

## PRESS RELEASE

### Statement by the Board of Directors of IBS in relation to the public takeover offer by Symphony Technology Group

#### IBS reports lower Q1 earnings and need for additional capital

*The Board of Directors of IBS unanimously<sup>1</sup> recommends the shareholders of IBS to accept the public takeover offer by Symphony Technology Group.*

#### Background

This statement is made by the Board of Directors (the “**Board**”) of IBS AB (publ) (“**IBS**”) pursuant to Section II.19 of the rules concerning public takeover offers on the stock market adopted by First North (the “**Takeover Rules**”).

Sweden Acquisition Corp., a Delaware corporation owned by the Symphony Technology Group funds STG III, L.P. and STG III-A, L.P., both being Delaware limited partnerships (“**STG**”), has today, on 17 May, 2011, announced a public takeover offer to the shareholders of IBS to tender all of their shares in IBS to STG (the “**Offer**”). The shareholders of IBS are offered a cash payment of SEK 1.75 per share in IBS.

The acceptance period is expected to commence on 30 May 2011 and to end on 28 June 2011. The Offer is, among other things, conditional on STG becoming the owner of more than 90 per cent of the total number of shares in IBS (calculated before as well as on a fully diluted basis, however, excluding treasury shares and warrants held by IBS or its subsidiaries). The Offer is not conditional upon financing. For more information on the Offer, reference is made to STG’s press release that was made public earlier today.

The Board has, at the request of STG, entered into a transaction agreement with STG (the “**Transaction Agreement**”), that contains certain undertakings by STG and IBS respectively. STG has also been allowed to conduct a limited due diligence investigation prior to the announcement of the Offer. During the due diligence investigation, STG has received information on the results of IBS of the first quarter 2011, which information is included below in this press release. The Transaction Agreement will be disclosed in the offer document.

Due to an Irrevocable undertaking by Deccan Value Advisors Fund L.P., A/D Value Fund L.P., and Y/D Value Fund L.P. (each a Delaware limited partnership) and DVA Master Fund Ltd. (a Cayman Islands exempted company) (jointly, “**Deccan**”) to accept the Offer, Vinit Bodas, chairman of the Board, has not participated in the Board’s dealings with the Offer or the preparation of this statement.

Dr. Pallab Chatterjee, Managing Director and Operating Partner at STG, was chairman of the Board of Directors of IBS until October 2010. The Board has therefore, pursuant to Section IV.3 of the Takeover Rules, obtained a fairness opinion from an independent financial advisor.

#### Lower Q1 2011 earnings in IBS and need for additional capital

The Board has found it appropriate to release the following information as a basis for the shareholders’ considerations on the merits of STG’s offer announced earlier today.

#### *First quarter results*

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<sup>1</sup> Due to an Irrevocable undertaking by Deccan (see definition below) to accept the Offer, Vinit Bodas has not participated in the Board’s of IBS dealings with the Offer or the preparation of this statement.

The profit of IBS for the first quarter 2011 is lower than expected. IBS has under the first quarter 2011 not performed as well as expected, especially in the light of the outcome of Q3 and Q4 2010 and the cost restructuring program. The revenue as well as the EBITDA result of Q1 2011 is significantly lower compared to the outcome of the Q4 2010. IBS generated a revenue of SEK 279 million and an EBITDA result of SEK -14 million in the first quarter 2011 compared to revenue of SEK 376 million and EBITDA result of SEK 18 million in the fourth quarter 2010. The main reason for this outcome is lower than expected professional services revenues, primarily due to fewer consultants in the organization.

#### *Need for additional capital*

The Q1 2011 decline in sales and EBITDA result and the current year outlook for the business will result in a need for additional capital to finance current operations and to further develop the company. The Board has undertaken a review of IBS' financing requirements in relation to its current business as well as its future plans, and identified the need for further capital. The total financing need amounts to approximately SEK 200 million.

STG has in its press release stated their intention to supply IBS with appropriate funding, subject to the consummation of the Offer. Since the Offer is, among other things, conditional on STG becoming the owner of more than 90 per cent of the total number of shares in IBS the funding from STG is not guaranteed. The Board has therefore found it necessary to proceed with measures to prepare for a guaranteed rights issue of new shares in IBS with total proceeds of approximately SEK 200 million, as a back-up available in the event the Offer is not consummated. The shareholders of IBS will have a pre-emptive right to subscribe for the new shares. No offering to subscribe for the new shares will take place unless it has become clear that the Offer is terminated or withdrawn without being consummated. STG has confirmed in the Transaction Agreement that they are informed of and waive any right to withdraw the Offer based on the continued preparation for the rights issue, including entering into of guarantee agreements.

#### **The Board's recommendation**

The Board has based its evaluation of the Offer on the development of IBS' result, future expectations and the need for additional capital. The opinion is also based on an assessment of other factors that the Board has deemed relevant for an evaluation of the Offer.

The Board's assessment is further based on a fairness opinion from OBI AB to the Board, stating that in the opinion of OBI AB, and subject to the assumptions and qualifications set out in the opinion, the consideration in the Offer is fair from a financial point of view for the shareholders of IBS. The fairness opinion is attached to this press release.

Under the Takeover Rules, the Board must also, based on the statements made by STG in connection with the announcement of the Offer, set out its views on the impact the implementation of the Offer will have on IBS, especially employment, and its views on STG's strategic plans for IBS and the impact these could be expected to have on employment and on IBS' business locations. In this respect, the Board notes that STG does not expect any major near term changes for IBS employees or its global locations, however, given the profitability challenges of IBS, STG will evaluate options on an ongoing basis to ensure that IBS can be a sustainably profitable company in order to be the best partner for its global customers. The Board's view does not differ from STG's.

On this basis, the Board unanimously<sup>2</sup> recommends IBS' shareholders to accept the Offer.

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<sup>2</sup> Due to an Irrevocable undertaking by Deccan to accept the Offer, Vinit Bodas has not participated in the Board's of IBS dealings with the Offer or the preparation of this statement.

The Board has been advised by OBI AB as financial adviser and Hannes Snellman Attorneys as legal adviser in connection with the Offer.

This statement shall in all respects be governed by and construed in accordance with substantive Swedish law. Disputes arising from this statement shall be settled exclusively by Swedish courts.

Stockholm, 17 May, 2011  
IBS AB (publ)  
The Board of Directors

**For further information please contact**

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## Fairness opinion given by OBI AB

The Board of Directors of

IBS AB

Stockholm 16 May, 2011

The Board of IBS AB (publ) has requested OBI AB to provide an opinion, from a financial point of view, regarding the terms in the public takeover offer to the shareholders in IBS ( the "Offer" ) expected to be made directly or indirectly by Symphony Technology Group LLC( The "Bidder" ) on 17 May 2011.

The shareholders of IBS will be offered a cash payment of SEK 1.75 per share.

Deccan Value Advisors, representing 75.5% of the shares, has irrevocably undertaken to accept the Offer. The only condition for completion of the offer in addition to customary permits, approvals, decisions by government authorities, is an acceptance level of 90%.

As a basis for this opinion, OBI has considered:

- i) A draft of the Bidder's press release regarding the Offer, containing the terms and conditions of the Offer
- ii) Historical business related and financial information relating to IBS, including annual reports and interim reports.
- iii) Management's projections for IBS's development for 2011, selected parts of IBS's budget for 2011 and management's assessment of the financial outlook for IBS
- iv) Internal financial analyses and forecasts prepared by the management of IBS relating to the IBS business
- v) Discussions with the management of IBS regarding the company's historical development, current and future business and offerings, cost structure, strategy, financial position, investment requirements and future prospects and development
- vi) Certain official information regarding IBS's share price and trading volumes
- vii) Information regarding other companies OBI believes to be comparable and peers to IBS
- viii) Other information and analysis concerning the business of IBS deemed necessary and appropriate to take into account as a basis for this opinion

The information on which this opinion is based has been obtained from public sources or furnished by IBS for the purposes of this opinion. OBI has relied upon, without independent verifications, the accuracy and completeness of such information.

Regarding financial forecasts and other forward looking information presented to OBI by the management of IBS, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgements of IBS management as to the assessments of IBS's ability to reach its financial and operational goals, without performing any independent assessment. The Board of Director's of IBS has approved such forecasts and other forward looking information.

This opinion is necessarily based on current market conditions, economic, financial and other circumstances as in the effect of and the information obtained by or provided to OBI up to and including the date of this opinion.

The circumstances on which this opinion is based may be affected by subsequent events.

IBS has been involved in various discussions with potential investors during the last couple of years. The outcome of these discussions is reflected in the opinion. The opinion does not address the relative merits of the Offer as compared to a stand-alone alternative or any stand-alone alternatives available to the shareholders of IBS. Further, this opinion does not constitute a recommendation to any shareholders of IBS as to whether or not the Offer should be accepted.

Based on and subject to the foregoing, it is OBI's opinion that, as of the date of the opinion, the consideration in the Offer is fair, from a financial point of view, for the shareholders of IBS.

OBI is acting as advisor to the Board of Directors of IBS in respect of the Offer. Irrespective of the outcome of the Offer OBI receives a fixed fee for its advisory services and for providing this opinion.

This opinion is addressed to the Board of Directors of IBS and is provided solely for the benefit of the Board of Directors of IBS for the purpose of the Board's deliberations and evaluation of the Offer and may not be used for any other purpose. No other party shall be entitled to rely upon this opinion.

The opinion is governed by Swedish law and any disputes relating thereto shall be settled exclusively by Swedish courts.

OBI AB

Arvid Carlsen