

KNOW IT AB

YEAR-END REPORT

JAN 2008 - DEC 2008

- 2008 was the best year in Know IT's history, with continued strong increases in profit and revenues. The operating profit increased by 49.3 percent and net sales by 33.2 percent compared to last year. The operating margin rose to 11.6 (10.3) percent.
- The acquisitions performed had the desired effects as regards both strengthening the market position and the economy.

FULL YEAR (JANUARY – DECEMBER)

- Net sales increased to SEK 1,308.3 (982.1) million.
- The operating profit increased to SEK 151.5 (101.5) million. The operating profit after taxes amounted to SEK 96.8 (72.0) million. Taxes amounted to SEK 37.1 (27.9) million, of which current taxes were SEK 36.2 (21.8) million.
- Earnings per share rose to SEK 7.20 (5.22).
Cash flow from operating activities amounted to SEK 127.1 (102.2) million.
- The operating margin improved to 11.6 (10.3) percent.
- The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 2.25 (2.75) per share, for a total of SEK 31.5 (34.0) million.

CURRENT REPORTING PERIOD (OCTOBER – DECEMBER)

- Net sales increased to SEK 377.9 (305.5) million.
- The operating profit increased to SEK 47.5 (33.8) million. The operating profit after taxes amounted to SEK 32.7 (23.0) million. Taxes amounted to SEK 9.6 (10.0) million.
- Earnings per share were SEK 2.30 (1.57).
- Cash flow from operating activities amounted to SEK 72.3 (62.2) million.
- The operating margin increased to 12.6 (11.1) percent.

YEAR-END REPORT JAN 2008 - DEC 2008

MARKET

During 2008, there was high demand in all of Know IT's business areas. Know IT used the prime market situation to establish operations in new locations. Know IT has also strengthened its offering in the growth area Information Management through the acquisition of the company Helikopter, as well as in application management and solution delivery through the acquisition of Net Result.

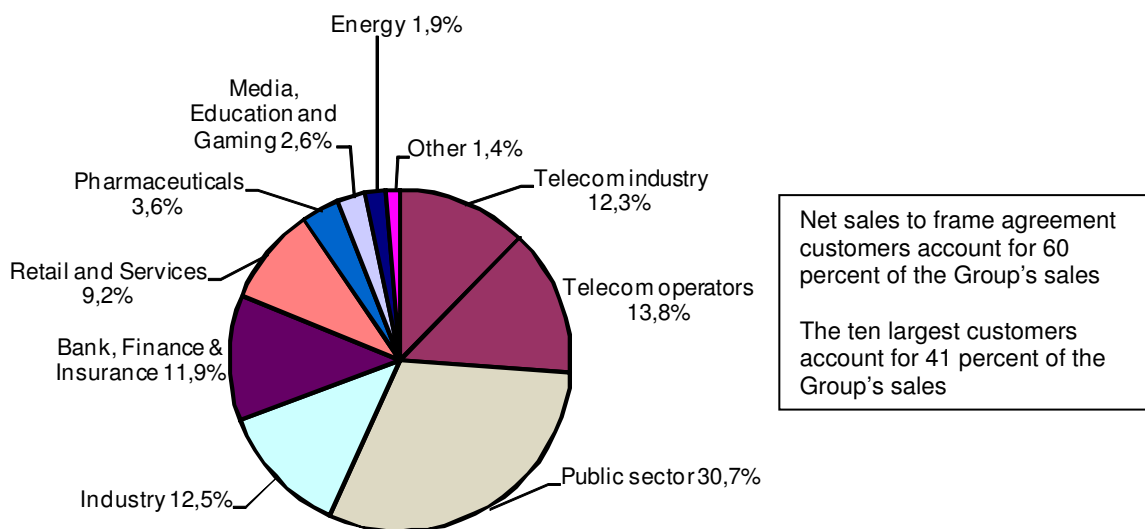
An important aspect of Know IT's strategy is to endeavor to find assignments entailing functional responsibility and solution delivery, which enables forward planning and the possibility of tailoring the manning to different phases and parts of the project. Know IT strives to increase their proportion of each deal with selected customers to create long-term relationships.

The market has generally been very good during the current reporting period, with strong demand. In the Öresund and Gothenburg regions, the market has weakened somewhat during the current period. The economic effects on Know IT are highly limited.

Among the long-term agreements, the frame agreements are an important foundation for operations. Know IT has around 90 frame agreements. These agreements enable the customers to combine quality assurance of suppliers with rational purchasing processes. The frame agreements provide Know IT with a stable influx of project inquiries. During the current reporting period, Know IT has signed or extended frame agreements with, among others, the City of Gothenburg, Göteborgs Energi, ICA, the County Council of Värmland, the Medical Products Agency, the National Service Administration, the municipality of Skövde, Umeå Energi and Westinghouse. Following the end of the reporting period, frame agreements have been signed or extended with the County Council of Norrbotten, Bærum Kommune, Statistics Norway and Västra Götalandsregionen.

Know IT has during the reporting period received assignments regarding, for example:

- Strategic consulting and operational project management for Apoteket, AstraZeneca, the Karolinska University Hospital, the municipalities of Linköping and Norrköping, SJ, Syngenta and TeliaSonera.
- Information Management/Business Intelligence for Länsförsäkringar, Sparebank 1 and Statistics Norway.
- Enterprise Content Management for Apoteket, Framtidskoncernen in the City of Gothenburg and Kulturfonden för Sverige och Finland.
- Test management and quality assurance for SJ, TeliaSonera and TAC.
- Systems development for Apoteket, Iggesund Paper Board, the Medical Products Agency, the Research Council of Norway, Pågen, SHB, Stora Enso, Telenor, TeliaSonera Danmark, Uppsala University and the Swedish Road Administration.
- Application management for Anticimex, E.ON, Kulturfonden, the Medical Products Agency, Pfizer Health, TeliaSonera and the Swedish Road Administration.



Know IT, as the only Swedish company, received an Inner Circle partner award from Microsoft for excellent technical skills.

STRUCTURE AND ORGANIZATION

During the current reporting period, Know IT has sold its operations in Karlskrona and Ronneby, which employed 15 people. The reason for this was that these units showed low profitability over time. The

sale was part of the continuous work with lessening risks and ensuring future profitability for Know IT. The economic effects of this measure are positive.

Following the reporting period, Know IT has strengthened its offering in the growth area Technology Management by starting a specialist unit in Stockholm. Technology Management involves streamlining clients' product development as pertains to both cost and quality.

NET SALES

Net sales for the current reporting period, October – December, were SEK 377.9 (305.5) million, an increase by 23.7 percent compared to the corresponding period for the previous financial year.

For the full year, net sales were SEK 1,308.3 (982.1) million, an increase by 33.2 percent.

RESULTS

The operating profit before amortization of intangible assets amounted to SEK 47.5 (33.8) million for the current reporting period (October – December). Amortization of intangible assets amounted to SEK 3.8 (1.4) million. The operating profit after financial items for the same period amounted to SEK 42.3 (33.0) million.

Operating profit before amortization of intangible assets amounted to SEK 151.5 (101.5) million for the financial year. Amortization of intangible assets amounted to SEK 9.2 (3.0) million. The operating profit after financial items amounted to SEK 133.9 (99.9) million for the financial year. The acquisitions carried out during the year have led to the desired positive effect in regards to turnover and results.

Full year earnings after tax amounted to SEK 96.8 (72.0) million. Tax for the year amounted to SEK 37.1 (27.9) million, of which 36.2 (21.8) was current tax. Deferred tax was lessened by SEK 4.7 million due to corporate taxes being lowered by 26.3 percent as of 2009.

FINANCIAL POSITION

Cash and cash equivalents, including short-term investments, had increased to SEK 115.1 (109.0) million at the end of the financial year. Intangible assets, consisting mainly of goodwill, were SEK 742.7 (412.3) million on December 31, 2008.

Full year cash flow from operations amounted to SEK 127.1 (102.2) million. Acquisitions have affected cash flow with SEK -216.5 (-177.2) million while financing activities has affected cash flow with SEK 97.6 (104.4) million.

The equity ratio was 38.9 (40.9) percent on December 31, 2008.

The acquisitions of Helikopter and Net Result were largely financed through long-term loans. In all, interest-bearing liabilities amounted to SEK 271.6 million on December 31, 2008, of which SEK 22.3 million were financial leasing and 66.4 million in Norwegian kroner, to lessen exchange rate risks arising from the previous acquisition of Objectnet.

The acquisitions made during the year, including provisions for earn-outs, have increased other intangible assets, including goodwill, by SEK 342.2 (173.0) million. Adjustments made for provisions for unpaid considerations in regard to acquisitions from previous years has increased goodwill by 10.4. The acquisition models are such that the company's equity usually increases by more than the earn-out paid.

PARENT COMPANY

The result after financial items amounted to SEK 8.5 (-6.8) million for the financial year. The result includes dividends amounting to SEK 20.0 million and anticipated dividends of SEK 61.9 million, as well as write-down of shares in subsidiaries connected to dividends amounting to SEK 43.9 million. Shareholders' equity as per December 31, 2008, was SEK 304.7 (200.2) million. Cash and cash equivalents amounted to SEK 79.2 (50.4) million at the end of the financial year. The parent company has an unused overdraft facility of SEK 40 million.

In total, interest-bearing liabilities as of December 31, 2008, amounted to SEK 244.8 million, of which NOK 66.4 million, to lessen exchange rate risks arising from the previous acquisition of Objectnet.

EMPLOYEES

The competition for skilled personnel was strong throughout the year, particularly in Stockholm and Skåne.

The number of employees, calculated as full-time equivalents on December 31, 2008, was 1,121 (954), which is a net increase by 167 (252) people during the financial year, corresponding to an increase by 18 percent.

The number of contracted employees who had not yet begun their employment on December 31, 2008, was 23 (42).

The average number of employees during the financial year was 1,041 (775).

ESSENTIAL RISKS AND UNCERTAINTY FACTORS

Know IT's essential business risks consist of decreased demand for consultancy services, difficulties attracting and retaining skilled personnel, price pressures, credit risks, financial risks relating to exchange rates and to a lesser extent, risks related to fixed price projects.

ACCOUNTING PRINCIPLES

This report has been prepared in accordance with IAS 34, Interim Financial Reporting, which is in compliance with RR 31, Interim Reporting for Groups.

The Group applies the same accounting principles and uses the same bases for calculation as in the annual report for 2007.

ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial reports in accordance with IFRS requires the Board of Directors and Management to make estimates and assumptions that affect the application of accounting principles and the carrying amounts of assets, liabilities, revenue and expenses. Actual outcomes may deviate from these estimates.

OUTLOOK

The decline of the general economic situation will not have a substantial negative effect on Know IT's business during the first quarter 2009. An increased competitiveness in pricing is expected in some business areas. The market's development during the second quarter 2009 is difficult to evaluate but Know IT's many frame agreements and dispersion, both geographically and in different business fields, provides the company with good conditions for meeting a possible weakening in demand. Know IT's growth is expected to continue.

In the interim report for January – September 2008, Know IT made the following forecast: The demand for Know IT's services will remain strong during the fourth quarter 2008. Uncertainty about the development of the market situation during the first quarter of 2009 has increased. Know IT is, through its strategy with diversified customer segmentation and geographical spread, well prepared for a situation with lower demand.

DIVIDEND

Know IT's Board suggests to the Annual General Meeting a dividend of SEK 2.25 (2.75) per share, for a total of SEK 31.5 (34.0) million.

ANNUAL GENERAL MEETING

The Annual General Meeting will take place at 16.00 on Wednesday April 23rd, 2009, in Know IT's offices at Klarabergsgatan 60 in Stockholm. Notice will be publicized through a press release and on Know IT's web page, and will be announced in Post- och Inrikes Tidningar and Dagens Industri.

NOMINATION OF BOARD MEMBERS

The Nomination Committee up to the Annual General Meeting 2009 Mats Olsson, the chairman of the Board, convener, Anette Ejebratt, representing smaller shareholders, Frank Larsson, Handelsbanken Nordiska and Handelsbankens småbolagsfond, and Pekka Seitola, Rebalk S.a.r.l.

Shareholders who wish to make suggestions to the nomination committee can do so by email: valberedning@knowit.se.

FINANCIAL CALENDAR

April 23, 2009 Annual General Meeting
April 23, 2009 Interim report Jan-March 2009
July 17, 2009 Interim report Jan-June 2009
October 22, 2009 Interim report Jan-Sept 2009

The full annual report for Know IT AB (publ) will be available from early April in Know IT's offices at Klarabergsgatan 60 in Stockholm. It will also be sent to shareholders who have not declined interest in information from the company.

CERTIFICATION

The Board of Directors and the President assure that the year-end report presents a fair overview of the operations, financial position and results of the company and the Group, in addition to describing relevant risks and uncertainty factors facing the company and companies belonging to the Group.

Stockholm, February 4, 2009

Mats Olsson
Chairman of the Board

Anders Nilsson
President

Carl-Olof By

Pekka Seitola

Ulrika Simons

Kerstin Stenberg

This year-end report has not been audited by Know IT's auditor.

ADDRESS AND CONTACT INFORMATION

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www.knowit.se

Know IT AB (publ) is an IT-consultancy company that contributes to its clients' success by developing and taking long-term responsibility for its clients' value-generating processes, functions and IT-solution. Its operations comprise strategic consultation, systems development and application administration – from assessment and establishment of systems in complex environments to communication and interface solutions that integrate different channels and information. Established in 1990, Know IT currently has approximately 1200 employees working in 20 locations in Sweden and in Norway, Estonia, China and the USA. Know IT AB (publ) is listed on the Nordic Exchange in Stockholm. For further information about Know IT, please visit www.knowit.se

For further information, please contact

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or

Patrik Syrén, Senior VP Corporate Communications and IRO, Know IT AB (publ), +46-8-700 66 00 or +46-730-74 66 30

or

Anders Nordh, CFO, Know IT AB (publ), +46-8-7006600

CONSOLIDATED INCOME STATEMENT, (SEK M)	Full Year 2008	Full Year 2007
Net sales	1308.3	982.1
Operating costs	-1147.6	-873.5
Depreciation of tangible fixed assets	-9.2	-7.1
Operating result before goodwill amortization	151.5	101.5
Goodwill amortization	-9.2	-3.0
Operating result after goodwill amortization	142.3	98.5
Financial items	-8.4	1.4
Result after financial items	133.9	99.9
Income taxes	-37.1	-27.9
Result for the period	96.8	72.0
Result for the period assignable to shareholders in Parent Company	93.4	63.3
Result for the period assignable to minority interests	3.4	8.7

CONSOLIDATED BALANCE SHEET (SEK M)	Dec 31 2008	Dec 31 2007
ASSETS		
Intangible fixed assets	742.7	412.3
Tangible fixed assets	31.8	27.7
Financial fixed assets	0.3	1.7
Current assets	283.6	264.7
Liquid funds including short-term investments	115.1	109.0
Total assets	1173.5	815.4
EQUITY AND LIABILITIES		
Share capital	14.0	12.4
Other paid-up capital and other provisions	240.1	157.9
Recognized profits including result for the year	193.1	134.9
Total	447.2	305.2
Minority interest	9.5	28.0
Total equity	456.7	333.2
Interest-bearing long-term liabilities	206.3	110.7
Other long-term liabilities	77.7	61.6
Interest-bearing short-term liabilities	65.3	31.9
Other short-term liabilities	367.5	278.0
Total equity and liabilities	1173.5	815.4

KEY FIGURES	Full Year 2008	Full Year 2007
Number of employees at period-end	1121	954
Average number of employees	1041	775
Sales per employee (000)	1,257	1,267
Result/employee after financial income/expense (000)	129	129
Return on total capital %	14.9	15.4
Return on equity %	24.5	24.7
Return on capital employed %	24.6	27.8
Operating margin %	11.6	10.3
Equity ratio %	38.9	40.9

DATA PER SHARE	Full Year 2008	Full Year 2007
Earnings per share (SEK)		
Before dilution	7.20	5.22
After dilution	7.20	5.21
Equity per share (SEK)		
Before dilution	31.99	24.75
After dilution	31.99	25.90
Average number of shares (000)		
Before dilution	12,978	12,120
After dilution	12,978	12,147
No. of shares on balance sheet day (000)		
Before dilution	13,978	12,326
After dilution	13,978	12,744

CHANGE IN EQUITY (SEK M)	Full Year 2008	Full Year 2007
Opening balance	333.2	250.2
Dividend	-33.9	-27.5
Option program	4.9	0.0
Profit for the year	96.8	72.0
New issue of shares	86.4	31.1
Other changes in minority interests	-21.6	10.4
Repurchased own shares	0.0	-3.8
Exchange rates differences	-7.8	-0.5
Market value security paper	-1.3	1.3
Closing balance	456.7	333.2
CONSOLIDATED CASH FLOW ANALYSIS (SEK M)	Full Year 2008	Full Year 2007
Cash flow current operations before changes in working capital	107.1	88.7
Change in working capital incl. short-term investments	20.0	13.5
Cash flow from current operations	127.1	102.2
Cash flow from investing activities	-216.5	-177.2
Cash flow from financing activities	97.6	104.4
Cash flow for the period	8.2	29.4
Opening balance	108.9	78.8
Exchange rates differences	-2.3	0.7
Closing balance	114.8	108.9
INCOME STATEMENT - PARENT COMPANY (SEK M)	Full Year 2008	Full Year 2007
Net sales	83.8	60.3
Operating costs	-104.3	-75.6
Depreciation of tangible fixed assets	-1.0	-0.8
Operating result	-21.5	-16.1
Financial items	30.0	9.3
Result after financial items	8.5	-6.8
Appropriations	-5.2	-8.2
Income taxes	9.5	8.3
Result for the period	12.8	-6.7
BALANCE SHEET - PARENT COMPANY (SEK M)	Dec 31 2008	Dec 31 2007
ASSETS		
Tangible fixed assets	3.2	3.1
Financial fixed assets	725.0	372.7
Current assets	77.7	57.8
Liquid funds including short-term investments	79.2	50.4
Total assets	885.1	484.0
EQUITY AND LIABILITIES		
Share capital	14.0	12.4
Other paid-up capital and other provisions	201.6	112.0
Recognized profits including result for the year	89.1	75.8
Total equity	304.7	200.2
Untaxed reserves	13.9	8.7
Interest-bearing long-term liabilities	189.6	98.8
Other long-term liabilities	35.6	28.2
Interest bearing short-term liabilities	55.2	24.7
Other short-term liabilities	286.1	123.4
Total equity and liabilities	885.1	484.0

QUARTERLY VALUES

CONSOLIDATED INCOME STATEMENT (SEK M)	Oct-Dec 2008	July-Sep 2008	Apr-June 2008	Jan-Mar 2008	Oct-Dec 2007	July-Sep 2007	Apr-June 2007	Jan-Mar 2007
Net sales	377.9	277.4	341.2	311.8	305.5	201.7	234.1	240.8
Operating costs	-328.0	-248.3	-299.2	-272.1	-266.9	-185.6	-210.8	-210.2
Depreciation of tangible fixed assets	-2.4	-5.1	-0.9	-0.8	-4.8	-0.6	-0.6	-1.1
Operating result	47.5	24.0	41.1	38.9	33.8	15.5	22.7	29.5
Goodwill amortization	-3.8	-2.4	-1.5	-1.5	-1.4	-0.5	-0.3	-0.8
Operating result after goodwill amortization	43.7	21.6	39.6	37.4	32.4	15.0	22.4	28.7
Net interest income/expense	-1.4	-4.5	-1.0	-1.5	0.6	0.5	0.2	0.1
Result after net interest income/expense	42.3	17.1	38.6	35.9	33.0	15.5	22.6	28.8
Tax for the period	-9.6	-6.1	-10.9	-10.5	-10.0	-4.5	-5.7	-7.7
Result for the period	32.7	11.0	27.7	25.4	23.0	11.0	16.9	21.1
Result for the period assignable to shareholders in Parent Company	31.9	10.7	26.2	24.7	19.2	9.9	15.1	19.1
Result for the period assignable to minority interests	0.8	0.3	1.5	0.7	3.8	1.1	1.8	2.0
CONSOLIDATED BALANCE SHEET, (SEK M)	31-dec 2008	30-sep 2008	June 30 2008	Mar 31 2008	31-dec 2007	30-sep 2007	June 30 2007	Mar 31 2007
ASSETS								
Intangible fixed assets	742.7	695.4	447.4	446.5	412.3	324.5	220.7	213.1
Tangible fixed assets	31.8	33.8	30.8	29.5	27.7	22.0	21.5	21.7
Financial fixed assets	0.3	0.3	0.3	1.6	1.7	0.6	0.2	0.4
Current assets	283.6	302.3	295.7	253.3	264.7	248.8	233.7	193.3
Liquid funds including short-term investments	115.1	78.7	61.2	84.1	109.0	105.8	78.4	101.2
Total assets	1173.5	1110.5	835.3	815.0	815.4	701.7	554.5	529.7
EQUITY AND LIABILITIES								
Share capital	14.0	13.8	12.8	12.4	12.4	12.4	12.4	11.7
Other paid-up capital and other provisions	240.1	210.0	156.2	155.9	157.9	158.4	158.4	128.0
Recognized profits including result for the year	193.1	189.0	177.7	159.5	134.9	107.0	108.3	120.7
Total	447.2	412.8	346.8	327.8	305.2	277.8	279.1	260.4
Minority interest	9.5	11.1	10.7	9.2	28.0	24.6	10.2	9.5
Total equity	456.7	423.9	357.5	337.0	333.2	302.4	289.3	269.9
Interest-bearing long-term liabilities	206.3	240.1	112.8	110.4	110.7	126.0	5.2	3.5
Other long-term liabilities	77.7	96.0	43.6	61.9	61.6	54.7	54.1	53.1
Interest-bearing short-term liabilities	65.3	57.5	32.7	32.1	31.9	14.4	14.6	15.0
Other short-term liabilities	367.5	293.0	288.7	273.6	278.0	204.2	191.3	188.2
Total equity and liabilities	1173.5	1110.5	835.3	815.0	815.4	701.7	554.5	529.7
KEY FIGURES	Oct-Dec 2008	July-Sep 2008	Apr-June 2008	Jan-Mar 2008	Oct-Dec 2007	July-Sep 2007	Apr-June 2007	Jan-Mar 2007
Number of employees at period-end	1121	1143	988	994	954	870	742	713
Average number of employees	1132	1042	991	981	894	756	723	706
Sales per employee (SEK K)	334	266	344	318	342	267	324	341
Result/employee after income/expense (SEK K)	37	16	39	37	37	21	31	41
Return on total capital %	4.0	2.4	5.0	4.6	4.7	2.5	4.2	5.6
Return on equity %	7.4	2.8	8.0	7.6	7.2	3.7	5.4	8.1
Return on capital employed %	6.3	3.8	8.4	7.9	7.7	4.1	7.6	10.6
Operating margin %	12.6	8.6	12.1	12.5	11.1	7.7	9.7	12.3
Equity ratio %	38.9	38.2	42.8	41.3	40.9	43.1	52.2	51.0
DATA PER SHARE	Oct-Dec 2008	July-Sep 2008	Apr-June 2008	Jan-Mar 2008	Oct-Dec 2007	July-Sep 2007	Apr-June 2007	Jan-Mar 2007
Earnings per share (SEK)								
Before dilution	2.30	0.82	2.07	2.00	1.57	0.80	1.28	1.61
After dilution	2.30	0.82	2.07	2.00	1.56	0.80	1.28	1.58
Equity per share (SEK)								
Before dilution	31.99	30.10	27.09	26.59	24.75	22.76	22.55	22.25
After dilution	31.99	30.10	29.02	27.68	25.90	23.99	23.77	24.22
Average number of shares (000)								
Before dilution	13,843	13,098	12,642	12,326	12,257	12,346	11,795	11,892
After dilution	13,843	13,098	12,655	12,326	12,272	12,387	11,839	12,080
No. of shares on balance sheet day (000)								
Before dilution	13,978	13,712	12,800	12,326	12,326	12,203	12,375	11,705
After dilution	13,978	13,712	12,813	12,744	12,744	12,621	12,793	12,628

Acquired businesses

As per January 1, 2008, the minority shares in Know IT A-Kraft AB, Know IT HRM AB and

Know IT Technowledge AB were acquired, making these companies wholly owned subsidiaries.

As per March 31 and October 31 2008, respectively, an additional 19.3% of Objectnet AS was acquired, which in turn acquired the remaining 47% of Unified Consulting AS, which is now owned 100%.

Bangalore ECM AB was acquired as of August 1 2008

Helikopter Systemutveckling AB was acquired as per August 1 2008

Net Result International AB was acquired as per September 1 2008

All minority shares in Know IT Mälardalen i Västerås AB were acquired on September 30, 2008, making it a wholly owned subsidiary

HiBC Systemutveckling AB was acquired as per October 1, 2008

Total value of acquired assets and liabilities, purchase considerations, and effects on the Group's cash and cash equivalents for all businesses acquired during the year:

	Total
Purchase consideration	
settled in cash	277,470
direct costs relating to the acquisitions	342
fair value of shares issued	75,628
provisions for unpaid considerations	56,793
Total purchase consideration	410,233
Fair value, acquired net assets	-68,069
Goodwill and other intangible assets	342,164

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

Assets and liabilities in the acquired companies were the following:

	Acquired book values Total	Fair values Total
Goodwill and other intangible assets	0	342,164
Property, plant and equipment	1,708	1,708
Current assets	43,338	43,338
Cash and cash equivalents	67,347	67,347
Minority shares	21,609	21,609
Other liabilities	-31,189	-31,189
Deferred tax liabilities	-34,744	-34,744
Net assets	68,069	410,233
Acquired net assets	68,069	410,233
Purchase consideration settled in cash		-277,812
Cash and cash equivalents in acquired companies		67,347
Effect on the Group's cash and cash equivalents through acquisitions		-210,465

Net sales and profit for the businesses acquired during 2008, SEK (thousands)

Net sales	181,802
Profit after financial items	56,682

The amounts relate to the most recent twelve-month period