%	3,385	3,385
					4,385	**4,385**
Shares in Kipling Holding AB						
Dimension Telecom AB	556527-1219	Stockholm, SE	5,000	100%	3,377	3,377
Kip-Tel Latin America Ltda	35.216.363.356	São Paolo, BR	50,000	100%	40	40
					3,417	**3,417**

Any goodwill writedown needs on shares in subsidiaries are examined each year by calculating the future utilisation value for each subsidiary, as commented on in Note 15. No writedown needs have been identified.

1) The parent company holds 3 835 preference shares.

	Parent Company	
Shares in subsidiaries	31/12/2010	31/12/2009
Opening book value	148,505	147,102
Acquisitions for the year	3,092	1,403
Closing accumulated acquisition value	**151,597**	**148,505**
BOOK VALUE	**151,597**	**148,505**

	Parent Company	
Income from participations in Group companies	2010	2009
Dividends, earned	24,497	32,582
Total	**24,497**	**32,582**

Note 18 - Receivables and liabilities with group companies and Other long-term receivables

	Parent Company		
	<1 year	1–5 years	>5 years
Receivables with group companies due within	21,762	–	–
Liabilities with group companies due within	64,553	–	7,857

There are no subordinated loans to foreign subsidiaries.

	Group		Parent Company	
Other long-term receivables	31/12/10	31/12/09	31/12/10	31/12/09
Frozen accounts of tenancy agreements	5,623	5,623	4,599	4,599
Receivables relating to financial leasing	2,195	–	–	–
Other long-term receivables	1,370	773	–	–
Total	**9,188**	**6,396**	**4,599**	**4,599**

Note 19 - Inventories

Inventories are valued at the acquisition value or the net sales value, whichever is the lower. The reported value of goods in stock may need to be written down if they are exposed to damage, if all or some of them become too old or if their sale prices decline.

Of the total value of inventories, SEK 9,791 (7,326) thousand has been reported at fair value. During the year, the group wrote down inventories for SEK 27 (996) thousand.

Note 20 - Accounts receivable

	Group	
	31/12/10	31/12/09
Accounts receivable	433,134	317,851
Provisions for impairment of accounts receivable	–181	–
Accounts receivable - net	**432,953**	**317,851**

The Group is recognising a write-down of accounts receivable amounting to SEK – (31) thousand in 2010. This loss has been included in the item Sales and marketing expenses in the income statement.

Note 21 - Prepaid expenses and accrued income

	Group		Parent Company	
	31/12/10	31/12/09	31/12/10	31/12/09
Prepaid rental costs	3,385	3,112	–	8
Prepaid insurance premiums	3,320	4,173	485	345
Prepaid maintenance charges	115,372	107,576	–	–
Accrued agreement income	30,596	23,376	–	–
Other items	19,389	14,678	6,888	1,529
Total	**172,062**	**152,915**	**7,373**	**1,882**

Note 22 - Other liabilities

	Group		Parent Company	
	31/12/10	31/12/09	31/12/10	31/12/09
Personnel withholding tax	8,193	8,312	1,067	563
VAT liabilities	30,582	33,109	–	–
Other items	8,607	3,450	–	–
Total	**47,382**	**44,871**	**1,067**	**563**

All liabilities are due for payment within one year.

Note 23 - Accrued expenses and prepaid income

	Group		Parent Company	
	31/12/10	31/12/09	31/12/10	31/12/09
Accrued wages and salaries	22,885	25,331	1,055	938
Accrued holiday pay liabilities	21,849	23,638	1,961	1,094
Accrued social costs	13,013	15,082	2,342	1,481
Prepaid service income	204,337	206,496	–	–
Other items	28,308	44,534	1,460	1,484
Total	**290,392**	**315,081**	**6,818**	**4,997**

Note 24 - Financial assets and liabilities

	Group	
Other financial liabilities	31/12/10	31/12/09
Currency derivatives	137[1)]	655
Bank loans	3 882	6 000
Total other financial liabilities	**4 019**	**6 655**

1) Due for payment within 1-2 months of the start of 2011.

Interest-bearing liabilities 31/12/2010	Interest	Maturity	Book value
Bank loans	NSSu + 1.2 %[1)]	31/10/2012	3,882
Unused overdraft facility	–[2)]	–	–

1) Interest will be payable over one month.
2) The limit for the Group overdraft facility is SEK 45,085 thousand, and for the parent company SEK – thousand.

Interest-bearing liabilities 31/12/2009	Interest	Maturity	Book value
Bank loans	NSSu + 1.2 %[1)]	31/10/2012	6,000
Unused overdraft facility	–[2)]	–	–

1) Interest will be payable over one month.
2) The limit for the Group overdraft facility is SEK 42,047 thousand, and for the parent company SEK – thousand

Financial assets and liabilities per valuation category

Group 2010	Assets and liabilities valued at fair value via income statement	Loans and accounts receivable	Other liabilities	**Total carrying amount**	**Fair value**
Financial lease receivables	–	2,195	–	2,195	2,195
Rent deposits	–	5,623	–	5,623	5,623
Accounts receivable	–	432,953	–	432,953	432,953
Cash and cash equivalents	–	72,959	–	72,959	72,959
Total financial assets	**0**	**513,730**	**–**	**513,730**	**513,730**
Accounts payable	–	–	324,321	324,321	324,321
Bank loans	–	–	3,882	3,882	3,882
Currency derivatives	137	–	–	137	137
Total financial liabilities	**137**	**–**	**328,203**	**328,340**	**328,340**

Group 2009	Assets and liabilities valued at fair value via income statement	Loans and accounts receivable	Other liabilities	**Total carrying amount**	**Fair value**
Financial lease receivables	–	–	–	–	–
Rent deposits	–	5,623	–	5,623	5,623
Accounts receivable	–	317,851	–	317,851	317,851
Cash and cash equivalents	–	97,423	–	97,423	97,423
Total financial assets	**–**	**420,897**	**–**	**420,897**	**420,897**
Accounts payable	–	–	185,442	185,442	185,442
Bank loans	–	–	6,000	6,000	6,000
Currency derivatives	655	–	–	655	655
Total financial liabilities	**655**	**–**	**191,442**	**192,097**	**192,097**

Calculation of fair value

According to IAS 39, financial instruments must be valued at fair value in the balance sheet.
To do this, information is required on valuation at fair value for each level in the following fair value hierarchy:

Listed prices (unadjusted) on active markets for identical assets or liabilities (level 1).

Observable data for assets or liabilities other than listed prices included in level 1, either directly (i.e. as price listings) or indirectly (i.e. derived from price listings) (level 2).

Data for assets or liabilities which is not based on observable market data (i.e. non-observable data) (level 3).

Of the Group's financial assets and liabilities, only currency derivatives are valued at fair value with value changes recorded in the income statement. All currency derivatives have been classified level 2 in accordance with the above value hierarchy.

Note 25 - Assets pledged, contingent liabilities and commitments

Assets pledged

	Group		Parent Company	
	31/12/10	31/12/09	31/12/10	31/12/09
Chattel mortgages 1)	26,358	27,268	–	–
Frozen resources 2)	5,623	5,623	4,599	4,599
Total pledged assets	**31,981**	**32,891**	**4,599**	**4,599**

1) Chattel mortgages refer to security placed for overdraft facilities in Sweden and Finland amounting to SEK 32,246 (27,928) thousand
2) Security for rental contract SEK 5,623 (5,623) thousand. In the parent company, corresponding security amounts to SEK 4,599 (4,599) thousand. Frozen liquid funds are included in the item Other long-term receivables.

Contingent liabilities

The parent company has contingent liabilities relating to bank guarantees and other guarantees and other business arising during normal business operations. No significant liabilities are expected to stem from these contingent liabilities.

	Group		Parent Company	
	31/12/10	31/12/09	31/12/10	31/12/09
Guarantees for				
subsidiaries' overdraft facilities	–	–	45,085	42,047
Bank loans	–	–	3,882	6,000
Other guarantees for subsidiaries	–	–	15,516	3,526
Total contingent liabilities	**–**	**–**	**64,483**	**51,573**

Commitments

As at 31 December 2010, the company had no contracted undertakings which had not yet been reported in the financial statements which would result in significant future disbursements, except for commitments relating to operating and support activities. For leasing commitments, see Note 27.

Note 26 - Supplementary information on the cash flow statement

Information concerning interest paid

During the period, interest received in the group amounted to SEK 969 (1,297) thousand and SEK 458 (406) thousand in the parent company.

During the period, interest paid in the group amounted to SEK 557 (247) thousand and SEK 253 (252) in the parent company.

	Group	
Restructuring reserve	31/12/10	31/12/09
Opening balance	–	178
Provision	–	–
Payment	–	–
Verification	–	–178
Translation difference	–	–
Closing balance	**–**	**–**

Other adjustments

With the acquisition of Norwegian company Xperion AS in 2008, the purchase price amounted to SEK 17,361 thousand, of which SEK 12,699 thousand was paid in cash and the difference, SEK 4,662 thousand, is made up of a long-term liability which is attributable to undertakings for future services at market value. In 2010, SEK 743 (1,404) thousand of this debt was regulated.

Acquisition of subsidiaries and activities

In 2010, the company acquired 100 % of shares in Danish company Great Solutions A/S. In addition, the final payment relating to the 2009 acquisition of Orchestra Nordic was made in 2010.

In 2009, the customer base and existing support contracts were acquired from the Danish company Orchestra Nordic.

Divestment of subsidiaries and activities

No subsidiaries or activities were divested in 2010.

Acquisition of tangible fixed assets

Tangible fixed assets worth SEK 39,818 (22,497) thousand were acquired during the year.

Dividends to holders without a controlling influence

During the year, dividends amounting to SEK 2,076 (1,388) thousand were paid out to holders without a controlling influence in partly-owned subsidiaries in the Baltic region.

	Group		Parent Company	
Cash and cash equivalents	31/12/10	31/12/09	31/12/10	31/12/09
Cash and bank equivalents	72,959	97,423	–1)	–1)

1) The parent's company's liquid assets relate to the balance of the group account and are booked as liabilities to group companies. As at 31 December 2010, this amounted to SEK –43,727 (–36,095) thousand.

Of Group liquid assets, SEK 17,713 (23,225) thousand relate to partly-owned companies in the Baltic region and the Netherlands.

Frozen liquid assets

The group has total frozen liquid assets of a total of SEK 5,623 (5,623) thousand. Of these, SEK 5,623 (5,623) thousand are included in Other long-term receivables and relate to security for rental contracts.

Transactions not settled in liquid assets

In 2010, all essential transactions were settled in cash and no transactions were settled by other means.

Note 27 - Leasing

Leasing undertakings

Lessors - Operational leasing agreements

Proact runs hire operations by supplying equipment to customers in accordance with operational leasing agreements. In most of the deals entered into, agreements have been signed concerning both the hire of hardware and the supply of support services. The future contracted leasing income is distributed as follows:

	Group Operational leasing
Within 0-1 years	20,792
Within 1-5 years	35,992
After more than 5 years	–
	56,784

The income for operational leasing agreements within the Group in 2010 amounted to SEK 11,801 (1,485) thousand.

Lessees - Operational leasing agreements

The group has leasing undertakings mainly for tenancy agreements and the hire of office inventory and vehicles. As at 31 December 2010, future leasing undertakings in the Group and parent company for leasing contracts were distributed as follows:

	Group Operational leasing	Parent Company Operational leasing
Within 0-1 years	23,168	282
Within 1-5 years	43,683	336
After more than 5 years	5,700	–
	72,551	**618**

In 2010, the cost of leasing assets in the Group amounted to SEK 27,650 (29,468) thousand of which variable charges for financial leasing amounted to SEK – (–). In 2010, the cost of leasing assets in the parent company amounted to SEK 220 (210) thousand.

Lessors - Financial leasing agreements

Proact offers customers lease financing, hire purchase, via Proact Finance AB. Future amortisations plus interest will be received as follows:

	Gross investment	Present value of future minimum lease charges
Within 0-1 year	774	693
Within 1-5 years	1,572	1,502
After more than 5 years	–	–
	2,346	**2,195**
Unearned finance income	–	151
	2,346	**2,346**

Note 28 - Information on related parties

Besides those reported in Notes 5 and 9, the following transactions were made between related parties: Of operating income for the year, payment of SEK 436 thousand has been received from related parties with regard to products and services. Of operating costs SEK 93 thousand were paid out to related parties during the year in respect of rental costs. All prices were on market terms.

Related parties refer to the company's Managing Director and companies in which any of the members of the Board of Directors of Proact are active.

Note 29 - Events subsequent to balance sheet date

10 January 2011 saw the acquisition of Databasement B.V., a company operating in the Netherlands, Belgium and Spain. For more information, see note 32.

The purchase price of SEK 11.9 million relating to the acquisition of Storyflex Inc. was paid on 31 January 2011. For more information, see note 32.

Note 30 - Equity

Share capital

The share capital item relates to the parent company's share capital. A reduction in share capital of SEK 437 thousand has taken place in 2010 due to the fact that 401,000 shares have been invalidated. In addition, share capital has been increased by means of a bonus issue of SEK 437 thousand, and a transfer took place with a corresponding amount from non-restricted equity.

Total no. of shares	
Outstanding shares as at 01/01/2010	9,734,886
Invalidated	–401,000
Outstanding shares as at 31/12/2010	**9,333,886**

No. of shares bought back	
Opening balance, shares bought back in own keeping	333,000
Buy-back	222,300
Invalidated	–401,000
No. of shares bought back, not invalidated, 31 December 2010	**154,300**

Other capital contributions

Other paid-up capital item consists of capital arising from transactions with shareholders, such as premium issues.

Translation of foreign subsidiaries

Other reserves consists of translation differences attributable to the translation of foreign subsidiaries.

Specification of translation differences	Group
Opening balance, 01/01/2009	4,001
Change, 2009	2,751
Change, 2010	–12,478
Closing balance, 31/12/2010	**–5,726**

Retained earnings

Retained earnings in the group includes results for the year and previous year, the buy-back of own shares, dividends to shareholders and a bonus issue which took place over the year.

Attributable to holdings without a controlling influence

This item refers to holdings without a controlling influence in Estonia, Latvia, Lithuania and the Netherlands.

Capital

Proact's managed capital consists of equity. The aim of the company is to prepare profits to shareholders by increasing the value of the managed capital. There are no external capital requirements other that those referred to in the Swedish Companies Act.

Parent Company

Each share entitles the holder to one vote. All shares issued are fully paid up. A dividend of SEK 12,601 thousand, equivalent to SEK 1.35 per share, was issued in 2010. The Board of Directors will propose to the AGM on 4 May 2011 the distribution of a dividend of SEK 1.50 per share for the 2010 financial year. The total dividend will amount to SEK 13,769 thousand, or a maximum of SEK 14,001 thousand if the number of bought-back own shares changes prior to the record day for dividends. The parent company has not issued any share options or conversion rights.

Note 31 - Earnings per share

Earnings per share are calculated by dividing the result attributable to the shareholders in the parent company by the "Weighted average number of shares".

	Group	
	31/12/10	31/12/09
Weighted average number of shares	9,500,969	9,949,136
Weighted average number of shares after buy-back	9,279,372	9,675,410

Note 32 - Acquisitions

Acquisitions, 2010

Acquisition of Storyflex Inc.

On 20 October 2010, Proact entered into an agreement to purchase 60 % - with an option of acquiring the remaining 40 % - of Storyflex Inc., a company operating in the Czech Republic and Slovakia.

Operations will be run under the name Proact Czech Republic Ltd. The company has 35 employees over four offices in Prague, Ostrava, Brno and Bratislava. Sales over the last business year (April 2009-March 2010) amounted to more than SEK 100 million. The purchase price of SEK 11.9 million was paid in cash on 31 January 2011.

The legal process will be completed during the first quarter of 2011, at which time the acquired business will be consolidated into Proact.

The fair value of the assets and liabilities identified at the time of acquisition was as shown below:

Preliminary acquisition calculation:	SEK m
Intangible assets	25.1
Tangible assets	0.5
Inventories	2.9
Receivables	14.9
Cash and cash equivalents	1.2
Total acquired assets	**44.6**
Long-term liabilities	5.8
Current operating liabilities	15.8
Deferred tax liabilities	5.3
Total acquired liabilities	**26.9**
Total net assets	**17.7**
Goodwill	8.9
Total purchase price	**26.6**

Purchase price	SEK m
Cash payment	12.0
Assessed final settlement of purchase price, current value	14.6
Total purchase price	**26.6**

During the acquisition, goodwill of SEK 8.9 million arose which is attributable to an extended market position in Eastern Europe and synergy effects within the sales, marketing, purchasing and delivery organisation in particular.

The fair value of acquired, identifiable intangible assets amounts to a total of SEK 25.1 million and relates to customer relations which will be depreciated over a ten-year period.

According to the acquisition agreement, final settlement of the purchase price must take place in accordance with a price mechanism which is based on growth and profit development. Settlement may take place between 2013 and 2017.

At the time of acquisition, the final settlement was deemed to mean that Proact IT Group AB will have to pay a further SEK 14.6 million (current value), which forms the basis of the acquisition analysis.

The final settlement has not yet been definitively established at the time of submission of this annual report. Any future adjustments relating to the final settlement compared with the assessment at the time of acquisition will be recognised as a cost or income in the Group's income statement, depending on whether the amount is above or below the amount of SEK 14.6 million entered as a liability.

Transaction costs directly attributable to the acquisition amount to SEK 2.5 million, of which SEK 2.1 million was charged to income during the fourth quarter of 2010 and SEK 0.4 million will be charged to income during the first quarter of 2011. These are reported as administration expenses.

Acquisition of Great Solutions A/S

On 1 October 2010, Proact's Danish subsidiary acquired 100 % of shares in Danish company Great Solutions A/S. The purchase price of approximately SEK 0.9 million was paid in cash. In the longer term, the company's operations will be legally merged with Proact's Danish operations.

Acquisition of Riori Teknik AB

On 13 December 2010, Proact's Swedish subsidiary entered into an agreement concerning the acquisition of 100 % of shares in Swedish company Riori Teknik AB. The purchase price of approximately SEK 1.0 million will be paid in cash over a period of two years.

The acquisition process will be completed in the first quarter of 2011. In the longer term, the company's operations will be legally merged with Proact's Swedish operations.

Acquisitions, 2011

Acquisition of Databasement B.V.

On 10 January 2011, an agreement was entered into concerning the purchase of Dutch company Databasement B.V., operating in the Netherlands, Belgium and Spain. As a result

Note 32 continued - Acquisitions

of this agreement, Proact owns 100 % of the business relating to Managed Services, cloud services. Proact owns 82 % of other business in the Netherlands and Belgium and 85 % of the business in Spain. Local management and employees are holders without a controlling influence.

Moreover, this acquisition means that Proact owns 40 % of a software product known as InControl, which was developed by the company itself. Databasement has a total of 52 employees and net sales of around SEK 180 million. The purchase price, amounting to a total of SEK 121.1 million, will be paid in cash at a total of SEK 90 million over three equal payments over the next twelve months and an estimated additional purchase price of SEK 31.1 million (current value) in three years' time. This additional purchase price is based on estimated growth in net sales and profits over the next three years. The companies acquired will be consolidated into Proact as of the first quarter of 2011.

The fair value of the assets and liabilities identified at the time of acquisition was as shown below:

Preliminary acquisition calculation:	SEK m
Intangible assets	72.8
Tangible assets	45.2
Inventories	1.8
Accounts receivable	91.7
Cash and cash equivalents	1.2
Total acquired assets	**212.7**
Long-term liabilities	14.6
Accounts payable	61.4
Deferred tax liabilities	16.4
Other current liabilities	63.0
Total acquired liabilities	**155.4**
Total net assets	**57.3**
Goodwill	63.8
Total purchase price	**121.1**

Purchase price	SEK m
Cash payment	90.0
Assessed final settlement of purchase price, current value	31.1
Total purchase price	**121.1**

During the acquisition, goodwill of SEK 63.8 million arose which is attributable to an extended market position in the Benelux countries and Spain, as well as an extended range of services relating to cloud-based services which can be utilised on all markets in which Proact is operational. There are also synergy effects within the sales, marketing, purchasing and delivery organisation in particular.

The fair value of acquired identifiable intangible assets amounts to a total of SEK 72.8 million. SEK 65.7 million relates to customer relations which will be depreciated over a ten-year period. Other intangible assets, SEK 7.1 million, relates to the software product Incontrol, developed by the company itself.

According to the acquisition agreement, final settlement of the purchase price must take place in accordance with a price mechanism which is based on growth and profit development. A certain settlement may take place in 2012-2013, with final settlement taking place in January 2015 at the latest. At the time of acquisition, the final settlement was deemed to mean that Proact IT Group AB will have to pay a further SEK 31.1 million (current value), which forms the basis of the acquisition analysis. The final settlement has not yet been definitively established at the time of submission of this annual report. Any future adjustments relating to the final settlement compared with the assessment at the time of acquisition will be recognised as a cost or income in the Group's income statement, depending on whether the amount is above or below the amount of SEK 31.1 million entered as a liability.

Transaction costs directly attributable to the acquisition amount to SEK 3.4 million, of which SEK 0.4 million was charged to income during the fourth quarter of 2010 and SEK 3.0 million will be charged to income during the first quarter of 2011. These are reported as administration expenses.

The undersigned guarantee that the consolidated and annual accounts consolidated accounts have been prepared in accordance with the international financial reporting standards IFRSs as adopted by the EU and good accounting practice and give a true and fair view of the financial position and results of the group and the parent company and that the administration report gives a true and fair view of the development of operations, position and results of the group and the parent company, and describes significant risks and uncertainty factors faced by the companies that form part of the group.

Kista, 29 March 2011

Anders Hultmark
Chairman

Roger Bergqvist
Board member

Eva Elmstedt
Board member

Mikael Gottschlich
Board member

Christer Holmén
Board member

Olof Sand
President and Managing Director

Our audit report was submitted on 31 March 2011
Ernst & Young AB

Ola Wahlquist
Authorised Public Accountant

Auditor's report

To the Annual General Meeting of Proact IT Group AB (publ)
Corporate identity number 556494-3446

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director of Proact IT Group AB (publ) for the financial year 2010. The company's annual accounts and consolidated accounts are included in the published version of this document on page 4-26. The Board of Directors and the Managing Director are responsible for these accounts and the administration of the company as well as for the application of the Swedish Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards IFRS as adopted by the EU and the Swedish Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and Managing Director and significant estimates made by the Board of Directors and the President and Managing Director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we have examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the Managing Director. We have also examined whether any Board member or the Managing Director has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish 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 Swedish 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 Swedish Annual Accounts Act, and give a true and fair view of the Group's financial position and results of operations. The administration report is in accordance with the annual accounts and other parts of the consolidated financial statements.

We recommend that the Annual General Meeting adopt the income statements and balance sheets for the parent company and the group, appropriate the profit of the parent company in accordance with the proposal in the administration report and discharge the members of the Board and Managing Director from liability for the financial year.

Stockholm den 31 mars 2011
Ernst & Young AB

Ola Wahlquist
Auktoriserad revisor

Auditor's statement on the corporate governance report

To the Annual General Meeting of Proact IT Group AB (publ), Corporate identity number 556494-3446

The Board of Directors is responsible for the corporate governance report and for ensuring that it is compiled in accordance with the Swedish Company Accounts Act.

As a basis for our statement declaring that the corporate governance report has been compiled and is consistent with the annual report and consolidated financial statements, we have read the corporate governance report and assessed its statutory content on the basis of our knowledge of the company.

We are of the opinion that a corporate governance report has been compiled, and that its statutory information is consistent with the annual report and consolidated financial statements.

Stockholm, 31 March 2011
Ernst & Young AB

Ola Wahlquist
Authorised Public Accountant

Corporate governance report

Proact IT Group AB (publ) is the parent company in the Proact Group which consists of a number of subsidiaries as outlined in the annual report, Note 17.

The parent company and Group are governed via the Annual General Meeting, the Board of Directors and the Chief Executive Officer in accordance with the Companies Act, the Swedish Company Accounts Act, the company's Articles of Association, stock exchange rules from NASDAQ OMX Stockholm and as of 1 January 2009 also in accordance with the Swedish Code of Corporate Governance. Any deviations from the Code are explained in the relevant sections.

Annual General Meeting

The Annual General Meeting is the supreme governing body of Proact. The Annual General Meeting of Proact IT Group AB is held annual in April or May at the company's head office in Kista. The time and date of the meeting are published at the latest when the interim report for the third quarter is issued and published simultaneously on the company's website. The notice to attend the Annual General Meeting must be published at the earliest six weeks before the Annual General Meeting, and at the latest four weeks before it. The Annual General Meeting elects the Board of Directors for the company. The other tasks of the Annual General Meeting also include

- approving and adopting the company's income statements and balance sheets
- making decisions on disposal of profits from business
- making decisions on changes to the Articles of Association
- electing auditors
- making decisions on discharge from liability for Board members and the Managing Director
- making decisions on remuneration for the Board of Directors and auditors

Shareholders who do not have the opportunity to attend the General Meeting in person may instead participate via a representative.

Annual General Meeting 2010

15 shareholders, representing 36.3 % of both the number of shares and the total number of votes in the company, participated in Proact's Annual General Meeting which took place in Kista on 18 May 2010. The Board of Directors, executive team and company's auditors were present at this meeting. Among other things, the following decisions were made:

- Chairman of the Board Anders Hultmark was appointed Chairman of the meeting.
- The income statement and balance sheet, and the consolidated income statement and consolidated balance sheet were approved and adopted
- Establishment of a proposed dividend of SEK 1.35 per share
- The Board of Directors and Chief Executive Officer were granted discharge from liability for the 2009 business year
- Remuneration payable to the Board of Directors was set at a total of SEK 1,100,000
- Remuneration to the auditors will be paid in accordance with an approved invoice
- Anders Hultmark, who was also elected Chairman of the Board, was re-elected as a Board member. Other Board members re-elected were:
    - o Christer Holmén
    - o Eva Elmstedt
    - o Mikael Gottschlich
    - o Roger Bergqvist
- Establishment of principles for remuneration to senior officers and other terms of employment for the same
- Establishment of principles for the appointment of a nomination committee for the 2011 Annual General Meeting
- Decision on reduction of the company's share capital by SEK 437,412 by means of withdrawal of 401,000 shares which have been bought back by the company in accordance with the authorisation given by the 2009 Annual General Meeting
- Decision on increasing the company's share capital through a bonus issue of SEK 437,412 by means of a transfer from non-restricted equity
- Authorisation for the Board of Directors to make decisions, for the period until the next annual meeting, on one or more occasions, on the issue of new shares without preferential rights for shareholders, of a total of no more than 933,000 shares against property other than cash or by set-off
- Authorisation for the Board of Directors to make decisions on acquisition of up to 10 % of the number of outstanding shares in the company by the next Annual General Meeting

Nomination committee

At Proact's Annual General Meeting, held on 18 May 2010, it was decided that the nomination committee is to consist of representatives of the four biggest shareholders and the Chairman of the Board, and that the Chairman of the Board should contact the biggest shareholders in accordance with Euroclear Sweden's list of shareholders as at 30 September 2010.

The names of the members of the nomination committee must be published as soon as the nomination committee has been appointed. If any of the biggest owners declines to appoint a representative on the nomination committee, the next shareholder in order of size must be given the opportunity to appoint such a representative. A representative of the shareholders is appointed chairman of the nomination committee. The mandate period of the nomination committee continues until a new nomination committee has been appointed.

If any significant change in the ownership structure takes place once the nomination committee has been appointed, the composition of the nomination committee must be amended in accordance with the principles above.

Where appropriate, the nomination committee must prepare and submit to the Annual General Meeting proposals for:

- election of a Chairman for the meeting
- election of a Chairman of the Board and other Board members
- directors' fees divided between the Chairman and other members, plus remuneration for committee work
- election of and payment to an auditor and deputy auditor (where appropriate)
- decisions on principles for the appointment of a nomination committee

Work of the nomination committee

The composition of the nomination committee was published on 2 November 2010. It comprises Chairman of the Board Anders Hultmark, along with Erik Sjöström (Skandia Liv) – Chairman of the nomination committee – and Michael Gobitschek (Skagen Fonder) and Kerstin Stenberg (Robur Småbolagsfonder). The nomination committee represents in total around 38 % of votes in Proact as at 30 September 2010.

All shareholders have the opportunity to consult the nomination committee with suggestions for Board members. The nomination committee has held two minuted meetings. Among other things, the nomination committee has assessed the overall suitability of the Board on the basis of an assessment of Proact's future development and challenges.

A report on the work of the nomination committee is published on the Proact website in connection with the publication of its proposal for the Board of Directors.

Board of Directors

Proact's Board of Directors makes decisions on issues relating to Proact's strategic focus, investments, finance, organisational issues, acquisitions and divestments and more important policies. The Board must also ensure that correct information is given to Proact's stakeholders in accordance with the governing regulations mentioned above.

According to the Articles of Association, the Board of Directors must consist of three to eight members, with at the most five deputy members. These members, and where appropriate their deputies, are elected each year at the Annual General Meeting for the period until the next Annual General Meeting. At the Annual General Meeting held on 18 May 2010, it was decided that the Board would consist of five members and no deputies for the period until the next Annual General Meeting.

The Board is deemed to be compliant with the stock exchange rules from NASDAQ OMX Stockholm and the Swedish Code of Corporate Governance in respect of requirements for independent Board members.

Once per business year, the Board members discuss the following amongst themselves or with the assistance of external parties:

- Evaluation of the work of the Board
- Evaluation of the work of the Managing Director
- The Managing Director's view of the work of the Board

This review forms the basis for the Board's future working methods.

Board remuneration

The Annual General Meeting held on 18 May 2010 established the total remuneration to the Board at SEK 1.1 million. The Chairman of the Board will be paid a fee of SEK 350,000, while other members will be paid SEK 140,000 each, plus SEK 190,000 for committee work, to be distributed SEK 90,000 to the audit committee and SEK 50,000 each to the remuneration committee and the acquisitions committee. No further payments have been made to the Board over the year.

Board members are not included in any share or share price-related incentives schemes.

The Board's procedures

The work of the Board is governed by a set of procedures established annually which regulate the members' mutual division of work, decision-making arrangements, signing on behalf of the company, a meeting agenda for the Board and the tasks of the Chairman. The work of the Board follows a set agenda intended to ensure that the Board's information needs are satisfied and that there is an appropriate distribution of work between the Board and the Managing Director.

In 2010, the Board held ten meetings compared with nine in the previous year. The control issues arising at Board meetings are dealt with by the Board where appropriate following preparation by the remuneration committee or audit committee. In addition, the company's auditors report directly at least once a year to the Board their observations from the review and their assessments of the company's internal accounting control.

Besides the ongoing follow-up and monitoring of business, over the year the Board of Directors has dealt with strategies, expansion to new countries, capital structure and organisational issues. The Board has also relocated one of its meetings to a subsidiary so as to form a better view of local conditions.

Composition of the Board and presence at Board meetings, 2010

Board member	Remuneration committee	Acquisitions committee	Audit committee	Presence at Board meetings
Anders Hultmark	X	X		100%
Christer Holmén			X	100%
Eva Elmstedt	X			100%
Mikael Gottschlich		X		90%
Roger Bergqvist		X	X	100%

Independence of Board members

Board member	Function	Date of birth	Nationality	Elected	Independent	Shareholding 31/12/2010
Anders Hultmark	Chairman	1954	Swedish	2005	No	942,607
Christer Holmén	Member	1960	Swedish	2009	Yes	0
Eva Elmstedt	Member	1960	Swedish	2009	Yes	0
Mikael Gottschlich	Member	1961	Swedish	2009	Yes	497,006
Roger Bergqvist	Member	1948	Swedish	2009	Yes	1,500

Other information on Board members

- Anders Hultmark ((committed owner of companies)
  Chairman of the Board at Industrial Growth Company AB, HMark Holding AB, Provexa AB, Pulsteknik AB
  Member of the Board at Arkivator AB, Investmentbolaget Källafors AB, IGC Growth Consulting AB
- Christer Holmén (advisor and university lecturare, Ek. Dr.)
  Member of the Board at Hemfrid AB, Haldex Traction AB, Förvaltnings AB Gullbergsvass, Saltsteinen AB, Televentures AB
- Eva Elmstedt (Vice President Product Related Services, Ericsson AB)
  Member of the Board at Addtech AB
- Mikael Gottschlich ((private investor)
  Chairman of the Board at Sentat Asset Management AB, Håmex AB and CKT Capital AB
  Member of the Board at Net Entertainment AB

- **Roger Bergqvist** (independent consultancy)
  Member of the Board at BE Group AB, Cybercom Group AB, Stockholms Byggplåt AB, Stillfront Group AB

Remuneration Committee

The job of the remuneration committee is to examine the principles for remuneration, including performance-based remuneration and pension terms for the company's senior officer, and to give recommendations to the Board concerning these issues. Issues relating to the Managing Director's terms of employment, remuneration and benefits are prepared by the remuneration committee and decided upon by the Board of Directors. This committee also discusses the general starting points for setting salary levels within the Group.

At the Annual General Meeting on 4 May 2011, the Board will present for the approval of the Board proposals for principles for remuneration and other terms of employment for the corporate executive.

More information on remuneration to the Managing Director and other corporate executive staff can be found in the annual report, Note 9.

The remuneration committee has held two meetings over the year, as well as maintaining constant contact by telephone and e-mail.

Acquisitions committee

The job of the acquisitions committee is to work together with the Managing Director, and where appropriate the corporate executive, to analyse and prepare various alternative acquisitions/business startups prior to decisions by the Board.

The acquisitions committee has held four meetings over the year, as well as maintaining constant contact by telephone and e-mail.

Audit Committee

The job of the audit committee is to prepare Board work on quality assurance of the company's financial reporting. This committee maintains constant contact with the company's external auditors in order to keep abreast of the focus and scope of the audit and to discuss views on the company's risks. Decisions by the Board are required for services other than auditing exceeding 10 % of the budgeted audit fee. This committee is also tasked with providing its evaluation of the audit work to the nomination committee and with assisting the nomination committee with production of the nomination committee's proposals to the Annual General Meeting concerning the election of auditors and the size of the audit fee.

The audit committee consists of two Board members, which is a deviation from the recommendation in the Swedish Code of Corporate Governance for three Board members. With regard to the size and complexity of the company, the Proact Board of Directors has decided that two members are satisfactory for the task.

The company's Managing Director regularly participates in audit committee meetings, and the company's CFO prepares and convenes these meetings.

The audit committee has held three meetings over the year, as well as maintaining constant contact by telephone and e-mail.

External auditors

The Annual General Meeting which was held on 18 May 2010 elected the firm of auditors Ernst & Young (E&Y), with Ola Wahlqvist as the primary auditor for the period up to the 2013 Annual General Meeting.

The auditors review the Board's and the Managing Director's management of the company and the quality of the company's accounts documentation.

The auditors' report on the results of their review to shareholders by means of the auditor's report, which is presented at the Annual General Meeting. In addition, the auditors submit detailed reports at the meetings of the audit committee with the committee and to the Board of Directors at least once a year.

The company's half-yearly and nine-monthly reports have not been reviewed by the auditors. This is a deviation from the recommendation in the Swedish Code of Corporate Governance. The Board is of the opinion that any such review on the basis of a cost perspective is not necessary, given the company's degree of complexity and business risks.

E&Y performs certain services for Proact in addition to audits. When E&Y is engaged to provide services other than auditing, this takes place in accordance with the rules decided upon by the audit committee for approval of the nature and scope of the services and remuneration for the same. Proact is of the opinion that execution of these services, which are marginal and within the guidelines, has not impacted upon E&Y's independence.

Further information on remuneration to the auditors can be found in the annual report, Note 8.

President and Group Management

Olof Sand is the Managing Director and President of Proact. Olof Sand was born in 1963, is an engineer and has studied economics and marketing at Uppsala University. He has also completed the Advanced Management Program at Harvard Business School in the USA, IFL training under the auspices of the School of Business, Economics and Law in Stockholm, as well as MBA training at Uppsala University. He has previously held positions as the Managing Director of ABB Communications and Vice President of Tele2. He was one of the founders of consultancy company Acando AB, and its Senior Vice President. He took over his current position as the Managing Director of Proact IT Group in January 2005. As at 31 December 2010, Olof Sand owned 91,974 shares and 200,000 purchase options in the company. These options are issued by SEB and have a redemption price of SEK 45.

Olof Sand has no significant shareholdings or co-ownership in companies with which Proact has significant business relationships.

The Managing Director manages operations in accordance with the instructions of the Board of Directors and the approved distribution of work between the Board and the Managing Director. The Managing Director is responsible for keeping the Board informed and for ensuring that the Board is provided with the requisite decision data. The Managing Director presents reports to the Board but is not a Board member. This is in accordance with applicable policy, in which either the Managing Director or another senior officer must be a Board member in the parent company. In ongoing contact, the Managing Director keeps the Chairman informed of the development and financial position of the company and the Group besides providing periodic reporting.

The Managing Director and other members of the corporate executive hold regular meetings in order to review results development, update forecasts and plans, and make decisions on various issues.

As at 31 December 2010, Proact's Group executive consisted of the Managing Director and four other senior officers. Of the other senior officers, three people are employed by the parent company and one by a subsidiary.

The subsidiaries running business report to the relevant regional managers, which in turn report directly to the Managing Director. Reporting takes place on a monthly basis, with more in-depth quarterly reviews of the operations in question. The Boards of Directors of the subsidiaries principally consist of members of Proact's Group executive. The Chairman positions at the subsidiaries are held either by the Managing Director of Proact IT Group AB or by the relevant regional managers.

Remuneration to senior officers

The Annual General Meeting held on 18 May 2010 assumed principles concerning remuneration to senior officers, which means that remuneration must be made up of a set salary, variable remuneration, other customary benefits and pension. Total remuneration to officers must be in line with market conditions and competitive on the labour market on which the officer is active, and significant performance must be reflected in the total remuneration.

The set salary and variable remuneration must be related to the responsibilities and authorisations of the officials. The total variable remuneration for all senior officers must be maximised (to an amount corresponding, on average, to seven monthly salaries), based on results in relation to targets set, and coincide with the interests of shareholders.

Provision of information

Proact strives to maintain communication with its shareholders and other stakeholders which is correct, clear, factual, reliable and quick. It must also be characterised by openness.

Proact regularly publishes interim reports and annual reports in Swedish and English. Events which are deemed to affect rates are published as press releases. The Proact website also includes a large amount of information which is updated regularly.

In addition, Proact communicates with the capital market and the media by means of meetings with analysts and journalists in connection with the publication of the interim reports and annual reports. Representatives of Proact also take part regularly in various meetings of shareholders.

The Board's report on internal inspection

Inspection environment

Internal controls at Proact are based on a control environment which includes organisation, decision paths, authorisations and responsibilities. This is documented and communicated in steering documentation such as internal policies, guidelines and instructions. For example, this is applicable to the distribution of work between the Board of Directors and the Managing Director, and between the various units within the organisation and also via instructions for rights of authorisation, accounting and reporting, etc. The Board follows up to ensure compliance with set principles for financial reporting and internal controls, and also maintains the appropriate relationships with the company's auditors.

The corporate executive reports to the Board based on established procedures. The corporate executive is responsible for the system of internal controls which is required for handling significant risks in ongoing operations. For example, guidelines and instructions for various officials are compiled in order to reinforce understanding and the importance of their respective roles, and hence also to contribute towards good internal control.

Risk assessment and inspection activities

The Board holds overall responsibility for risk management. Clear organisation and decision-making arrangements aim to create good awareness of risks among employees and well considered risk-taking. The risk assessment includes identification, charting and assessment of risks at all levels within the Group. Activities and reporting take place regularly in order to maintain good internal control, and hence to prevent and detect risks.

Information and communication

Essential guidelines, manuals, etc. which affect financial reporting are updated and communicated regularly to the relevant personnel within the Group. There are both formal and informal information channels for the corporate executive and Board for essential information from employees. For external communication, the company complies with the governing rules discussed previously.

Follow-up

The Board receives monthly financial reports. The Board regularly evaluates the information submitted by the corporate executive. The work of the Board also includes ensuring that measures are implemented with regard to any shortcomings and proposals for measures which have arisen during external audits.

Proact has no internal auditing of its own due to the view that there are no special circumstances within the organisation or any other conditions which would justify this.

Shares and shareholders

Shares

Proact shares have been listed on the NASDAQ OMX Stockholm with ticker symbol PACT since July 1999. Share capital amounts to SEK 10,618,837, divided over 9,333,886 shares with a quotient value of 1.14. All shares entitle the holder to an equal share of the company's assets and profits and entitle the holder to one vote at the general meeting. At annual general meeting, every individual entitled to a vote may vote with the full number of votes he owns and represents in shares, without limitation as to voting rights.

Stock exchange

In 2010, 2.9 million Proact shares were traded at a value of SEK 270.2 million and at an average price of SEK 92.17. The share price at the start of the year was SEK 73.00, compared with SEK 108.00 at year-end.

Ownership structure

Proact had 3,528 shareholders as at 31 December 2010, of whom most were private individuals with small holdings. There were 41 shareholders with holdings in excess of 20,000 shares, the largest of these being Skandia Liv with a holding of 966,288 shares, and IGC Industrial Growth Co. AB with 942,607 shares. The biggest private shareholder was Marit Fagervold, with a holding of 175,000 shares.

Following buy-backs implemented between May 2010 and December 2010, the company owns 154,300 of its own shares.

As far as the Board of Directors is aware, there are no agreements between shareholders requiring specific information in accordance with the Swedish Company Accounts Act.

Shareholder value

Shareholder value arises when the company is positioned correctly and has long-term profitability. Proact upholds its creation of long-term profitability for its shareholders by constantly focusing on good business development with improved profitability within the Company and reinforcement of the Company's market-leading position as a specialist and independent integrator in Northern Europe.

Information to shareholders

The complete annual report will be available to view at the Company's offices from April and will be available to the general public on the Company's website. Interim reports are available on the Company's website at www.proact.eu.

For more information on the company, please contact Proact IT Group AB, telephone +46 (0) 8 410 666 00, e-mail: itgroup@proact.se.

Shareholders, 31 December 2010

	Number of shares	Percentage of capital and votes
Skandia Liv	966,288	10.4%
IGC Industrial Growth Co. AB	942,607	10.1%
Swedbank Robur Småbolagsfonder	811,750	8.7%
Skagen Fonder	735,162	7.9%
Thyra Hedge	497,006	5.3%
Öresund Investment AB	495,000	5.3%
SEB Fonder	429,313	4.6%
Didner & Gerge Småbolag	258,949	2.8%
Nordea Fonder	245,444	2.6%
Tangent	206,717	2.2%
Other	3,745,650	40.1%
Total	**9,333,886**	**100.0%**

Number of shares per shareholder

Number of shares	Number of share-holders	Percentage of shareholders	Percentage of shareholders	Percentage of share capitall
1 – 500	2,864	81.2%	360,003	3.9%
501 – 1,000	297	8.4%	239,488	2.6%
1,001 – 5,000	252	7.1%	506,395	5.4%
5,001 – 10,000	52	1.5%	396,194	4.2%
10,001 – 15,000	10	0.3%	120,234	1.3%
15,001 – 20,000	12	0.3%	220,514	2.4%
20,001 –	41	1.2%	7,491,058	80.2%
Total	**3,528**	**100.0%**	**9,333,886**	**100.0%**

Changes in share capital

Year		Cash New issue of shares SEK (000)	Issue in kind SEK (000)	Bonus in kind SEK (000)	Split	Invalidation of own shares SEK (000)	No. of shares	Share capital per share	Nominal value SEK (000)
1994	Proact is founded						500,000	1	500
1996	New issue of shares, personnel	30					530,000	1	530
1997	Issue in kind, Norway		150				679,500	1	680
1997	New issue of shares, general public	300					979,500	1	980
1998	Issues in kind		57				1,036,800	1	1,037
1999	Bonus issue and split			4,147	5:1		5,184,000	1	5,184
1999	New issue of shares on listing on the O-list (SEK 48)	1,500	,				6,684,000	1	6,684
1999	Issue in kind (SEK 41)		121	,			6,805,325	1	6,805
1999	Issue in kind (SEK 43)		153				6,958,094	1	6,958
1999	Issue in kind (SEK 41)		33				6,990,894	1	6,991
2000	Issue in kind (SEK 73)		123				7,113,694	1	7,114
2000	Issue in kind (SEK 79)		13				7,127,094	1	7,127
2000	New issue of shares, option programme 1998	150					7,277,094	1	7,277
2001	New issue of shares (SEK 120)	154					7,431,094	1	7,431
2001	New issue of shares, option programme 1998	100					7,531,094	1	7,531
2001	Preferential share issue (SEK 55)	1,501					9,032,312	1	9,032
2002	Issue in kind (SEK 32)		400				9,432,312	1	9,432
2004	Issue in kind (SEK 24.90)		2,366				11,798,087	1	11,798
2007	Withdrawal of bought-back shares					–1,179	10,618,837	1	10,619
2008	Bonus issue and withdrawal of bought-back shares			370		–370	10,249,086	1.036	10,619
2009	Bonus issue and withdrawal of bought-back shares			533		–533	9,734,886	1.091	10,619
2010	Bonus issue and withdrawal of bought-back shares			437		–437	9,333,886	1.138	10,619

Five-year summary

	2010	2009	2008	2007	2006
Income statement (SEK millions)					
Net sales	1,387.1	1,252.7	1,044.2	864.8	756.5
Operating profit/loss (EBIT)	72.1	60.0	46.8	39.4	17.2
Profit/loss before tax	70.1	60.1	50.1	40.7	18.0
Income for the year	52.5	52.4	38.7	31.9	24.2
Operating margin (EBIT), %	5.2	4.8	4.5	4.7	2.5
Net margin, %	5.1	4.8	4.8	4.7	2.4
Profit margin, %	3.8	4.2	3.7	3.7	3.2
Equity, provisions and liabilities (SEK millions)					
Equity	186.5	180.7	160.1	157.9	158.0
Balance sheet total	871.0	750.8	644.3	515.5	474.5
Capital employed	190.4	186.7	160.1	157.9	158.0
Net cash	73.0	97.4	84.5	67.0	54.7
Financial key ratios					
Equity ratio, %	21.4	24.1	24.8	30.6	33.3
Capital turnover rate, times	1.7	1.8	1.8	1.7	1.7
Cash flow, SEK millions	–13.5	11.1	14.4	12.5	–2.7
Investments in property, plant and equipment, SEK millions	39.8	22.5	11.5	9.2	7.5
Return on equity, %	28.6	30.7	24.4	20.2	15.2
Return on capital employed, %	38.8	35.4	32.4	26.6	11.6
KEY RATIOS PER EMPLOYEE					
Average number of employees on annual basis	325	315	299	262	241
Number of employees at year-end	348	328	321	273	258
Profit/loss per employee, SEK thousands	216	191	168	155	75
Data per share					
Profit before dilution, SEK	5.31	5.08	3.59	2.71	1.91
Profit after dilution, SEK [1)]	5.43	5.22	3.68	2.80	1.97
Equity before dilution, SEK	19.6	18.16	15.26	14.56	12.79
Equity after dilution, SEK [1)]	19.93	18.81	16.07	14.77	13.65
Cash flow from operating activities before dilution, SEK	6.69	6.31	7.66	5.83	2.40
Cash flow from operating activities after dilution, SEK [1)]	6.85	6.49	7.86	6.04	2.48
Number of shares at the end of the period	9,333,886	9,734,886	10,249,086	10,618,837	11,798,087
Number of shares at the end of the period after dilution [1)]	9,179,586	9,401,886	9,736,586	10,466,501	11,052,837
Weighted average number of shares before dilution	9,500,969	9,949,136	10,421,636	11,011,920	11,798,087
Weighted average number of shares after dilution [1)]	9,279,372	9,675,410	10,163,221	10,631,388	11,431,287
Number of warrants at end of period	0	0	0	0	0

1) Proact does not have any outstanding warrants, convertible debentures or other instruments that could give rise to dilution.
The company has, however, bought back shares that are in its own keeping, which affects the key ratios and figures above. Account has only been taken off buy-backs carried out as at the balance sheet date.

Definitions

Capital employed
Ratio of the balance sheet total minus noninterest-bearing liabilities inclusive deferred tax liabilities.

Capital turnover rate, times
Sales divided by averagebalance sheet total.

Cash flow
Change in cash and equivalents.

EBIT, %
Operating profit/loss as percentage of revenues.

Equity ratio, %
Equity including the minority in % of the ratio of the balance sheet total.

Net cash
Interest-bearing financial assetsincluding cash and cash equivalents minus the net ofinterest-bearing provisions and liabilities.

Net margin, %
Profit before tax expressed as a percentage of sales.

Profit margin, %
Profit for the year as a percentage of sales.

Profit/loss per employee
Profit before tax divided byaverage number of employees on annual basis.

Return on capital employed, %
Profit after net financial items plus financialexpenses as percentage of averagecapital employed.

Return on equity, %
Profit for the year as a percentage of average.

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