

IBS Interim Report January - September 2008

Solna, Sweden, October 23, 2008 - IBS AB (listed on the OMX Nordic Exchange Stockholm, Nordic list, Small Cap, Information Technology: IBS) today presented the Group's interim report for January 1 – September 30, 2008. The information was submitted for publication on October 23, 2008, 8:00 a.m.

January – September

- Total revenue amounted to SEK 1,422 m (1,549).
- Net profit amounted to SEK -181 m (-24).
- Earnings per share amounted to SEK -1.86 (-0.28).
- Operating profit amounted to SEK -173 m (-25).
- Earnings after financial items totaled SEK -175 m (-29).
- Cash flow from operating activities amounted to SEK 45 m (27).

July – September

- Total revenue amounted to SEK 422 m (477).
- Net profit amounted to SEK -111 m (0).
- Earnings per share amounted to SEK -0.90 (-0.00).
- Operating profit amounted to SEK -92 m (7).
- Earnings after financial items totaled SEK -89 m (2).
- Cash flow from operating activities amounted to SEK 17 m (-49).
- Goodwill impairment of SEK -53 m (0) and adjustment of deferred tax assets of SEK -26 m (0).
- On September 23, IBS announced a new strategy, focusing on key verticals and reducing staff with up to 500 employees.

Important events after end of period

- New CEO and President Mike Shinya joined IBS on October 15.
- Divestment of non-profitable operations in Portugal in October.

Summary of January – September	2008	2007	Change %
Total revenue, SEK m	1,422	1,549	-8%
- New sales	93	112	
- <u>Renewal revenue</u>	<u>190</u>	<u>196</u>	
Software licenses, SEK m	284	308	-8%
<i>License margin</i>	88%	92%	-4 p.p.
Professional services revenue, SEK m	845	878	-4%
<i>Professional services margin</i>	15%	19%	-4 p.p.
Hardware and other revenue, SEK m	293	363	-19%
<i>Hardware and other margin</i>	19%	20%	-1 p.p.
Operating profit, SEK m	-173	-25	
Earnings after financial items, SEK m	-175	-29	
Net profit, SEK m	-181	-24	

Operating margin, rolling 12 months *	-2.6%	2.8%	-5.4 p.p.
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* Excluding other operating income/costs as defined on page 8, "Consolidated income statement"

IBS interim report January – September 2008

Summary of third quarter

The global financial crisis has had some negative effects on revenue, particularly 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. Productivity was also adversely affected by the planning for the new strategic initiative launched on September 23.

Professional Services revenue decreased compared to the same period 2007, in part due to a division of the French operations being divested in 2007 and in part due to weaker customer demand, particularly in Southern Europe. In October a Portuguese division containing approximately 90 employees was divested. Hardware sales continued to show decline, reflecting lower worldwide demand for IBM System i servers. Total revenue for the quarter decreased by SEK 55 m.

Net profit was affected by several non-cash affecting items such as impairment of goodwill mainly due to divestments, lower capitalization of product development cost, increased provisions for bad debt and higher amortizations on capitalized product development cost. These four items affected profit negatively with a total of SEK 74 m. Operating profit showed a decline of SEK 98 m compared to the same period last year. The drop in net profit was also impacted by a reduction of deferred tax assets of SEK 26 m.

Ongoing cost saving activities decided in the first quarter have had effects on the operation which can be seen in a reduced number of employees and lower G&A costs including lower costs for offices, travel and administration. The workforce has been reduced by 194 employees or 11% compared to 2007.

During the summer, IBS launched and completed a rights issue to shareholders, guaranteed by Deccan Value Advisors. The issue was fully subscribed and raised SEK 397 m, of which SEK 177 m was received in June and SEK 220 m received in July.

In September IBS announced a re-structuring program aimed at reducing staff, office costs and driving efficiencies in product development and customer project delivery and support.

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

On June 30 Deccan Value Advisors placed a mandatory bid on the company, the acceptance period for which ran to August 18, 2008. In a statement August 4, the Board recommended shareholders to not accept this bid. During the quarter Deccan attained 77% of the votes in IBS.

On September 5, an Extraordinary General Meeting was held and the composition of the Board of Directors was changed. Christian Paulsson was elected to the Board while Bo Pettersson and Fredrik Svensson left the Board.

Market

The third quarter showed a decline in license revenue, particularly from new customers. The effects of the global financial situation affected sales negatively. Outside of the US, Southern Europe was affected most strongly. The effects of a slowing economy will likely continue to show some effects, especially in the US market; however it should be noted that IBS in the Nordics showed a performance more or less in line with last year, whereas the Asia Pacific region continued to show improvements.

The demand for professional services declined as customer deferred major upgrades and other projects. However, the Asia Pacific region showed an increase in Professional Services revenue.

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

January – September 2008

Operating profit for the first nine months amounted to SEK -173 m (-25). The decline in earnings was attributable to a drop in revenue, SEK 1,422 m (1,549) combined with lower capitalization of product development costs, SEK 66 m (108), higher bad debt provisions of SEK -28 m (-10) and an impairment of goodwill of SEK -53 m (0) in the third quarter.

July – September 2008

IBS' operating profit was down to SEK -92 m (7). Revenues were down to SEK 422 m (477), a reduction of SEK 55 m or 11%. This was mainly due to lower hardware and license revenue, as well as divestment of a division in our French operations, which took place in September 2007. Apart from lower revenue, operating profit was impacted negatively primarily by non-cash items incurred in the quarter, such as a continuation of the lower capitalization of product development cost, SEK 25 m (32), increased bad debt provisions, SEK -15 m (-6) and a goodwill impairment of SEK -53 m (0).

The third quarter noted a decrease in revenue for software licenses, SEK 89 m (102), with several customers deferring signing of contracts citing the uncertainty in the market. New sales accounted for SEK 27 m (35) and renewal revenues for SEK 63 m (66). The profit margin from software licenses was 89% (93).

Revenues from professional services amounted to SEK 259 m (279). There was reduction of revenue due to the divestment of a division in our French operations in 2007 but also because customers deferred upgrades and other large projects in view of the current market conditions. The professional services margin amounted to 16% (23).

Hardware and other revenue continued to decline and amounted to SEK 73 m (97), which added to the overall reduction in revenue. The profit margin for hardware sales was 20% (24).

The Group's gross profit margin declined to 32% (38).

Gross product development costs incurred during the quarter decreased to SEK -80 m (-82). However, capitalized product development declined to SEK 25 m (32). The resulting product development cost in the income statement thus increased to SEK -55 m (-50).

Sales and marketing costs were SEK -69 m (-61). Provisions for bad debt made were SEK -15 m (-6) and occurred due to increased overdue amounts in accounts receivables together with a stricter internal policy. It should be noted this had no cash impact in the quarter.

General and administrative costs were down 15% to SEK -50 m (-58) which was a direct result of the activity program initiated in the first quarter 2008.

Other operating income/costs amounted to SEK -54 m (-8). This contained 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.

The remaining restructuring provision related to the action plan approved in 2006 amounted to SEK 27 m on September 30, 2008. During the third quarter, SEK 7 m was utilized.

Earnings after financial items amounted to SEK -89 m (2).

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

From January 1, 2008, IBS reports in accordance with the new IBS organization, which is divided into four Areas: Nordics, Europe, Americas and Asia Pacific.

Nordics:

While revenue declined slightly, profit improved compared to last year due to lower costs. The decline in hardware revenue slowed, and several contracts were signed including Automotive spare parts distributor K.W. Bruun Logistik. Some concern over drop in professional services revenue particularly in Denmark was somewhat offset by improvements in Norway.

Europe:

Europe showed the weakest performance in the group, particularly in Southern Europe where weaker market and weaker demand for local products affected license, professional services and hardware revenues. A loss-making division selling local products was divested in Portugal.

Americas:

In the US, the general market economy is still affecting customers' ability to purchase new systems, though less so than in previous quarters. However, license revenue increased compared to same period last year. Professional services revenue has also been affected negatively by previously delayed contracts, but the new global professional services organization has allowed Americas' resources to be utilized in UK, Germany, Netherlands, and Italy.

Asia Pacific:

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

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. 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) has gone into beta testing and is expected to be marketed in the US market during the fourth quarter of 2008.

Liquidity and financial position

As of September 30, the Group's equity amounted to SEK 1 161 m (931), impacted by receiving a net of SEK 387 m in the rights

issue. The equity/assets ratio was 64% (47%). Liquidity amounted to 146% (101%).

During the third quarter, cash flow from operating activities amounted to SEK 17 m (-49). Cash flow from investing activities amounted to SEK -34 m (-44).

Cash and cash equivalents, including short-term investments, amounted to SEK 311 m (298) on September 30. In addition, there were credit facilities of SEK 344 m (18).

The Group had interest-bearing loans totaling SEK 111 m (474) on September 30. Excluding debts to leasing companies, the corresponding figure was SEK 79 m (443).

Investments

The Group's investments in tangible fixed assets during the third quarter amounted to SEK 9 m (14).

Tax

Tax for the third quarter, as reported in the income statement, amounted to SEK -21 m (-2) and consisted of SEK 3 m (0) in current tax expenses and SEK -24 m (-2) in deferred tax expenses. Tax paid during the period amounted to SEK -1 m (-4). An adjustment of deferred tax assets impacted net profit in the third quarter by SEK -26 m (0) following the divestment in Portugal.

Currency

IBS' currency risk is limited in that virtually all operating subsidiaries invoice in the same currency in which expenses are incurred.

Personnel

The number of employees on September 30 was 1,615 (1,809), a decrease of 194 employees or -11% compared with the year-earlier period. Part of this reduction is derived from the restructuring program aimed at reducing non-billable staff by more than 100 employees and some divestment of non-profitable operations.

The number of consultants was 1,044 (1,019). The increase was primarily derived from consultants hired in low-cost resource centers and developers transferred to billable staff.

Parent Company January – September

The Parent Company, IBS AB, has 26 (29) employees and the overall management responsibility for the Group.

The Parent Company's total revenue for the period amounted to SEK 63 m (91) and earnings after financial items amounted to SEK 24 m (33).

Investments in tangible and intangible assets amounted to SEK 56 m (100). Cash and cash equivalents at the end of the period amounted to SEK 205 m (140).

Rights issue

A new share issue with preferential rights for the Company's existing shareholders was completed and subscribed for in its entirety. Deccan Value Advisors had issued a full subscription guarantee.

On the basis of authorization granted by the Extraordinary General Meeting (EGM) on May 20, the Board of Directors of IBS issued 1,162,329 new class B shares to Deccan Value Advisors as consideration for the subscription guarantee for the rights issue. This was set-off against Deccan's claim for consideration of SEK 11,147,106 under the relevant subscription guarantee agreement, using a subscription price of SEK 9.59 as determined in accordance with the subscription guarantee agreement and the EGM's authorization.

Total transaction costs for the rights issue amounted to SEK 21 m (0), of which SEK 10 m were other costs..

Action program for increased profitability

The new business line focused organization is now fully implemented and efficiencies can be seen particularly in lower G&A costs, and also the fact that the Professional Services organization is utilized more efficiently. However, 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 up to 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 program to relocate some of the product development, programming and customer support resources to low-cost countries such as Portugal, Poland and India will accelerate.

In addition to cost measures, IBS will offer a Java/Windows and a SaaS (Software as a Service) version of its core product IBS Enterprise. Together with campaigns targeting the customer base these programs

will create opportunities to balance the revenue risk.

The total costs for this plan are estimated to be up to approximately SEK 400 m and will result in approximate savings of up to SEK 330 m per year. This initiative has not affected the results in the quarter.

Related party transactions

Except for the above mentioned issue of shares to Deccan Value Advisors, no related party transactions were performed.

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 46% during the quarter and the closing share price was SEK 5.70 on September 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 Financial 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 interim 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.

Nominating Committee and Annual General Meeting

In accordance with an Annual General Meeting in May 2008, IBS is contacting major shareholders in order to elect a Nominating Committee. The members of this committee will be communicated shortly. IBS Annual General Meeting is scheduled for May 7, 2009 in Stockholm. The exact time and place for the Annual general Meeting will be announced in IBS' year-end report.

New reporting dates 2009

- The year-end report for 2008 will be published on February 11, 2009.

- The annual report will be published in April 2009.

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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.

Solna, October 23, 2008

Pallab Chatterjee, Chairman of the Board

Vinit Bodas, Member of the Board

George Ho, Member of the Board

Gunnel Duveblad, Member of the Board

Christian Paulson, Member of the Board

Bertrand Sciard, Member of the Board

Ann-Mari Öhman, Member of the Board

Mike Shinya, President and CEO

Questions regarding this report will be answered by:

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Report on Review of Interim Financial Information

Introduction

We have reviewed the interim report of IBS AB, org nr 556198-7289, as of September 30, 2008 and for the nine-month period then ended. The Board of directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the Group and in accordance with the Annual Accounts Act for the Parent Company.

Stockholm October 23, 2008

KPMG AB

Åsa Wirén Linder
Authorized Public Accountant

Consolidated income statement

SEK million

	2008	2007	08/07	2008	2007	08/07	Last 12	2007
	July-Sep	July-Sep	%	Jan-Sep	Jan-Sep	%	months	Full Year
Revenue								
Software licenses	89,4	101,5	-12%	283,7	308,0	-8%	465,6	489,9
Professional services	259,4	278,6	-7%	845,2	877,6	-4%	1 153,9	1 186,3
Hardware and other revenue	73,2	96,6	-24%	293,2	363,4	-19%	513,4	583,6
Total revenue	422,0	476,7	-11%	1 422,1	1 549,0	-8%	2 132,9	2 259,8
Cost of revenue								
Software licenses	-9,4	-7,1	32%	-33,1	-24,5	35%	-46,8	-38,2
Professional services	-217,9	-213,2	2%	-714,5	-708,5	1%	-955,5	-949,5
Hardware and other costs	-58,9	-73,7	-20%	-237,3	-292,4	-19%	-423,1	-478,2
Total cost of revenue	-286,2	-294,0	-3%	-984,9	-1 025,4	-4%	-1 425,4	-1 465,9
Gross profit	135,8	182,7	-26%	437,2	523,6	-17%	707,5	793,9
Product development costs	-55,3	-49,5	12%	-165,7	-139,9	18%	-222,0	-196,2
Sales and marketing costs	-68,7	-60,6	13%	-206,8	-202,9	2%	-279,1	-275,2
General and administrative costs	-49,8	-58,3	-15%	-182,9	-203,1	-10%	-261,9	-282,1
Other operating income/costs *	-53,7	-7,6		-54,7	-2,4		-54,7	-2,4
Operating profit	-91,7	6,7		-172,9	-24,7		-110,2	38,0
Financial items								
Financial income	4,1	1,6		8,9	6,3		12,4	9,8
Financial expenses	-1,8	-6,1		-11,2	-11,0		-20,8	-20,6
Earnings after financial items	-89,4	2,2		-175,2	-29,4		-118,6	27,2
Tax	-21,2	-1,9		-6,1	5,9		-42,7	-30,7
Net profit for the period	-110,6	0,3		-181,3	-23,5		-161,3	-3,5
Net profit attributable to:								
Parent company shareholders	-110,6	0,3		-181,3	-23,6		-161,2	-3,5
Minority	0,0	0,0		0,0	0,1		-0,1	0,0
Earnings per share (SEK)	-0,90	0,00		-1,86	-0,28		-1,71	-0,04
Earnings per share after dilution (SEK)	-0,90	0,00		-1,86	-0,28		-1,71	-0,04
Average number of shares (thousand)	123 020	84 399		97 445	84 399		94 184	84 399
Average number of shares after dilution (thousand)	124 271	84 399		101 381	84 399		97 136	84 399

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

Outcome per quarter

	2005	2005	2005	2005	2006	2006	2006	2006	2007	2007	2007	2007	2008	2008	2008
SEK million	Q1 ¹⁾	Q2	Q3	Q4	Q1	Q2 ²⁾	Q3 ³⁾	Q4	Q1	Q2	Q3 ⁴⁾	Q4	Q1	Q2	Q3 ⁵⁾
Software licenses	109,0	119,1	117,6	173,7	113,4	122,6	109,7	166,1	102,4	104,1	101,5	181,9	84,7	109,6	89,4
Total revenue	550,6	557,9	519,7	747,8	561,6	561,9	476,6	677,9	541,1	531,2	476,7	710,8	483,8	516,3	422,0
Operating profit	573,4	5,0	-1,7	62,5	13,3	13,4	-116,9	83,6	-9,9	-21,5	6,7	62,7	-55,0	-26,2	-91,7
Earnings after financial items	578,4	10,8	1,6	62,9	14,6	12,6	-114,8	81,4	-8,8	-22,8	2,2	56,6	-63,3	-22,5	-89,4

¹⁾ Operating profit includes capital gain from sale of subsidiaries amounting to SEK 571,4 m

²⁾ Operating profit includes capital gain from sale of subsidiaries to SEK 1,5 m.

³⁾ Operating profit includes restructuring costs amounting to SEK -120,0 m.

⁴⁾ Operating profit includes capital loss from sale of operations amounting to SEK -3,5 m.

⁵⁾ Operating profit includes impairment of goodwill amounting to SEK -52,8 m.

Segment analysis												
Jan-Sep												
<i>SEK million</i>	Nordics		Europe		Americas		Asia Pacific		Parent company incl. group adjustments		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<i>Revenue from external customers</i>												
Software licences	78,3	79,1	150,2	167,1	17,6	20,3	37,5	38,5	0,1	3,0	283,7	308,0
Professional services	372,0	375,6	318,5	347,5	80,8	102,0	66,7	54,1	7,2	-1,6	845,2	877,6
Hardware and other revenue	120,3	131,4	156,7	202,8	8,5	13,7	7,7	16,2	0,0	-0,7	293,2	363,4
	570,6	586,1	625,4	717,3	107,0	136,0	111,8	108,8	7,3	0,8	1 422,1	1 549,0
Inter-segment revenue	32,7	26,5	36,6	19,7	10,4	7,4	11,2	9,5	-90,9	-63,1	0,0	0,0
Total revenue	603,3	612,5	662,0	737,0	117,4	143,4	123,0	118,3	-83,6	-62,3	1 422,1	1 549,0
Segment operating profit	51,1	50,9	-1,6	46,2	0,7	16,0	6,4	-7,7	-229,5	-130,1	-172,9	-24,7
Unallocated expenses											0,0	0,0
Operating profit											-172,9	-24,7

Segment analysis												
Q3												
<i>SEK million</i>	Nordics		Europe		Americas		Asia Pacific		Parent company incl. group adjustments		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<i>Revenue from external customers</i>												
Software licences	22,7	23,2	49,5	59,2	7,0	5,3	10,6	13,5	-0,4	0,3	89,4	101,5
Professional services	104,0	105,5	101,3	113,7	27,6	34,7	25,3	22,7	1,2	2,0	259,4	278,6
Hardware and other revenue	32,7	33,6	35,6	55,5	2,9	3,8	2,0	4,6	0,0	-0,9	73,2	96,6
	159,4	162,3	186,4	228,4	37,5	43,8	37,9	40,8	0,8	1,4	422,0	476,7
Inter-segment revenue	8,8	8,4	11,2	8,0	4,9	1,3	3,7	2,6	-28,6	-20,3	0,0	0,0
Total revenue	168,2	170,7	197,6	236,4	42,4	45,1	41,6	43,3	-27,8	-18,9	422,0	476,6
Segment operating profit	12,6	10,6	-1,4	29,1	-0,1	6,1	4,2	-0,4	-107,0	-38,7	-91,7	6,7
Unallocated expenses											0,0	0,0
Operating profit											-91,7	6,7

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 30 Sep	2007 30 Sep	2007 31 Dec
ASSETS			
Capitalized product development costs	349,7	340,7	352,8
Goodwill	366,4	418,8	419,1
Other intangible assets	26,6	32,3	29,4
Intangible assets	742,7	791,8	801,3
Tangible assets	85,0	96,2	93,1
Financial assets	10,2	17,9	12,7
Deferred tax receivables	130,3	159,7	135,0
Total fixed assets	968,2	1 065,6	1 042,1
Inventories	7,5	8,0	16,6
Accounts receivable	360,8	400,1	714,5
Tax receivables	24,0	22,3	17,7
Other receivables	147,3	191,6	160,5
Cash and cash equivalents	310,6	298,2	186,3
Total current assets	850,2	920,2	1 095,6
TOTAL ASSETS	1 818,4	1 985,8	2 137,7

	2008 30 Sep	2007 30 Sep	2007 31 Dec
EQUITY AND LIABILITIES			
Equity holders of the parent company	1 161,1	930,7	956,0
Minority interests	0,1	0,4	0,1
Total equity	1 161,2	931,1	956,1
Liabilities			
Liabilities to credit institutions	55,7	76,1	68,9
Deferred tax	5,4	11,4	6,7
Provisions	11,7	41,5	11,2
Other long-term liabilities	6,1	19,8	14,3
Total long-term liabilities	78,9	148,8	101,1
Liabilities to credit institutions	55,7	397,8	267,7
Provisions	26,9	29,3	51,1
Accounts payable	71,6	73,2	166,5
Income tax liability	1,6	0,1	4,9
Other current liabilities	422,5	405,5	590,3
Total short-term liabilities	578,3	905,9	1 080,5
Total liabilities	657,2	1 054,7	1 181,6
TOTAL EQUITY AND LIABILITIES	1 818,4	1 985,8	2 137,7

Change in Group equity

SEK million	2008 30 Sep	2007 30 Sep	2007 31 Dec
Opening balance 1 Jan	956,1	953,2	953,2
Rights issue	408,2	-	-
Costs related to rights issue	-21,0	-	-
Own shares aquired	-	-5,5	-5,5
Net profit for the period	-181,3	-23,5	-3,5
Translation differences for the period	-0,8	6,9	11,9
Closing balance end of period	1 161,2	931,1	956,1
Equity attributable to:			
Eqity holders of the parent company	1 161,1	930,7	956,0
Minority interests	0,1	0,4	0,1

Changes in pledged assets and contingent liabilities Group

SEK million	2008 30 Sep	2007 31 Dec	Change
Corporate mortgages	0,3	0,3	0,0
Pledged shares in subsidiaries	75,0	76,2	-1,2
Assets charged with ownership reservation	76,7	58,7	18,0
Contingent liabilities	10,3	11,0	-0,7

Changes in pledged assets and contingent liabilities Parent company

SEK million	2008 30 Sep	2007 31 Dec	Change
Corporate mortgages	0,3	0,3	0,0
Pledged shares in subsidiaries	52,6	55,7	-3,1
Guarantees, subsidiaries	52,7	53,7	-1,0

Consolidated cash flow analysis

SEK million

	2008 July-Sep	2007 July-Sep	2008 Jan-Sep	2007 Jan-Sep	Last 12 months	2007 Full year
Operating activities						
Earnings after financial items	-89,4	2,2	-175,2	-29,4	-118,6	27,2
Adjustments to reconcile earnings after financial items to cash	73,7	33,0	119,6	57,7	147,6	85,7
Tax paid	-0,8	-4,2	-7,0	-9,7	-16,5	-19,2
Cash flow from operating activities before changes in working capital	-16,5	31,0	-62,6	18,6	12,5	93,7
<i>Changes in working capital</i>						
Inventories	2,8	1,5	9,2	0,8	0,8	-7,6
Operating assets	153,1	75,8	373,4	240,9	106,0	-26,5
Operating liabilities	-122,8	-157,6	-274,9	-233,3	-11,0	30,6
Cash flow from operating activities	16,6	-49,3	45,1	27,0	108,3	90,2
<i>Investing activities</i>						
Change, intangible assets	-24,6	-32,3	-66,7	-108,3	-97,5	-139,1
Change, tangible assets	-8,6	-13,5	-10,4	-24,7	-17,4	-31,7
Change, financial assets	-0,5	-3,1	0,1	-0,7	-2,3	-3,1
Acquisition of subsidiaries	-	-	-2,0	-5,5	-2,0	-5,5
Disposal of subsidiaries	-	5,1	-	5,1	-	5,1
Cash flow from investing activities	-33,7	-43,8	-79,0	-134,1	-119,2	-174,3
<i>Financing activities</i>						
Rights issue	231,1	-	408,1	-	408,1	-
Costs related to rights issue	-11,0	-	-21,0	-	-21,0	-
Own shares aquired	-	-	-	-5,5	-	-5,5
Net change, loans	-215,9	-1,7	-234,1	3,2	-373,9	-136,6
Cash flow from financing activities	4,2	-1,7	153,0	-2,3	13,2	-142,1
Cash flow for the period	-12,9	-94,8	119,1	-109,4	2,3	-226,2
Cash and cash equivalents, beginning of period	314,9	397,1	186,3	405,4	298,2	405,4
Translation differences in cash and cash equivalents	8,6	-4,1	5,2	2,2	10,1	7,1
Cash and cash equivalents, end of period	310,6	298,2	310,6	298,2	310,6	186,3

Key figures and data per share

	2008 July-Sep	2007 July-Sep	2008 Jan-Sep	2007 Jan-Sep	Last 12 months	2007 Full year
Key figures						
Average number of employees	1 627	1 808	1 675	1 833	1 697	1 815
Revenue per employee (SEK thousand)	259	264	849	845	1 257	1 245
Value added per employee (SEK thousand)	97	155	414	495	644	720
Operating margin %	-21,7	1,4	-12,2	-1,6	-5,2	1,7
Capital turnover ratio	0,2	0,2	0,7	0,7	1,1	1,0
Return on total capital %	-4,3	0,3	-8,3	-0,9	-5,0	2,2
Return on capital employed %	-6,3	0,4	-12,7	-1,3	-7,5	3,5
Return on equity %	-10,0	0,0	-17,1	-2,5	-15,9	-0,4
Ratio of risk capital %	64	47	64	47	64	45
Liquidity %	146	101	146	101	146	100
Equity to total assets ratio %	64	47	64	47	64	45
Interest cost cover ratio	-14	2	-15	-2	-5	2
DSO (Days of sales outstanding)	70	66	75	69	67	66
Interest-bearing net debt	-199	474	-199	474	-199	150
Key figures per share						
Earnings	-0,90	0,00	-1,86	-0,28	-1,71	-0,04
Earnings after dilution	-0,90	0,00	-1,86	-0,28	-1,71	-0,04
Adjusted equity	9,34	11,45	9,34	11,45	9,34	11,76
Adjusted equity after dilution	9,34	11,45	9,34	11,45	9,34	11,76
Cash flow from operating activities	0,13	-0,58	0,46	0,32	1,15	1,07
Cash flow from operating activities after dilution	0,13	-0,58	0,44	0,32	1,11	1,07
Share data						
Average number of shares (thousand)	123 020	84 399	97 445	84 399	94 184	84 399
Average number of shares after dilution (thousand)	124 271	84 399	101 381	84 399	97 136	84 399
Total no. of shares (thousand)	124 271	81 304	124 271	81 304	124 271	81 304
Average share price	8,64	17,58	10,26	22,05	11,27	20,88

Analysis

Analysis of the change in revenue between the years %	3rd Quarter		Jan-Sep	
	08/07	07/06	08/07	07/06
Volume increase (average no. of staff)	-8%	-1%	-7%	-3%
Acquisitions/disposals	-2%	-1%	-2%	0%
Price and efficiency change	-1%	4%	1%	6%
Growth rate, internally influenced	-11%	2%	-8%	3%
Influence of exchange rate fluctuation	0%	-2%	0%	-6%
Total growth rate	-11%	0%	-8%	-3%
Gross profit per revenue stream SEK million	2008	2007	2008	2007
Software licences	80	94	251	284
Professional services	42	65	131	169
Hardware and other revenue	14	23	56	71
Total	136	183	437	524
Gross margin in % per revenue stream %	2008	2007	2008	2007
Software licences	89%	93%	88%	92%
Professional services	16%	23%	15%	19%
Hardware and other revenue	20%	24%	19%	20%
Total	32%	38%	31%	34%
Type of revenue in % of total revenue %	2008	2007	2008	2007
Software licences	21%	21%	20%	20%
Professional services	61%	58%	59%	57%
Hardware and other revenue	17%	21%	21%	23%
Total	100%	100%	100%	100%
Operating costs in % of revenue %	2008	2007	2008	2007
Product development costs	13%	10%	12%	9%
Sales and marketing costs	16%	13%	15%	13%
General and administrative costs	12%	12%	13%	13%
Total	41%	35%	40%	35%
Depreciation SEK million	2008	2007	2008	2007
Goodwill impairment	-53	-	-53	-
Capitalized product development costs	-21	-17	-64	-50
Other fixed assets	-11	-12	-35	-38
Total	-85	-29	-152	-88

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 July-Sep	2007 July-Sep	%	2008 Jan-Sep	2007 Jan-Sep	%	2007 Full year
Revenue							
Software licenses	5,6	0,5		6,4	1,5		8,0
Professional services	1,3	1,6	-19%	5,5	5,2	6%	6,9
Other income	30,9	25,6	21%	51,1	84,1	-39%	114,6
Total revenue	37,8	27,7	36%	63,0	90,8	-31%	129,5
Cost of revenue							
Software licenses	-5,1	-0,1	0%	-5,5	-0,4	0%	-5,6
Professional services	-0,7	-1,1	-36%	-3,2	-2,6	23%	-3,6
Other costs	0,4	0,0		0,0	0,0		0,0
Total cost of revenue	-5,4	-1,2	350%	-8,7	-3,0	190%	-9,2
Gross profit	32,4	26,5	22%	54,3	87,8	-38%	120,3
Product development costs	-16,4	-10,9	50%	-49,1	-35,7	38%	-72,6
Sales and marketing costs	-	-		-	-10,0		-5,5
General and administrative costs	-14,8	-7,9	87%	-50,8	-50,3	1%	-42,4
Restructuring cost	-	-		-	-		-1,7
Other operating income/costs *	-1,2	-3,9		-1,5	1,9		3,0
Operating profit	0,0	3,8		-47,1	-6,3		1,1
Financial items							
Financial income	7,7	3,8		19,1	16,1		19,3
Financial expenses	-2,5	-4,2		-12,5	-10,8		-17,7
Result from participations in subsidiaries	-	-		64,4	34,0		-18,1
Earnings after financial items	5,2	3,4		23,9	33,0		-15,4
Transfers from untaxed reserves	-	-		-	-		2,0
Profit before tax	5,2	3,4		23,9	33,0		-13,4
Tax	-2,5	-0,3		11,2	-1,2		-9,7
Net profit for the period	2,7	3,1		35,1	31,8		-23,1

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

Parent company balance sheet

SEK million

	2008 30 Sep	2007 30 Sep	2007 31 Dec
Assets			
Capitalized product development costs	317,7	292,3	310,3
Acquired software rights	1,7	1,7	2,7
Intangible assets	319,4	294,0	313,0
Tangible assets	2,7	4,0	3,6
Receivables from subsidiaries	169,6	177,8	174,0
Deferred tax receivables	53,6	41,8	33,2
Participation in subsidiaries	456,4	507,6	451,4
Financial investments	0,0	8,0	3,7
Total fixed assets	1 001,7	1 033,2	978,9
Inventory	4,6	5,3	7,1
Accounts payable	2,2	4,4	4,4
Tax receivables	4,0	4,9	2,8
Receivables from subsidiaries	282,0	359,2	168,0
Other receivables	8,0	13,2	15,2
Current receivables	296,2	381,7	190,4
Cash and cash equivalents	205,3	140,0	57,2
Total current assets	506,1	527,0	254,7
TOTAL ASSETS	1 507,8	1 560,2	1 233,6

	2008 30 Sep	2007 30 Sep	2007 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	418,4	29,8	29,8
Translation reserve (fair value fund)	2,2	8,1	6,6
Retained earnings	445,3	478,4	478,3
Net profit for the period	44,3	31,8	-23,1
	910,2	548,1	491,6
Equity	1 254,2	883,5	827,0
Untaxed reserves	1,9	4,0	2,0
Liabilities			
Liabilities to credit institutions	31,3	52,1	46,9
Other liabilities	0,0	8,3	6,7
Long-term liabilities	31,3	60,4	53,6
Liabilities to credit institutions	20,1	328,9	235,4
Accounts payable	5,2	6,1	15,5
Current liabilities to subsidiaries	124,3	214,7	81,1
Other current liabilities	70,8	62,6	19,0
Short-term liabilities	220,4	612,3	351,0
Total liabilities	251,7	672,7	404,6
TOTAL EQUITY AND LIABILITIES	1 507,8	1 560,2	1 233,6

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 specialized business solutions that optimize and increase the efficiency in distribution management. IBS' solutions include effective routines for sales support, customer relations, order handling, procurement and distribution 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.



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