

IBS Year-end Report January - December 2008

Solna, Sweden, 11 February 2009 - IBS AB (listed on the OMX Nordic Exchange Stockholm, Nordic list, Small Cap, Information Technology: IBS) today presented the Group's year end report for 1 January– 31 December 2008. The information was submitted for publication on 11 February 2009, 8:00 a.m.

January – December

- Total revenue amounted to SEK 2,035 m (2,260).
- Net profit amounted to SEK -274 m (-4).
- Earnings per share amounted to SEK -2.63 (-0.04).
- Operating profit amounted to SEK -283 m (38).
- Earnings after financial items totaled SEK -272 m (27).
- Cash flow from operating activities amounted to SEK 76 m (90).
- Restructuring costs SEK -170 m, impairment of goodwill SEK -53 m and deferred tax assets SEK -26 m affected earnings negatively.

October – December

- Total revenue amounted to SEK 612 m (711).
- Net profit amounted to SEK -93 m (20).
- Earnings per share amounted to SEK -0.75 (0.24).
- Operating profit amounted to SEK -110 m (63).
- Earnings after financial items totaled SEK -97 m (57).
- Cash flow from operating activities amounted to SEK 31 m (63).
- Restructuring costs of SEK -170 m (0) in the period.
- Operating costs excluding restructuring costs down 15% compared to last year.
- Interest-bearing net cash position at end of period SEK 206 m (-150).

Important events after end of period

- An Extraordinary General Meeting on 15 January 2009 approved the Board's recommended incentive program.

Summary of January – December	2008	2007	Change %
Total revenue, SEK m	2,035	2,260	-10%
- New sales	150	221	
- <u>Renewal revenue</u>	<u>270</u>	<u>269</u>	
Software licenses, SEK m	420	490	-14%
<i>License margin</i>	90%	92%	-2 p.p.
Professional services revenue, SEK m	1,150	1,186	-3%
<i>Professional services margin</i>	16%	20%	-4 p.p.
Hardware and other revenue, SEK m	464	584	-20%
<i>Hardware and other margin</i>	17%	18%	-1 p.p.
Operating profit, SEK m	-283	38	
Earnings after financial items, SEK m	-272	27	
Net profit, SEK m	-274	-4	

Operating margin, rolling 12 months *	-2.8%	1.8%	-4.6 p.p.
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* Excluding other operating income/costs and restructuring cost as defined on page 7, "Consolidated income statement"

IBS interim report January – December 2008

Summary of fourth quarter

The global financial crisis has had some negative effects on revenue, especially in selling to new customers as these tended to defer investments until uncertainties are cleared. As a consequence, license revenue showed a decrease in the quarter compared with the same period 2007, particularly in new sales.

Professional Services revenue decreased slightly compared to the same period 2007, however it should be noted that the number of consultants has gone down considerably compared to the year earlier period. Hardware revenue continued to show decline, reflecting lower worldwide demand for IBM System i servers. Total revenue for the quarter decreased by SEK 98 m. It should be noted that a Portuguese division was divested 1 October 2008.

The strategic initiative that was announced in September has already started showing effects. Operating costs were down considerably, a reflection on lower staff costs and other operating costs, particularly in lower General & Administration costs. Profit before re-structuring costs amounted to SEK 60 m, as compared with SEK 63 m for the year earlier period. Re-structuring costs of SEK -170 m affected operating profit negatively; operating profit showed a decline of SEK 172 m compared to the same period last year.

A partnership agreement was signed in December with Indian partner HCL Technologies. This will enable IBS to accelerate the off-shoring of development and customer support resources, and is an essential part of the strategic initiative that was announced in September. This partnership is expected to have effects on productivity and profitability during the first half of 2009.

The cash position improved significantly, with cash and cash equivalents amounting to SEK 313 m (186).

IBS' new CEO and President, Mike Shinya, took up his position on 15 October.

Market

The fourth quarter showed a decline in license revenue, particularly from new customers. The effects of the global financial crisis affected sales negatively with many customers citing difficulties in financing new investments for deferring orders to a later date. In spite of the financial market crisis the US operations improved performance. In the rest of the world southern and central Europe were affected negatively by overall market conditions while the Nordics are showing signs of resilience. This can be most notably viewed in IBS' customers' interest in ordering professional services. Throughout the year the Asia Pacific region continued to show improvements and is now generating positive contribution to the group.

The demand for professional services remains high even though customers deferred major upgrades and other projects. The Nordics and Asia Pacific regions showed an increase in professional services revenue while Europe showed a decline.

Hardware sales have clearly been affected both by the slowing economy, especially noticeable in fewer large contracts from the financial sector than normal, and the global slow-down in sales of IBM System i.

January – December 2008

Total revenue declined to SEK 2,035 m (2,260) due to lower license sales primarily in the second half of the year and lower hardware sales throughout the year.

Operating profit for the full year amounted to SEK -283 m (38). The decline in earnings was somewhat attributable to a drop in revenue but also lower capitalization of product development costs to SEK 89 m (139), an impairment of goodwill of SEK -53 m (0) in the third quarter, and re-structuring costs of SEK 170 m (0).

IBS' product development, sales & marketing and general & administrative costs decreased with SEK 52 m. This was mainly

due to lower staff costs but also lower other operating costs.

There was an impairment of goodwill amounting to SEK -53 m (0) mainly due to the divestment of a division in Portugal and to the French operation.

Earnings after financial items amounted to SEK -272 m (27).

The restructuring provision posted during the third quarter of 2006 was utilized by SEK 28 m in 2008. Commitments of SEK 19 m of this provision have been re-assessed in the context of the new restructuring program decided during 2008 and as such decreased the restructuring cost with the same amount. At year end the total provision amount to SEK 148 m of which SEK 4 m relates to the 2006 program.

October – December 2008

IBS' operating profit was down to SEK -110 m (63). Revenues were down to SEK 612 m (711), a reduction of SEK 99 m or 14%. This was partly due to lower hardware and license revenue, and partly due to a divestment of a division in our Portuguese operations, and the entire Brazil operations. It should be noted that the reporting currency SEK was affected, as it weakened considerably in the quarter. The influence of the exchange rate fluctuations was 4% in the quarter, equating to SEK 28 m higher revenue and SEK -4 m in lower operating profit.

Operating profit was impacted negatively primarily by a net restructuring cost of SEK -170 m (0) taken in the quarter as part of the strategic initiative announced September 23. This cost related mainly to redundancy costs for reduced staff, but also for other costs such as provisioning for closing down offices and reducing office space throughout the group.

The fourth quarter noted a decrease in revenue for software licenses, SEK 136 m (182), with several customers deferring signing of contracts citing the uncertainty in the market. New sales accounted for SEK 57 m (109) and renewal revenues for SEK 79 m (73). The gross margin from software licenses increased to 93% (92).

Revenues from professional services amounted to SEK 305 m (309). The professional services gross margin amounted to 18% (22), negatively affected by increased costs per consultant and higher costs for subcontractors.

Hardware and other revenue continued to decline and amounted to SEK 171 m (220), which added to the overall reduction in revenue. The gross margin for hardware sales was 14% (16).

The Group's gross margin declined to 34% (38).

Development costs were reduced by SEK 15 m due to a tight cost control of product development projects during the fourth quarter and amounted to SEK -41 m (-56).

Sales and marketing costs were SEK -52 m (-72). This reflects use of lower number of sales resources and is indicative of a shift of marketing efforts to focus more on the existing customer base, lowering cost of sale.

General and administrative costs were down 33% to SEK -53 m (-79), representing the biggest relative saving compared to 2007. This was a direct result of the activity program initiated in the first quarter 2008 and the strategic initiative announced September 23.

Earnings after financial items amounted to SEK -97 m (57).

Restatement of Income Statement

A new organization was put in place in 2008 based on an international business line structure. A consequence of the new organization was that some adjustments to the allocation of costs were made to the different cost functions in the income statement. For example, a number of former Product Development employees have been transferred to the Professional Services staff, in alignment with the stated ambition of reducing non-billable staff within IBS.

To facilitate comparison with the preceding year, an income statement for 2007 by quarter, with historically reported and restated figures, is presented later in this report.

Development by region for the quarter

IBS reports in four geographical Areas: Nordics, Europe, Americas and Asia Pacific.

Nordics:

While revenue declined compared to last year, profit improved compared due to lower costs but also an increase in professional services revenue, in spite of fewer resources. The decline in hardware revenue continued as expected. Several software contracts were signed including Norwegian

pharmacy giant Apoteket International. An encouraging number of customers chose to upgrade and increase their IBS software installations which will also increase renewal fees going forward. The second Windows customer was signed with Swedish Electro distributor Elektroskandia.

Europe:

Europe showed the weakest performance in the group, particularly in Southern Europe where weaker market affected license, professional services and hardware revenues. Re-structuring activities were initiated in the region though the full cost effect will not be available until 2009. Netherlands performed better than last year.

Americas:

In the US, despite market conditions, IBS saw an improvement in performance compared to last year. Both license fee and professional service revenue increased, and profit before restructuring costs increased. The new SaaS (Software as a Service) offering was launched successfully with two customers signing new contracts in December.

Asia Pacific:

In Asia Pacific as elsewhere we saw a decline in hardware revenue. Professional services revenue continued to improve. This combined with lower cost of staff, in part thanks to an existing off-shoring partnership with an Indian supplier, meant that operating profit continued to improve compared to the same period last year, for the fourth straight quarter.

Product development

The overall strategy is to continue developing IBS' position as the leading international supplier of software and professional services within distribution management solutions for selected market segments.

The first live installation of a Windows version of the financial system continues to run well, with the second under installation. The first phase of testing for the complete suite of IBS Enterprise 6.0 is now complete and a few pilot installations will be made to ensure the full system operates satisfactorily in industrial conditions. In parallel, a launch plan is being developed for deploying IBS Enterprise 6.0 in its entirety on a Windows/Intel platform, with the aim of making it available in all markets.

A first version of IBS Enterprise that can be sold as Software as a Service (SaaS) was made available in the US market, and the

first two contracts for this product were signed in December 2008.

Liquidity and financial position

As of December 31, the Group's equity amounted to SEK 1,073 m (956), impacted by receiving a net of SEK 387 m in the rights issue in the summer of 2008 and re-structuring costs for the strategic initiative announced on September 23. The equity/assets ratio was 51% (45%). Liquidity ratio amounted to 121% (100%).

During 2008, cash flow from operating activities amounted to SEK 76 m (90) which includes payments referring to restructuring activities of SEK -87 m (0). Cash flow from investing activities amounted to SEK -110 m (-174).

Cash and cash equivalents, including short-term investments, amounted to SEK 313 m (186) on December 31. In addition, there were unused credit facilities of SEK 248 m (141).

The Group had interest-bearing loans totaling SEK 107 m (337) on December 31. Excluding debts to leasing companies, the corresponding figure was SEK 75 m (305).

Investments

The Group's investments in tangible fixed assets during 2008 amounted to SEK 16 m (32).

Tax

Tax for 2008, as reported in the income statement, amounted to SEK -2 m (-31) and consisted of SEK 1 m (-22) in current tax income and SEK -3 m (-9) in deferred tax expenses.

Tax paid during the period amounted to SEK -12 m (-19).

Personnel

The number of full-time equivalent employees on December 31 was 1,377 (1,754), a decrease of 377 employees or -21% compared with the year-earlier period. Part of this reduction is derived from the restructuring program aimed at reducing non-billable staff, some divestment of non-profitable operations and restructuring activities announced in the strategic initiative September 23.

The number of consultants was 899 (981). The decrease is a consequence of the strategic initiative launched September 23

Parent Company January – December

The Parent Company, IBS AB, has 25 (28) full-time equivalent employees and the

overall management responsibility for the Group.

The Parent Company's total revenue for the period amounted to SEK 98 m (130) and earnings after financial items amounted to SEK -39 m (-15). Earnings include dividends from subsidiaries of SEK 93 m (34) as well as a write-down of shares in subsidiaries amounting to SEK -75 m (-66).

Investments in tangible and intangible assets amounted to SEK 87 m (133). Cash and cash equivalents at the end of the period amounted to SEK 192 m (57).

Action program for increased profitability

In view of the continued economic decline and subsequent drop in total revenue, IBS decided to launch a new strategic initiative in order to focus the business on core products and verticals.

The initiative, which was planned during the summer and launched September 23, will result in staff reductions of more than 500 employees worldwide, including voluntary resignations, business divestitures, country exits and redundancies. In addition reduction of office space used throughout the group will be pursued and other cost measures implemented. The initiative was launched in the fourth quarter and showed some results already in the period.

The program to relocate some of the product development, programming and customer support resources to low-cost countries will accelerate as the off-shoring agreement with HCL Technologies is ramped up.

Sales & Marketing efforts will focus more on the existing customer base for the immediate future, lowering cost of sales. Also a program to improve sales execution and sales management has been launched.

During the period this initiative has resulted in restructuring costs of SEK 170 m (0). Further costs for this initiative will be reported in coming interim reports.

Related party transactions

An issue of shares to Deccan Value Advisors, as payment for guaranteeing the rights issue performed in the summer 2008, was made during the third quarter. No other related party transactions were performed during the year.

Own shares acquired

In total, 2,303,800 shares have been repurchased at an average share price of SEK 21.70 per share, resulting in a total of

SEK 50 m. No own shares were acquired during 2008.

Information on risks and uncertainty factors

IBS is affected by a number of external and internal factors, and has an ongoing process to identify all existing risks and how these should be handled. Among the risks the company is exposed to, are market related risks (including competition, technological development, and political risks), business related risks (including product ownership, immaterial rights, customer dependencies and contract risks) and financial risks (including currency exchange rate risks).

For more information about IBS' risks and uncertainty factors, please read the 2007 annual report pp 40-41 and note 21 on page 63.

In addition to the risks published in the annual report 2007 should be added risks with the current strategic initiative.

The IBS share

The IBS share price decreased by 4% during the quarter and the closing share price was SEK 5.50 on December 30, 2008.

Accounting principles

The interim report is prepared in accordance with IAS 34 Interim Financial Reporting. Applicable rules in the Annual Accounts Act and the Securities Markets Act have also been applied. The same accounting principles and calculation methods were applied as in the most recent annual report 2007. This means that the consolidated accounts were prepared in accordance with the International Financing Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission. New and revised standards and new interpretations applying as of January 2008 did not affect the IBS Group's financial reporting. For further information on the Group's accounting principles, see the 2007 annual report.

For the Parent Company, the year-end report has been prepared in accordance with Annual Accounts Act and the Securities Markets Act and in accordance with Recommendation RFR 2.1 – Accounting for Legal Entities. The same accounting principles and calculation methods were applied as in the most recent annual report 2007.

Annual General Meeting

The Board of Directors invites shareholders to the Annual General Meeting, which will be held at 3 p.m. on 7 May 2009 in Stockholm. The exact location will be announced in the notice to the AGM which will be published at the beginning of April.

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Dividend

No dividend is proposed for the 2008 fiscal year.

Reporting dates during 2009

- The 2008 Annual Report will be published 23 April
- The release from IBS' Annual General Meeting will be published on 7 May
- The interim report for January-March will be published on 7 May
- The interim report for January-July will be published on 14 August
- The interim report for January-September will be published on October 29
- The year-end report for 2009 will be published in February 2010.

The Board of Directors declares that the interim report gives a fair overview of the business development, financial position and result of operation of the Parent Company and the consolidated Group, and describes significant risks and uncertainties that the parent company and its subsidiaries are facing.

This report is available in Swedish and in English. In case of differences between the two versions, the Swedish version takes precedence.

Solna, 11 February 2009

Pallab Chatterjee, Chairman of the Board

Vinit Bodas, Member of the Board

Gunnel Duveblad, Member of the Board

George Ho, Member of the Board

Christian Paulsson, Member of the Board

Bertrand Sciard, Member of the Board

Ann-Mari Öhman, Member of the Board

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Consolidated income statement

SEK million

	2008	2007	08/07	2008	2007	08/07	2006 **
	Oct-Dec	Oct-Dec	%	Full Year	Full Year	%	Full Year
Revenue							
Software licenses	136,3	181,9	-25%	420,0	489,9	-14%	511,8
Professional services	305,2	308,7	-1%	1 150,4	1 186,3	-3%	1 217,5
Hardware and other revenue	170,9	220,2	-22%	464,1	583,6	-20%	548,7
Total revenue	612,4	710,8	-14%	2 034,5	2 259,8	-10%	2 278,0
Cost of revenue							
Software licenses	-10,0	-13,7	-27%	-43,1	-38,2	13%	-44,1
Professional services	-249,0	-241,1	3%	-963,5	-949,5	1%	-935,1
Hardware and other costs	-146,2	-185,8	-21%	-383,5	-478,2	-20%	-439,8
Total cost of revenue	-405,2	-440,6	-8%	-1 390,1	-1 465,9	-5%	-1 419,0
Gross profit	207,2	270,2	-23%	644,4	793,9	-19%	859,0
Product development costs	-41,3	-56,3	-27%	-207,0	-196,2	6%	-239,2
Sales and marketing costs	-52,3	-72,3	-28%	-259,1	-275,2	-6%	-238,3
General and administrative costs	-52,7	-79,0	-33%	-235,6	-282,1	-16%	-269,1
Other operating income/costs *	-1,0	0,1		-55,7	-2,4		1,0
Restructuring cost	-169,6	-		-169,6	-		-120,0
Operating profit	-109,7	62,7		-282,6	38,0		-6,6
Financial items							
Financial income	14,8	3,5		23,7	9,8		12,2
Financial expenses	-2,0	-9,6		-13,2	-20,6		-11,8
Earnings after financial items	-96,9	56,6		-272,1	27,2		-6,2
Tax	4,2	-36,6		-1,9	-30,7		-1,1
Net profit for the period	-92,7	20,0		-274,0	-3,5		-7,3
Net profit attributable to:							
Parent company shareholders	-92,7	20,1		-274,0	-3,5		-7,4
Minority	0,0	-0,1		0,0	0,0		0,1
Earnings per share (SEK)	-0,75	0,24		-2,63	-0,04		-0,09
Earnings per share after dilution (SEK)	-0,75	0,24		-2,63	-0,04		-0,09
Average number of shares (thousand)	124 271	84 399		104 185	84 399		85 110
Average number of shares after dilution (thousand)	124 271	84 399		104 185	84 399		85 862

* Currency translation differences in receivables/liabilities of an operating character, capital loss from sale of operations and impairment of goodwill

** 2006 is not restated according to the same principle for function costs allocation as 2008 and 2007. See page 14 where the year 2007 is restated according to new principle

Outcome per quarter

	2006	2006	2006	2006	2007	2007	2007	2007	2008	2008	2008	2008
SEK million	Q1	Q2 ¹⁾	Q3 ²⁾	Q4	Q1	Q2	Q3 ³⁾	Q4	Q1	Q2	Q3 ⁴⁾	Q4 ⁵⁾
Software licenses	113,4	122,6	109,7	166,1	102,4	104,1	101,5	181,9	84,7	109,6	89,4	136,3
Total revenue	561,6	561,9	476,6	677,9	541,1	531,2	476,7	710,8	483,8	516,3	422,0	612,4
Operating profit	13,3	13,4	-116,9	83,6	-9,9	-21,5	6,7	62,7	-55,0	-26,2	-91,7	-109,7
Earnings after financial items	14,6	12,6	-114,8	81,4	-8,8	-22,8	2,2	56,6	-63,3	-22,5	-89,4	-96,9

¹⁾ Operating profit includes capital gain from sale of subsidiaries to SEK 1,5 m.

²⁾ Operating profit includes restructuring costs amounting to SEK -120,0 m.

³⁾ Operating profit includes capital loss from sale of operations amounting to SEK -3,5 m.

⁴⁾ Operating profit includes impairment of goodwill amounting to SEK -52,8 m.

⁵⁾ Operating profit includes impairment of goodwill amounting to SEK -52,8 m, restructuring costs amounting to SEK -169,6 m and loss from sale of subsidiaries amounting to SEK -8,4 m

Segment analysis Jan-Dec		Nordics		Europe		Americas		Asia Pacific		Parent company incl. group adjustments		Total	
<i>SEK million</i>		2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<i>Revenue from external customers</i>													
Software licences		119,1	133,9	211,8	255,2	38,2	40,4	50,7	57,4	0,2	3,0	420,0	489,9
Professional services		516,8	508,1	431,7	478,5	113,1	130,3	85,0	69,8	3,8	-0,4	1 150,4	1 186,3
Hardware and other revenue		194,6	247,0	245,0	296,1	11,2	17,3	13,3	23,7	0,0	-0,4	464,1	583,6
		830,5	889,0	888,5	1 029,8	162,5	188,0	149,0	150,9	4,0	2,2	2 034,5	2 259,8
Inter-segment revenue		42,5	48,4	55,6	29,9	15,7	9,0	14,9	13,7	-128,7	-100,9	0,0	0,0
Total revenue		873,0	937,4	944,1	1 059,7	178,2	197,0	163,9	164,6	-124,7	-98,7	2 034,5	2 259,8
Segment operating profit		100,6	95,5	41,4	98,9	26,3	32,3	10,5	-9,5	-291,8	-179,2	-113,0	38,0
Unallocated expenses/restructuring cost		-38,2	0,0	-97,3	0,0	-33,4	0,0	-4,4	0,0	3,7	0,0	-169,6	0,0
Operating profit		62,4	95,5	-55,9	98,9	-7,1	32,3	6,1	-9,5	-288,1	-179,2	-282,6	38,0

Segment analysis Q4		Nordics		Europe		Americas		Asia Pacific		Parent company incl. group adjustments		Total	
<i>SEK million</i>		2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<i>Revenue from external customers</i>													
Software licences		40,8	54,8	61,6	88,1	20,6	20,1	13,2	18,9	0,1	0,0	136,3	181,9
Professional services		144,8	132,5	113,3	131,1	32,1	28,3	18,3	15,7	-3,3	1,1	305,2	308,7
Hardware and other revenue		74,3	115,7	88,3	93,4	2,7	3,5	5,6	7,5	0,0	0,1	170,9	220,2
		259,9	303,0	263,2	312,6	55,4	51,9	37,1	42,1	-3,2	1,2	612,4	710,8
Inter-segment revenue		9,8	21,9	19,0	10,2	5,3	1,6	3,7	4,2	-37,8	-37,9	0,0	0,0
Total revenue		269,7	324,9	282,2	322,8	60,7	53,5	40,8	46,3	-41,0	-36,7	612,4	710,8
Segment operating profit		49,5	44,6	43,0	52,7	25,6	16,3	4,2	-1,8	-62,4	-49,1	59,9	62,7
Unallocated expenses/restructuring cost		-38,2	0,0	-97,3	0,0	-33,4	0,0	-4,4	0,0	3,7	0,0	-169,6	0,0
Operating profit		11,3	44,6	-54,3	52,7	-7,8	16,3	-0,2	-1,8	-58,7	-49,1	-109,7	62,7

The segment reporting is created in accordance with IAS 14. For IBS, geographical area is the primary basis for segmentation. The segmentation is based on IBS' organisation and the structure of the international reporting system. IBS' risks and opportunities are primarily impacted by the Group having operations in different countries. Internal pricing is based on market price. The segment results include items that are directly assignable or can be allocated to a segment in a reasonable and reliable way.

Consolidated balance sheet

SEK million

	2008 31 Dec	2007 31 Dec	2006 31 Dec
ASSETS			
Capitalized product development costs	357,9	352,8	280,1
Goodwill	363,3	419,1	423,0
Other intangible assets	27,5	29,4	37,3
Intangible assets	748,7	801,3	740,4
Tangible assets	87,1	93,1	97,5
Financial assets	11,2	12,7	17,2
Deferred tax receivables	136,4	135,0	146,1
Total fixed assets	983,4	1 042,1	1 001,2
Inventories	7,0	16,6	8,5
Accounts receivable	644,9	714,5	635,2
Tax receivables	33,7	17,7	19,6
Other receivables	122,8	160,5	190,5
Cash and cash equivalents	312,7	186,3	405,4
Total current assets	1 121,1	1 095,6	1 259,2
TOTAL ASSETS	2 104,5	2 137,7	2 260,4

	2008 31 Dec	2007 31 Dec	2006 31 Dec
EQUITY AND LIABILITIES			
Equity holders of the parent company	1 073,2	956,0	952,2
Minority interests	0,0	0,1	1,0
Total equity	1 073,2	956,1	953,2
Liabilities			
Liabilities to credit institutions	46,8	68,9	86,4
Deferred tax	4,2	6,7	10,6
Provisions	55,0	11,2	51,3
Other long-term liabilities	6,4	14,3	26,2
Total long-term liabilities	112,4	101,1	174,5
Liabilities to credit institutions	60,1	267,7	383,8
Provisions	106,5	51,1	49,7
Accounts payable	166,8	166,5	148,5
Income tax liability	5,5	4,9	5,1
Other current liabilities	580,0	590,3	545,6
Total short-term liabilities	918,9	1 080,5	1 132,7
Total liabilities	1 031,3	1 181,6	1 307,2
TOTAL EQUITY AND LIABILITIES	2 104,5	2 137,7	2 260,4

Change in Group equity

SEK million	2008 31 Dec	2007 31 Dec	2006 31 Dec
Opening balance 1 Jan	956,1	953,2	1 173,1
Rights issue	408,1	-	-
Costs related to rights issue	-20,3	-	-
Own shares aquired	-	-5,5	-44,5
Dividends paid to shareholders	-	-	-167,1
New share issue by warrants exercised	-	-	30,6
Net profit for the year	-274,0	-3,5	-7,3
Translation differences for the period	3,3	11,9	-31,6
Closing balance end of period	1 073,2	956,1	953,2
Equity attributable to:			
Equity holders of the parent company	1 073,2	956,0	952,2
Minority interests	0,0	0,1	1,0

Pledged assets and contingent liabilities Group

SEK million	2008 31 Dec	2007 31 Dec	Change
Corporate mortgages	0,3	0,3	0,0
Pledged shares in subsidiaries	83,8	76,2	7,6
Assets charged with ownership reservation	113,7	58,7	55,0
Contingent liabilities	12,4	11,0	1,4

Pledged assets and contingent liabilities Parent company

SEK million	2008 31 Dec	2007 31 Dec	Change
Corporate mortgages	0,3	0,3	-0,1
Pledged shares in subsidiaries	58,2	55,7	2,5
Guarantees, subsidiaries	49,6	53,7	-4,1

Consolidated cash flow analysis

SEK million

	2008 Oct-Dec	2007 Oct-Dec	2008 Full year	2007 Full year	2006 Full year
Operating activities					
Earnings after financial items	-96,9	56,6	-272,1	27,2	-6,2
Adjustments to reconcile earnings after financial items to cash	144,7	28,0	264,3	85,7	193,1
Tax paid	-5,2	-9,5	-12,2	-19,2	-27,7
Cash flow from operating activities before changes in working capital	42,6	75,1	-20,0	93,7	159,2
<i>Changes in working capital</i>					
Inventories	0,8	-8,4	10,0	-7,6	-2,2
Operating assets	-206,0	-267,4	167,4	-26,5	-77,9
Operating liabilities	194,0	263,9	-80,9	30,6	-25,9
Cash flow from operating activities	31,4	63,2	76,5	90,2	53,2
<i>Investing activities</i>					
Change, intangible assets	-31,3	-30,8	-98,0	-139,1	-133,5
Change, tangible assets	-5,1	-7,0	-15,5	-31,7	-33,1
Change, financial assets	0,3	-2,4	0,4	-3,1	4,1
Acquisition of subsidiaries	-	-	-2,0	-5,5	-
Disposal of subsidiaries	5,4	-	5,4	5,1	20,4
Cash flow from investing activities	-30,7	-40,2	-109,7	-174,3	-142,1
<i>Financing activities</i>					
Rights issue	-	-	408,1	-	-
Costs related to rights issue	-	-	-21,0	-	-
Dividends paid to shareholders	-	-	-	-	-167,1
New share issue by warrants exercised	-	-	-	-	30,6
Own shares aquired	-	-	-	-5,5	-44,5
Net change, loans	-13,0	-139,8	-247,1	-136,6	14,9
Cash flow from financing activities	-13,0	-139,8	140,0	-142,1	-166,1
Cash flow for the period	-12,3	-116,8	106,8	-226,2	-255,0
Cash and cash equivalents, beginning of period	310,6	298,2	186,3	405,4	676,4
Translation differences in cash and cash equivalents	14,4	4,9	19,6	7,1	-16,0
Cash and cash equivalents, end of period	312,7	186,3	312,7	186,3	405,4

Key figures and data per share

Key figures	2008	2007	2008	2007	2006
	Oct-Dec	Oct-Dec	Full year	Full year	Full year
Average number of employees	1 420	1 763	1 612	1 815	1 873
Revenue per employee (SEK thousand)	431	403	1 262	1 245	1 216
Value added per employee (SEK thousand)	117	226	534	720	638
Operating margin %	-17,9	8,8	-13,9	1,7	-0,3
Capital turnover ratio	0,3	0,3	1,0	1,0	1,0
Return on total capital %	-4,8	3,2	-12,2	2,2	0,2
Return on capital employed %	-7,7	4,9	-20,9	3,5	0,4
Return on equity %	-8,3	2,1	-27,0	-0,4	-0,7
Ratio of risk capital %	51	45	51	45	43
Liquidity %	121	100	121	100	110
Equity to total assets ratio %	51	45	51	45	42
Interest cost cover ratio	-48	7	-20	2	0
DSO (Days of sales outstanding)	59	56	68	66	62
Interest-bearing net debt	-206	150	-206	150	65
Key figures per share					
Earnings	-0,75	0,24	-2,63	-0,04	-0,09
Earnings after dilution	-0,75	0,24	-2,63	-0,04	-0,09
Adjusted equity	8,64	11,76	8,64	11,44	11,69
Adjusted equity after dilution	8,64	11,76	8,64	11,44	11,69
Cash flow from operating activities	0,25	0,75	0,73	1,07	0,63
Cash flow from operating activities after dilution	0,25	0,75	0,73	1,07	0,62
Share data					
Average number of shares (thousand)	124 271	84 399	104 185	84 399	85 110
Average number of shares after dilution (thousand)	124 271	84 399	104 185	84 399	85 862
Total no. of shares (thousand) *	124 271	81 304	124 271	81 304	81 532
Average share price	6,23	14,86	9,87	20,88	26,04

Analysis

Analysis of the change in revenue between the years %	4th Quarter			Full year		
	08/07	07/06	06/05	08/07	07/06	06/05
Volume increase (average no. of staff)	-19%	-2%	-4%	-9%	-1%	-4%
Acquisitions/disposals	-3%	-2%	-2%	-2%	-1%	1%
Price and efficiency change	4%	6%	0%	0%	1%	0%
Growth rate, internally influenced	-18%	2%	-6%	-11%	-1%	-3%
Influence of exchange rate fluctuation	4%	3%	-3%	1%	0%	-1%
Total growth rate	-14%	5%	-9%	-10%	-1%	-4%
Gross profit per revenue stream SEK million	2008	2007	2006	2008	2007	2006
Software licences	126	168	151	377	452	468
Professional services	56	67	87	187	237	282
Hardware and other revenue	25	34	31	80	105	109
Total	207	269	269	644	794	859
Gross margin in % per revenue stream %	2008	2007	2006	2008	2007	2006
Software licences	93%	92%	91%	90%	92%	91%
Professional services	18%	22%	26%	16%	20%	23%
Hardware and other revenue	14%	16%	18%	17%	18%	20%
Total	34%	38%	40%	32%	35%	38%
Type of revenue in % of total revenue %	2008	2007	2006	2008	2007	2006
Software licences	22%	26%	25%	21%	22%	22%
Professional services	50%	43%	49%	57%	52%	53%
Hardware and other revenue	28%	31%	26%	23%	26%	25%
Total	100%	100%	100%	100%	100%	100%
Operating costs in % of revenue %	2008	2007	2006	2008	2007	2006
Product development costs	7%	8%	9%	10%	9%	11%
Sales and marketing costs	9%	10%	9%	13%	12%	10%
General and administrative costs	9%	11%	10%	12%	12%	12%
Total	24%	29%	28%	35%	33%	33%
Depreciation SEK million	2008	2007	2006	2008	2007	2006
Goodwill impairment	-	-	-	-53	-	-
Capitalized product development costs	-21	-19	-14	-85	-69	-53
Other fixed assets	-13	-14	-13	-48	-52	-50
Total	-34	-33	-27	-186	-121	-103

Restatement

Consolidated income statement per quarter 2007

	Reported 2007					Restated 2007				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Revenue										
Software licenses	102,4	104,1	101,5	181,9	489,9	102,4	104,1	101,5	181,9	489,9
Professional services	309,0	290,0	278,6	308,7	1 186,3	309,0	290,0	278,6	308,7	1 186,3
Hardware and ther revenues	129,7	137,1	96,6	220,2	583,6	129,7	137,1	96,6	220,2	583,6
Total Revenue	541,1	531,2	476,7	710,8	2 259,8	541,1	531,2	476,7	710,8	2 259,8
Cost of revenue										
Software licenses	-6,8	-10,6	-7,1	-13,7	-38,2	-6,8	-10,6	-7,1	-13,7	-38,2
Professional services	-234,0	-235,5	-207,9	-242,1	-919,5	-247,6	-247,7	-213,2	-241,1	-949,5
Hardware and ther revenues	-109,4	-109,3	-73,7	-185,8	-478,2	-109,4	-109,3	-73,7	-185,8	-478,2
Total cost of revenue	-350,2	-355,4	-288,7	-441,6	-1 435,9	-363,8	-367,6	-294,0	-440,6	-1 465,9
Gross profit	190,9	175,8	188,0	269,2	823,9	177,3	163,6	182,7	270,2	793,9
Product development costs	-63,8	-64,7	-61,2	-70,8	-260,5	-45,6	-44,8	-49,5	-56,3	-196,2
Sale and marketing costs	-64,0	-61,9	-51,7	-62,8	-240,4	-74,1	-68,2	-60,6	-72,3	-275,2
General and administrative costs	-73,0	-70,7	-64,9	-72,9	-281,5	-71,2	-73,6	-58,3	-79,0	-282,1
Other operating income *			-3,5		-3,5	3,7	1,5	-7,6	0,1	-2,4
Operating profit	-9,9	-21,5	6,7	62,7	38,0	-9,9	-21,5	6,7	62,7	38,0

* Currency translation differences in receivables/liabilities of an operating character and capital loss from sale of operations

Parent company income statement

SEK million

	2008 Oct-Dec	2007 Oct-Dec	%	2008 Full year	2007 Full year	%	2006 Full year
Revenue							
Software licenses	1,4	6,5	-78%	7,8	8,0	-3%	8,6
Professional services	1,5	1,7	-12%	7,0	6,9	1%	11,0
Other income	32,0	30,5	5%	83,1	114,6	-27%	131,2
Total revenue	34,9	38,7	-10%	97,9	129,5	-24%	150,8
Cost of revenue							
Software licenses	-1,4	-5,2	-73%	-6,9	-5,6	23%	-3,9
Professional services	-0,8	-1,0	-20%	-4,0	-3,6	11%	-
Other costs	0,0	0,0	-	0,0	0,0	-	-
Total cost of revenue	-2,2	-6,2	-65%	-10,9	-9,2	18%	-3,9
Gross profit	32,7	32,5	1%	87,0	120,3	-28%	146,9
Product development costs	-16,8	-12,1	39%	-65,9	-47,8	38%	-74,1
Sales and marketing costs	0,0	0,0		0,0	-10,0		-23,1
General and administrative costs	-23,2	-12,4	87%	-74,0	-62,7	18%	-55,7
Restructuring cost	-15,2	-1,7		-15,2	-1,7		-20,5
Other operating income/costs *	10,7	1,1		9,2	3,0		0,0
Operating profit	-11,8	7,4		-58,9	1,1		-26,5
Financial items							
Financial income	4,5	3,2	41%	23,6	19,3	22%	28,6
Financial expenses	-1,6	-6,9	-77%	-14,1	-17,7	-20%	-10,0
Result from participations in subsidiaries	-53,5	-52,1	3%	10,9	-18,1		46,9
Earnings after financial items	-62,4	-48,4		-38,5	-15,4		39,0
Transfers from untaxed reserves	1,6	2,0		1,6	2,0		-0,4
Profit before tax	-60,8	-46,4		-36,9	-13,4		38,6
Tax	0,1	-8,5		11,3	-9,7		2,7
Net profit for the period	-60,7	-54,9		-25,6	-23,1		41,3

* Currency translation differences in receivables/liabilities of an operating character

Parent company balance sheet

SEK million

	2008 31 Dec	2007 31 Dec	2006 31 Dec
Assets			
Capitalized product development costs	328,3	310,3	219,7
Acquired software rights	1,5	2,7	2,9
Intangible assets	329,8	313,0	222,6
Tangible assets	5,1	3,6	5,4
Receivables from subsidiaries	132,2	174,0	169,3
Deferred tax receivables	45,6	33,2	42,7
Participation in subsidiaries	439,3	451,4	496,0
Financial investments	0,0	3,7	6,9
Total fixed assets	952,0	978,9	942,9
Inventory	4,7	7,1	5,2
Accounts payable	3,2	4,4	7,6
Tax receivables	1,2	2,8	2,1
Receivables from subsidiaries	210,6	168,0	169,1
Other receivables	2,3	15,2	17,9
Current receivables	217,3	190,4	196,7
Cash and cash equivalents	191,7	57,2	195,4
Total current assets	413,7	254,7	397,3
TOTAL ASSETS	1 365,7	1 233,6	1 340,2

	2008 31 Dec	2007 31 Dec	2006 31 Dec
EQUITY AND LIABILITIES			
<i>Restricted equity</i>			
Share capital	25,3	16,7	16,7
Statutory reserve	318,7	318,7	318,7
	344,0	335,4	335,4
<i>Non-restricted equity</i>			
Share premium reserve	429,4	29,8	29,8
Translation reserve (fair value fund)	0,5	6,6	-0,4
Retained earnings	434,9	478,3	442,5
Net profit for the period	-25,6	-23,1	41,3
	839,2	491,6	513,2
Equity	1 183,2	827,0	848,6
Untaxed reserves	0,4	2,0	4,0
Liabilities			
Liabilities to credit institutions	26,0	46,9	67,7
Other liabilities	0,0	6,7	13,6
Long-term liabilities	26,0	53,6	81,3
Liabilities to credit institutions	20,8	235,4	285,0
Provisions	8,6	-	-
Accounts payable	13,3	15,5	16,1
Current liabilities to subsidiaries	83,5	81,1	67,2
Other current liabilities	29,9	19,0	38,0
Short-term liabilities	156,1	351,0	406,3
Total liabilities	182,1	404,6	487,6
TOTAL EQUITY AND LIABILITIES	1 365,7	1 233,6	1 340,2

IBS in brief

IBS' mission is to help our customers increase profitability and customer service through solutions and services that improve business processes and deliver measurable business value.

IBS is a leading provider of specialised business solutions that optimise and increase the efficiency of the entire supply chain. IBS' solutions include effective routines for sales support, customer relations, order handling, procurement and supply chain management, demand-driven manufacturing and distribution, financial control and flexible business performance measurement.

We offer complete solutions by providing software, professional services, IT equipment, facilities management and financing services. Fast and efficient implementation enables customers to focus on their own business targets.

A global network of subsidiaries and business partners ensures that IBS' solutions are available worldwide.

