

annual report **2002**

Annual General Meeting

The Annual General Meeting (AGM) will be held on Monday, 12 May, 2003, at 18.00 at the Sheraton Hotel, Tegelbacken 6, Stockholm, Sweden.

Qualification for participation

Shareholders wishing to participate must

- be registered in the Swedish Central Securities Depository (VPC) on Friday, 2 May, 2003, and
- give prior notice of participation to the company no later than 12.00 on Wednesday, 7 May, 2003.

Shares registered in the name of an agent must be temporarily registered in the owner's name to qualify for participation in the AGM. Shareholders who wish to change such registration must notify their agents well before Friday, 2 May, 2003.

Notice of participation

Notice of participation in the AGM can be given as follows:

- Telephone: +46-8-627 2401
- Fax: +46-8-29 16 60
- email: kerstin.sandberg@ibs.se
- Post: IBS AB, P.O. Box 1350, SE-171 26 Solna, Sweden.

Such notice must include the shareholder's name and address.

Financial information

Information from IBS is planned for publication as follows:

29 April, 2003

Quarterly Report for the period January-March, 2003.

13 May, 2003

Information from the Annual General Meeting.

27 July, 2003

Quarterly Report for the period April-June, 2003.

24 October, 2003

Quarterly Report for the period July-September, 2003.

29 January, 2004

Year-end Report for 2003.

All communication with shareholders, media or other interested parties should be conducted via the CEO of the IBS Group, Magnus Wastenson, or the CFO, Per-Arne Sendrén.

Reports and other printed material can be obtained by writing to: IBS AB, Investor Relations, P.O. Box 1350, SE-171 26 Solna, Sweden. Information is also available on the IBS website www.ibs.se

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Highlights 2002

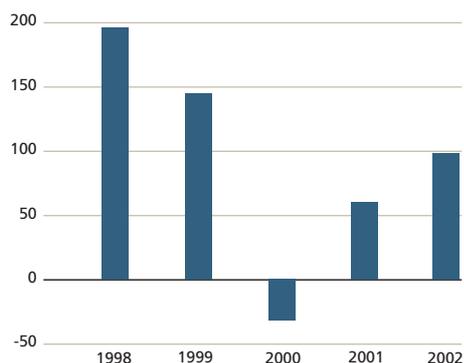
Strengthened market position Cost reductions for profitable 2003

- Software revenue grew by 4% in a decreasing total market.
- Group revenue decreased by 4% and the number of employees by 11%.
- Measures have been implemented to adjust the company's cost levels, to increase efficiency and to restructure units showing poor profitability.
- The Group has a positive cash flow from operating activities, amounting to SEK 98m.
- Magnus Wastenson has been appointed new CEO, Gustaf Lindgren new Senior Vice President Global Sales and Marketing, and Per-Arne Sendrén new Senior Vice President and CFO.
- On condition that the market is not subject to significant deterioration, 2003 is expected to generate a positive result after financial items.

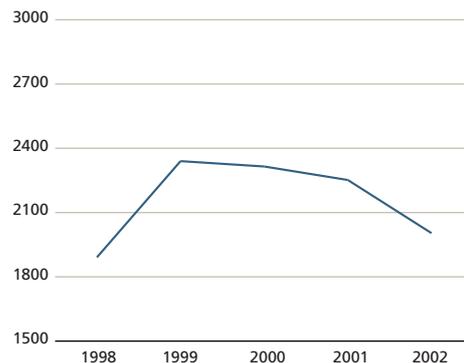
SUMMARY (SEK m)	2002	2001	Change
Total revenue	2 517	2 624	-4%
Licence revenue	543	523	+4%
Profit/loss before non-recurring items	-43	-32	-35%
Non-recurring items*	-136	-	
Pre-tax profit/loss	-199	-39	
Number of employees per 31 December	2 004	2 252	-11%

* Non-recurring items include a one-time SEK 6.1m write-down of goodwill

SEK m **Cash flow from operating activities**



Total number of employees



IBS in brief

IBS – specialised solutions for customer relations and supply chain management

IBS' mission

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' vision

Our vision is to continue to strengthen our position as a leading international supplier of integrated IT solutions within supply chain management and other selected market segments.

Strategy

IBS operates in a global market, with a focus on business software solutions for mid-sized and large companies and international groups. We specialise in supply chain management solutions targeting distribution companies, manufacturers with short production and service cycles, as well as selected industries.

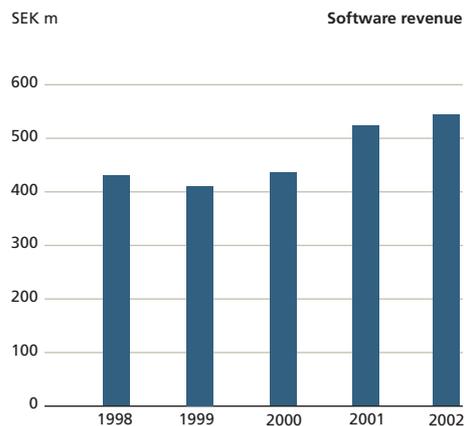
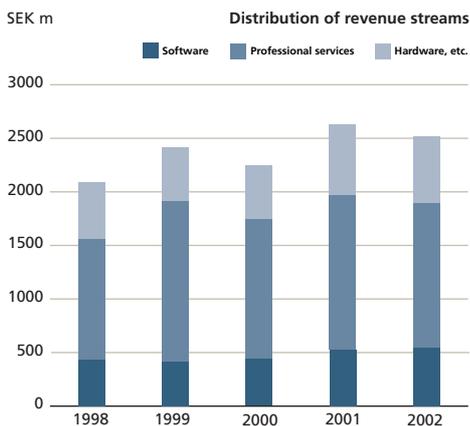
We work mainly with our own business software, but also provide customised solutions and other software, based on the individual needs of our customers. To achieve high and consistent quality, IBS has its main focus on equipment and system software from IBM and other leading suppliers. High and consistent quality and good profitability are priority targets. To maximise customer benefit, we strive to develop and maintain long-term relationships with our customers, to provide and develop consultants with solid industry experience and education, and to keep costs at a competitive level.

Operations

IBS is one of the world's largest suppliers of business software and systems, and a world leader in the field of integrated solutions for customer relations management, distribution and supply chain management. IBS also has a strong position within solutions for financials and demand-driven manufacturing. Our systems are specifically developed for business-to-business sales and procurement, e-business, inventory management, logistics, management decision support and after-sales service.

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.



Management discussion

Solutions that increase our customers' competitiveness

During 2002, IBS' customers invested in software, services and equipment from IBS, to an amount of SEK 2.5bn. Software revenue grew by 4% in a decreasing market. Even in uncertain times, many companies have to invest in new or improved information systems, to be able to reduce costs, improve customer service and increase profitability.

However, the problem facing the IT industry is that during the phase of growth approaching the turn of the millennium, most players allowed costs to grow too much, and recruited too many employees. During the year, we have therefore implemented measures to further adjust the Group's cost levels to fit current demand. At the same time, IBS has developed a new concept for assisting companies' management to identify and measure business value achieved, and return on IT investment. IBS has a large customer base, powerful software, passionate and professional people, and a market where efficient business software and services are becoming more and more important for the competitiveness of individual companies.

The market

During the first quarter 2002, IBS could see increasing revenue and a continued improvement of results. Together with the more positive general forecasts regarding the world economy at that time, IBS counted on a gradual improvement of the market.

During the second quarter, however, the market turned down again. In the wake of a growing uncertainty regarding the world economy, many companies chose to postpone decisions regarding investment in new IT technology. Over the year, this trend has been gradually accentuated in most countries where IBS is represented.

An increasing focus on return on investment, as well as cash flow from IT investment, has also influenced the market, entailing many sales processes being delayed as certain additional information has become necessary. Today, management and boards are involved in the selection process for business software to a much greater extent than previously. System support for business targets, cost reduction and improved profitability and customer service, are increasingly in focus, compared to purely technical issues. This is a development that is expected to be to IBS' advantage, as we provide solutions specialised on supporting value-added business processes, and return on investment.

Normally, a company uses its business software for about 7-10 years before replacing it. Facing the turn of the millennium, investment was often brought forward, due to many systems not being able to handle the transition to the year 2000. In consequence, the normal replacement market diminished after the turn of the millennium, as many systems had been replaced prematurely.

At the same time, due to the state of the economy, many deals have been postponed in the hope of better times to come. Therefore, there is a pent up need for new and improved software in many companies, after several years' reductions in IT spending. Certain investment in new solutions has to be made, despite market conditions, for companies to be able to reduce costs and improve profitability in the short-term. Other investment of a more long-term nature is dependent on an overall recovery of business conditions in the respective industries and geographical regions.

New Group management

I took office as new Group CEO for IBS on 1 October 2002, having previously held various positions in the company, the most recent being Vice President Sales and Marketing. In conjunction with my appointment, Gustaf Lindgren was appointed new Senior Vice President Global Sales and Marketing, and Per-Arne Sendrén was appointed new Senior Vice President and CFO. Our previous CEO, Staffan Ahlberg, has successfully developed IBS from a local software supplier to an international group, with operations in more than twenty countries. I want to thank Staffan Ahlberg for his valuable contribution to the company.

Cost reduction program

Large parts of the IT industry have for several years been dimensioned for continued strong market growth, resulting in too high costs and surplus capacity. This has also been the case for IBS. IBS' operations and consolidated result comprise the Parent Company and subsidiaries in 21 countries. Among these are both units that made



a profit 2002, and units showing less satisfactory results. IBS' Group Management has therefore, towards the end of the year, implemented measures to further adapt the company's total cost level to a continued slow market, increase efficiency and restructure subsidiaries with poor profitability. The measures include staff reduction, replacing managers, closing offices and focusing on sales efficiency and market niches. During the year, the number of employees has been reduced by 248, whereof 137 during the fourth quarter.

Result

The comparable operating result for the full year 2002, before one-time costs, was SEK -43m (-32m). One-time costs amounted to SEK 130m. In addition, a one-time SEK 6m write-down of goodwill from acquired companies has been made. The operating result, including these costs amounted to SEK -179m (-32m).

The result is mainly attributable to professional services revenue decreasing during the second half, due to the shrinking market. Group capacity and total cost levels have been too high in relation to revenue. Furthermore, subsidiaries in certain countries with a limited customer base have had too high costs for sales and marketing targeting new customers. In markets with weak sales, this has led to negative operating results. Capacity and costs have therefore been adjusted during the year, to serve current customers to a greater extent, while waiting for the market to turn upwards again.

IBS' mission and operations

IBS' mission is to provide integrated IT solutions and services that help customers in selected market segments improve profitability and customer service. IBS' software is specialised for supply chain management and demand-driven manufacturing, integrated with systems for financial management and decision support. During the last few years, IBS has, by means of a more focused product development for specific market segments, considerably increased our software's competitiveness and use of new technology. IBS is ranked by the international analysts AMR Research as one of the world's leading suppliers of software and services for supply chain execution, i.e. systems for sales order management, customer relations management, logistics and inventory management.

Most other business software vendors originate from a manufacturing or financials background. IBS' focus on sales and distribution companies is well in line with the direction many companies are taking, in focusing on business processes around order management and customer relations. Our vision is to continue to strengthen our position as a world-leading supplier of software

and services within supply chain management and other chosen market segments. At the same time, we intend to achieve the industry's highest customer satisfaction ratings.

IBS' commitment to our customers comprises software, professional services, servers and network equipment, financing, maintenance and facilities management, as well as the follow-up of achieved business value at management level. We have a special focus on combining effective software for mid-sized companies and international groups, with pragmatic professional and implementation services. IBS has a leading position when it comes to handling large transaction volumes, which is becoming more and more important for companies that to a greater extent base their business processes on e-business, digital integration and increased business automation.

Competition

The market for business software is very fragmented, with a multitude of different national and international software developers and system integrators. The customer segment that comprises large corporations with annual revenue exceeding SEK 20bn and several thousand users, is dominated by SAP. Within this segment one also finds Oracle and PeopleSoft, especially in US-based groups.

Within the segment smaller companies with up to 30-40 users, there are a large number of suppliers. Microsoft's acquisition of Navision and Great Plains, and the process that has been initiated to develop a new system based on these software products, are expected to, over time, lead to a strong position for Microsoft in this segment.

As regards the market for mid-sized companies and company groups, with an annual revenue of anything from SEK 200m to SEK 20bn, it is becoming more and more important for the suppliers to specialise in specific industries and market segments, and thus be able to benefit from scale and to provide added value to customers. Besides software that is specifically suited to these segments, it is also necessary to provide pragmatic business consultants with industry know-how and experience of mid-sized companies and their needs, as these needs differ significantly from the requirements larger corporations have at group level.

IBS has chosen to focus on solutions for mid-sized companies and subsidiaries in larger groups, and to specialise on distribution companies and demand-driven manufacturers. For these customers, our integrated solutions for sales, customer service, procurement and replenishment, inventory management, after-market service and financial management, are a valuable instrument to help increase profitability and competitiveness.

Today, more and more companies choose to move their manufacturing to low-cost countries,

such as China, the Far East and Mexico. This means that many companies in Europe and the USA see themselves as distributors, even if they have certain manufacturing units. It thus becomes more important for these companies to achieve efficient sales and supply chain management. IBS has a strong position in this field, while most other international suppliers of systems for mid-sized companies, e.g. JD Edwards, Intenia and IFS, are more oriented towards solutions for manufacturers.

The competitive situation varies considerably from country to country, and from industry to industry. There is also a large number of local suppliers with a significant customer base. SAP and Microsoft will in all probability seek to increase their market shares within the mid-sized company segment. This will however, necessitate major changes in both software and organisations, as well as the competence of implementation consultants, for the offering to suit this customer segment. I foresee good future opportunities for IBS in this market. We can offer specialised software and services that are cost-efficient and competitive for mid-sized companies. We already see how many large corporations with SAP software at group level, choose to use IBS' software integrated with SAP's for their sales subsidiaries and decentralised units.

Financial position

IBS maintained its strong financial position during 2002. The cash flow from operating activities was

SEK +98m, and the net loans from banks (excluding debts to leasing companies) amounted to SEK -34m. Cash and liquid assets, including short-term investment, amounted to SEK 169m per 31 December. In addition, there were unused credit facilities amounting to SEK 121m. Group equity per 31 December amounted to SEK 518m and the equity to total assets ratio was 33%.

The future

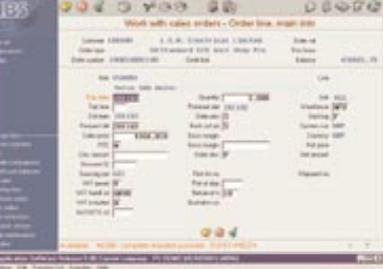
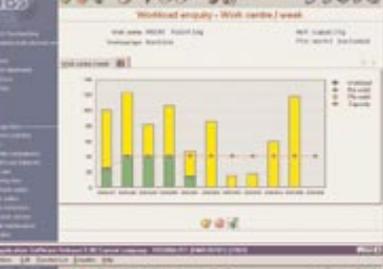
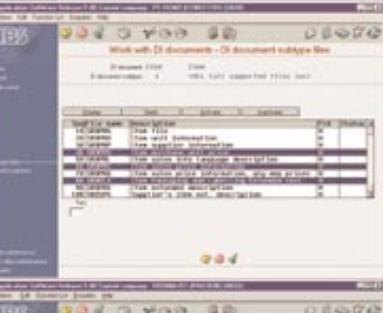
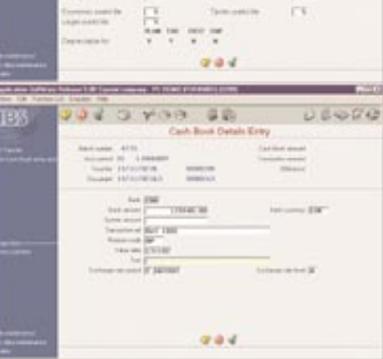
There is a significant accumulated need within many companies to reduce costs, improve customer service and grow profits, utilising new or enhanced business software. Due to the uncertain economy, it is at present difficult to assess when the demand for business software may show sustained growth. IBS foresees a continued slow market during 2003, and is not planning for overall market growth until 2004. Efficiency measures and cost adjustments will continue to be applied within the scope of current operations. By means of continued specialisation and enhanced sales concepts, IBS is planning for long-term growth of its market share. The market will increasingly be dominated by the needs of management, rather than by purely technical issues. I see major opportunities for IBS, as many senior managers are dissatisfied with their current IT suppliers and open to new suppliers that can provide better support for operations and business targets.

On condition that the market is not subject to significant deterioration, I expect IBS' competitive solutions, combined with the extensive cost reductions that have been made, to generate a positive result after financial items for 2003.

Also looking further ahead, I see good opportunities for a successful and profitable IBS. We have a large customer base, powerful software, competent and professional employees, and we operate on a market where efficient business software and related services are becoming more and more important for the competitiveness of individual companies. When the economy starts moving forward, there will be a shortage of suppliers that can help companies improve profitability through better business software solutions. This type of business-oriented information technology is what IBS stands for. I am convinced that this will prove to be an interesting development, not just for our customers and employees, but also for our shareholders.



Magnus Wastenson
CEO AND PRESIDENT



Specialisation and customer focus

World-class solutions that deliver measurable business value

IBS specialises in business software and systems for mid-sized companies and companies within international groups. We operate in a global market and have customers in more than 40 countries. We provide solutions for supply chain management, with a primary focus on distribution companies, demand-driven manufacturers with short production and service cycles, and selected vertical market segments.

We help our customers to improve operational efficiency, and increase profitability and customer service, by means of solutions that automate business processes, enable collaboration throughout the entire value chain, and measure business value and achieved results.

Value for our customers

IBS' mission is to help our customers improve profitability and competitiveness utilising integrated IT solutions. To achieve a market-leading position both internationally and locally, we have chosen to specialise on certain types of companies and industries where our solutions and consultants can add real business value for our customers. We take responsibility for complete and fully-functioning solutions, comprising software, professional services, hardware and network equipment, as well as financing services, as required and requested by our customers.

We provide both vertical solutions for selected industries and markets, and multi-level process solutions for groups and collaborating organisations.

We implement customer projects with mainly our own resources, which enables high quality and a strong feedback to the development of our products. This means that we can rapidly incorporate industry-specific processes in our software and services offering. Fast and efficient implementation of our complete solutions enables our customers to focus on their own business targets. We can thus also generate continuous growth in business value for our customers.

We mainly work with our own software, in combination with specially developed solutions and other niche software, as called for by the specific needs of our customers.

Our industry know-how within selected market segments means that we can help our customers improve business processes and develop business targets. The architecture of the systems and the technical design, in combination with practical network and financing solutions, offer our customers a competitive advantage.

Customer focus

Our software and services have a special focus on distribution companies, manufacturers and service companies within, among others, the following industries:

- Pharmaceutical distribution
- Electronics
- Food
- Housing
- Automotive and spare parts
- Consumer durables
- Machinery and equipment
- Industrial supplies
- Sub-contractors and parts
- Chemicals
- Mail order

By combining specialist skills in supply chain collaboration with pragmatic professional services for process development, we can offer our customers a secure transition to new business methods and models, as well as new technology. One of many examples is Shared Service Centres for coordinating financial management, or advanced collaborative systems for aggregated procurement structures.

IBS is an international supplier of integrated solutions for customer relations and supply chain management, and has, in addition, a strong position in the fields of financial management and demand-driven manufacturing. Our software and services are specially developed for business-to-business sales and procurement, e-business, inventory management, distribution, decision support, logistics, customer relations and after-market service.

Powerful software

Integrated software solutions that support business processes and improve profitability

Over the last few years, IBS has, through an increased focus in its software development, expanded our already extensive support for our customers' business targets and the utilisation of new, advanced technology. This has been mirrored by an increase in software revenue, despite a weak overall market.

Development philosophy

IBS' software is developed to help our customers increase profitability, e.g. by increasing sales, reducing costs and tied-up capital, shortening lead times, improving customer service, increasing efficiency in internal and external processes, and accessing fast management information. Our software covers the fields of sales and procurement, customer relations, order management, demand-driven manufacturing, inventory management, after-market service and financial management. Integrated tools for business analysis and control help our customers maximise profits and focus on critical success factors.

IBS' software is subject to continuous development, particularly within new areas such as business modelling and benchmarking, and automated transaction flows.

Optimal technology

IBS' policy for software development is to utilise the best technical development environment available in the market. Thereby, our development teams can focus on the functionality that will best serve our customers. It is also a major advantage for our customers that our products are built on open and widely available technology. IBS' software utilises an optimal combination of IBM's advanced WebSphere technology, with Java and object-orientation for e-business and collaborative applications, and well-proven technology for handling extensive business transactions and large volumes in mission-critical systems.

Global Executive Summit

IBS offers a powerful range of software and services for our market, which mainly comprises mid-sized and large companies in selected industries. At IBS' Global Executive Summit in May, 2002, gathering customers from all over the world, Release 5 of the Group's software was launched. The release has a special focus on the growing integration needs of mid-sized companies and international groups. The release has been very well received by both current and potential customers.

Measurable business value

Our software has extensive functionality for efficient analysis and management information. It is becoming increasingly important for both management and employees to quickly access information regarding profitability, critical success factors, key performance indicators and return on investment. It is also important to be able to quickly analyse customers, suppliers and efficiency within the supply chain, e.g. follow-up according to the SCOR model (Supply Chain Operations Reference). Exception reporting and alert management functions in the software provide automatic reporting to different employees and roles, in accordance with pre-set criteria.

Business software

Our ASW business software is designed for efficient supply chain management, customer relations management and customer service, demand-driven manufacturing and financial management. The software targets a number of vertical industry sectors, e.g. pharmaceuticals, electronics, automotive, consumer durables, mail order, industrial supplies and the food industry.

IBS Pharma is based on ASW and IBS' experience from many pharmaceutical distribution installations worldwide. It is specifically designed to meet the demanding requirements that pharmaceutical distributors have regarding high transaction volumes, fast customer deliveries, traceability, security and availability. The growing pharmaceutical distribution market is one of several interesting market segments where IBS holds a strong position. IBS Pharma has been very well received, resulting in a number of new customers and projects.

To complement ASW and Virtual Enterprise, there are different local IBS software offerings, targeting special customer requirements.

Virtual Enterprise

IBS' new software generation, which integrates and coordinates different business software and systems, offers a unique optimisation of collaborative sales and procurement for company groups, regardless of the software, ERP systems

IBS Software Solutions

CUSTOMER RELATIONS MANAGEMENT	DISTRIBUTION AND WAREHOUSE MANAGEMENT	BUSINESS PLANNING	DEMAND-DRIVEN MANUFACTURING	SUPPLIER RELATIONS MANAGEMENT
Collaborative Sales Supply Chain Visibility Advanced Planning Collaborative Procurement				
<ul style="list-style-type: none"> Sales order management Lead and contact management Sales force automation Quotation management Product configuration Price and contract management Campaign handling E-business customer self service Customer request management After sales service management Customer delivery schedules 	<ul style="list-style-type: none"> Warehouse optimisation Pallet and load carrier handling Reception management Quality control Pick optimisation R/F and barcode utilisation Route and shipment management Returns handling Multi distribution centre support Internal replenishment optimisation Dangerous goods handling 	<ul style="list-style-type: none"> Supply chain planning Demand management Sales and operations planning Long range planning Pull planning MRP Rough cut capacity planning Finite capacity planning Inventory optimisation Distribution requirements planning Scenario simulation support 	<ul style="list-style-type: none"> Distribution assembly Industrial manufacturing Order scheduling and planning Manufacturing order management Kanban support Time and job order reporting Activity oriented costing Sub-contract management Plant maintenance management Product configuration Make to order support 	<ul style="list-style-type: none"> Web supplier management Supplier quotation management Purchase suggestion management Promotional buy support Purchase order management Limit and restriction handling Price and contract management Central agreement support Supplier issue management Landed cost control Supplier delivery schedules

INDUSTRY VERTICALS

<ul style="list-style-type: none"> Pharmaceuticals Medical and surgical equipment 	<ul style="list-style-type: none"> Electronics Electrical supplies 	<ul style="list-style-type: none"> Industrial supplies Food and beverage 	<ul style="list-style-type: none"> Automotive aftermarket Machinery and equipment 	<ul style="list-style-type: none"> Consumer durables Hardware and tools 	<ul style="list-style-type: none"> Housing Local verticals
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FINANCIAL MANAGEMENT

<ul style="list-style-type: none"> Accounts receivable Credit management 	<ul style="list-style-type: none"> Asset management Cash management 	<ul style="list-style-type: none"> General ledger Budget management 	<ul style="list-style-type: none"> Project management Financial analysis 	<ul style="list-style-type: none"> Accounts payable Shared services
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BUSINESS VALUE MEASUREMENT

<ul style="list-style-type: none"> Business intelligence Customer performance analysis 	<ul style="list-style-type: none"> Profitability analysis Sales analysis 	<ul style="list-style-type: none"> KPI monitoring ROI measurement 	<ul style="list-style-type: none"> Alert / exception management SCOR measurement 	<ul style="list-style-type: none"> Purchase analysis Supplier performance analysis
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BUSINESS SYSTEM SUPPORT

<ul style="list-style-type: none"> Personalisation portal XML communication support 	<ul style="list-style-type: none"> Corporate data management Web services 	<ul style="list-style-type: none"> System management tools Output Management solutions 	<ul style="list-style-type: none"> Integration support EDI support 	<ul style="list-style-type: none"> Data warehouse Web publishing
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or computer networks the different subsidiaries or business partners may have. Virtual Enterprise contains inherent business logic for collaborative sales and procurement, analysis and optimisation of the supply chain. The software offers a multitude of options for handling and managing different business models and supply chain set-ups. It is developed to support a group's or a group of companies' collaborative supply chain operations.

The software enables direct integration between different data sources, software, industry portals and mobile devices, and handles both virtual structures based on information technology and more traditional business operations. Virtual Enterprise primarily targets the integration requirements of mid-sized and international groups, and this market segment is expected to show interesting growth over the next few years.

“Our inventory dropped millions of dollars in just 12 months. The physical requirements for that inventory have been significantly reduced.”

Chuck Wright
VP of Operations, Roland Corporation US



Passionate people

It is often the people that make the real difference

Customer surveys around the world give IBS a high ranking, not least for our employees' competence and skills. IBS' software is extremely competitive, but very often it is our employees' experience and commitment that are decisive for achieving successful results with our customers.

Professional services with high-level competence

IBS offers a broad range of professional services, including mapping business processes, technical know-how and implementation, training, project management and pure business consulting.

Among other services, IBS' consultants provide:

- Analysis of ROI and improvement potential
- Analysis of business processes
- IT strategy and system design
- Project management
- Pre-studies
- Modification/development
- Training
- Customer support
- Tailor-made systems
- Facilities management and maintenance
- Financing

Continuous competence enhancement

IBS' employees combine solid knowledge of our customer companies' business operations with information technology skills. From programmers to business consultants, they play an important role in securing a successful implementation of a new business system, together with the customer's staff. Continuous contacts at management level between IBS and our customers are also vital parameters for long-term, mutually beneficial co-operation.

Continuous competence development is a critical success factor for a knowledge-based company such as IBS. It is also an important factor for our staff's personal development and job satisfaction. IBS has its own internal staff training organisation, IBS University. Here we co-ordinate and carry out competence development. IBS University organises education and technical training in all areas of interest for individuals and companies. Each year, the individual employee's development needs are mapped in a discussion with his or her manager, whereupon they together are responsible for fulfilling these needs.

Human Resources policy

Important components in IBS corporate culture are decentralised management teams and local accountability. This organisational model sets high demands on management, both centrally and locally, but also gives room for individual initiatives and personal freedom. IBS regularly performs global staff surveys to ascertain that our HR targets are met. Each employee's dedication is one of our most important success factors.

The main form of remuneration for IBS employees is a fixed salary, but more and more often, part of both management and staff salaries is performance-based.

IBS' HR policy is characterised by:

- Individual and personal development
- Excellent career and development opportunities, both nationally and internationally
- Respect for and trust in each individual employee
- Extensive independence for local teams
- Collaboration and fellowship.

Staff profile

During 2002, IBS had an average of 2,169 employees. At year-end, IBS had 2,004 employees in total. During the year, staff turnover was 2%. The level of education among IBS' staff is high, and 81% of our employees have an academic or college background. Of the total number of employees, 58%, or 1,154 persons, were consultants. 29% of the staff were women.



Servers, outsourcing and financing

“One-stop-shop”

IBS can meet most of our customers’ requirements regarding information systems and equipment. Through our close co-operation with IBM, we can provide the world’s most competitive range of servers and network solutions, together with software and specialist services. We also offer advanced facilities management and financing solutions.

Expanded co-operation with IBM



In January 2002, IBS and IBM expanded their global strategic alliance for providing solutions for supply chain management to distribution companies and international manufacturing groups. The alliance covers IBS’ ASW and Virtual Enterprise software, in combination with IBM WebSphere and servers, as well as services from IBM Global Services.

The co-operation with IBM comprises joint marketing and sales campaigns, technical and strategic development, software, and financing services. IBM has special representatives and sales people allocated to developing the co-operation with IBS subsidiaries, both centrally and locally. During the year, the co-operation has been deepened further, and a number of joint sales and customer activities have taken place.

Cost-efficient servers and network solutions

We provide market-leading computers and network equipment that ensure secure and reliable operations. We mainly work with IBM iSeries, as these successfully handle the very large transaction volumes that IBS software makes possible. Today’s advanced and sophisticated systems require specialist competence for them to be correctly dimensioned and combined. Our close co-operation with IBM, as with other leading suppliers, means that our employees are continuously updated on the latest development, and that our

consultancy services can contribute to the most efficient customer solution.

Facilities management services

Services such as outsourcing, ASP and facilities management are a growing part of IBS’ operations. More and more customer companies have discovered that it is to their benefit to let IBS take care of technical issues and operating their systems, thus liberating resources for their core business.

Financing solutions

IBS provides financing solutions that cover our entire range of products and services. Thus, our customers have the opportunity to get total financing for their IT solutions over a period of 3-5 years. This can be offered within the framework of an operational or financial renting or leasing agreement, whereupon the rental or leasing fees are paid quarterly in advance, and evolves based on set interest rates and conditions.

IBS provides financing solutions for:

- Hardware, such as IBM servers, work station equipment and network components
- Software, such as IBS’ own products or third party products
- Service, such as project management, professional services and maintenance
- Outsourcing and facilities management

“IBS’ implementation was second to none. They were very professional and helped us become self-sufficient. And the personal chemistry was very important. We bought from people we could trust.”

Sheila Chambers
Finance director, Listers’, UK



Efficient processes

Process orientation to secure our customers' investment

For IBS, the intellectual capital includes entities such as company name, trademarks, customer base and internal processes, as well as the motivation, technical competence and problem-solving capacities of our staff. IBS' structural capital encompasses our standard software, our global office network and documented operational processes. Marketing, sales, product development, administration and project management are areas where we have a number of well-proven processes to ensure that we can deliver the same high and even quality throughout our entire global network.

Customer Development Process (CDP)

This process allows us to effectively work with our extensive global customer base, supporting IBS' commitment to a long-term partnership with our customer. Regular review activities of both current and completed projects ensure that our customers maximise the benefit and potential derived from IBS' solutions, and that their systems are operating in the most efficient manner within their organisation. The process also ensures that our customers are kept fully informed about IBS solution developments and that they continue to gain business benefits and measurable business value through IBS.

Quality Assurance Process (QAP)

IBS is continuously improving the quality of the software we develop, as well as methods and tools for testing and quality assurance. Quality assurance is performed at all the various stages of the production cycle. A quality focus is an active element of product development. IBS' quality profile covers not only our own products, but also related processes such as installation, documentation, training and business methods.

Marketing Control Process (MCP)

This process establishes a systematic and structured approach to handle enquiries for IBS' products. MCP deals with all elements of the enquiry life cycle, from strategic market segmentation, through acquisition, into pipeline management, qualification and control. This ensures that marketing programs are measurable in terms of both quality and volume, as well as giving a strict control over marketing budgets. MCP's components maximise the combination of results and resources within the IBS sales organisation, and provide detailed reporting for strategic follow-up.

Sales Control Process (SCP)

This process contributes to our units being able to generate and repeat successful selling techniques and develop a framework for sales expansion. This successful strategy has given IBS many advantages. These include being able to quickly understand and summarise our prospective customers' needs and business targets, and to present specific solutions to address them. SCP also allows new IBS sales representatives and application consultants to shorten their learning curve by quickly grasping proven practices.

Implementation Control Process (ICP)

IBS' project model, ICP, is an important tool enabling us to provide our customers with the right services at the right price and quality, at the right time. Process orientation facilitates the important analysis performed when the implementation of a new business system commences. The model is continuously developed and fine-tuned. Projects are evaluated on an ongoing basis, whereby know-how and experience are proliferated throughout the company.

Consistent focus on environmental issues

IBS operations have little impact on the environment. We have an environmental policy to ensure that we protect global resources. When we work with our customers, our consultants are able to introduce environment protection issues into customer projects. Applying modern processes to supply chain operations does not only generate benefits of economy, but also contributes to a cleaner environment. For example, the "Sell-Source-Ship" philosophy on which IBS' software is based, means limiting unnecessary and costly transports and surplus production, and thus also limiting the strain on the environment.

IBS in Sweden

IBS' subsidiaries operating in the Swedish market were very successful during 2002. Sales of IBS software developed well, as did sales of IBM servers, equipment and facilities management services. Demand was strong within professional services operations and Area Technology, even though a decreasing utilisation ratio became obvious in certain areas during the second half of the year. Measures to increase efficiency and reduce costs have been implemented.

Area Business Software



Thomas Enzell,
MD IBS Sverige

- Sales of IBS software increased considerably.
- Satisfactory increase in sales of servers and equipment.
- Facilities management services, financing and a sharper focus on the after-market, contributed to a further increase in the number of satisfied customers.
- Larger new customer contracts include AxFlow, Atea, Fuji film, New Wave and Cramo.

Area Technology



Kjell Sandström,
MD IBS Konsult

- The specialisation in professional services and the development or modernisation of tailor-made systems for IBM iSeries developed well.
- During the year, a market-leading position was achieved as regards quality and environmental systems for the paper and pulp industry in Sweden.
- IBS Vertex is a market leader in the field of housing systems for local government.
- Larger customer projects include Intrum Justitia, Volvo, Bahco and Gothenburg Harbour.



We want each and every store to be a "sales machine" focused on customer relations. We can do this, thanks to IBS' software Virtual Enterprise. In the future, however, maybe there will be more co-ordination between different countries where Expert is present. Maybe there will be a push towards more regional warehousing. Virtual Enterprise is a fantastic building block for this.

Perc Brodén
MD, Expert Invest, Sweden



IBS in the Nordic countries

In Denmark, Finland and Norway, IBS continued to strengthen its position as a leading supplier of supply chain management systems, despite a generally weak market and stiff competition. During the year, cost reductions were implemented, as well as more efficient organisations for marketing, sales and customer service.

Denmark



Allan Rotheisen,
MD IBS Denmark

- IBS' software sales grew, especially within supply chain management and logistics.
- Several new customer contracts have been signed for demand-driven manufacturing systems.
- The already positive results from the previous year's customer surveys were further improved during 2002.
- Major customer projects include Ecolab, Qvale Logistik Danmark and Hydro Texaco.

Finland



Kari Merenheimo,
MD IBS Finland

- Sales of IBS software increased. Oriola, Finland's largest pharmaceutical distributor, chose IBS Pharma.
- Efficiency measures have been implemented within the organisation in order to further increase customer service.
- Helkama Velox, Planmeca Group, Sormat and Toyota Motor Finland are some of IBS Finland's larger customers.
- IBS Finland celebrates its 30th anniversary 2003, which makes the company one of the most stable and successful in the Finnish IT market.

Norway



Georg Just,
MD IBS Norway

- Demand for new systems was curbed by the economic conditions of the market.
- During the year, a large number of upgrades with the new version of IBS' software were performed for current customers.
- A new sales organisation and an improved pipeline are expected to generate increasing market shares during 2003.

“In our industry, fresh fruit and vegetables, logistics rule and we therefore depend extensively on IT support. Goods turnover is extremely fast, and our customers are much less tolerant than in other industries. We require fast, reliable systems, and that makes IBS a natural choice in partner.

Rikard Nilsson
CFO, Everfresh Group Sweden

everfresh
group®

IBS in Europe

Development in the UK and mainland Europe was influenced to a varying extent by economic market conditions. In countries where IBS has a large customer base, results were generally good, while more recently established subsidiaries with a focus on new sales suffered more from the slow total market. During the year, cost reductions were implemented and more efficient organisations for marketing, sales and customer service were introduced.

Belgium



*Jos Vanhoutte,
MD IBS Belgium*

- IBS Belgium strengthened its market share and its position as a market leader e.g. in the fields of supply chain management and warehousing solutions.
- Within customer relations management and business intelligence, demand also developed well.
- The server and technology operations continued to grow.
- Major Belgian customer projects include Eurofit, Kinapolis, Shanks, TCI Europe and ACLVB.

The Netherlands



*Jan Oord,
MD IBS Consist*

- IBS Consist grew both revenue and its market shares, and also further strengthened its position as leading supplier of business software and solutions in the Dutch market.
- New customers 2002 include Nilsson & Lamm, ATAG ETNA Pelgrim home products, Initial Varel Security, EW Dienstengroep, G-Star International and McGregor Fashion Group.

France



*Denis Pavillon,
MD IBS France*

- In France, IBS strengthened its position within complete and competitive software solutions.
- IBS continued to install efficient, integrated solutions for interfacing IBS software with solutions from other suppliers.
- In addition to IBS' specialist role in supply chain management, 2003 will for IBS France be characterised by a range of industry vertical offerings targeting the pharmaceutical distribution and automotive industries.
- Major customer projects include Electrolux Jardins, Secan (Honeywell), Cartier, Rexel and Giraud Transports et Logistique.

UK



Kieron Walker,
MD IBS Ltd

- Despite a tough UK market, IBS Ltd, specialising in distribution and supply chain management solutions, managed to increase both its customer base and customer satisfaction ratings.
- A reorganisation was implemented, resulting in a stronger and more customer-oriented team.
- Jim Wilde was appointed new General Manager and Operations Director.
- New customers 2002 include Gunnebo Mayor, Advent Data, Pincroft and Teamvise.



Malcolm Carter,
MD IBS Public Services

- 2002 was a successful year for IBS Public Services, specialising in housing and revenue software.
- IBS reinforced its position as a market leader within these segments.
- New customer contracts include London Borough of Camden, Hanover Housing, London Borough of Ealing, Stockton on Tees and Stonham Housing Association.

Portugal



Richard Marques,
MD IBS Portugal

- IBS Portugal maintained its strong market position and its high customer satisfaction ratings.
- Management information systems and business intelligence were again among the most successful applications.
- IBS Pharma was successfully launched and the first deal signed.
- A significant number of new projects were signed with major players in wholesale distribution and supply chain management, among them Marrachinho, Cálem and Voltis Acumuladores.

ASW is a very powerful financial tool. We can monitor day-to-day operations precisely. ASW sees distribution and finance as two sides of the same coin, so all physical flows in the branches or warehouses all over the country are automatically posted to the accounting department through a daily interface.

Herve Franceschi
Chief financial officer, Rexel, Belgium



Switzerland



Lukas Hostettler,
MD IBS Hostettler

- In 2002, IBS Hostettler established a new management team, with Lukas Hostettler as new MD.
- The marketing and sales teams were reorganised to achieve a stronger position in the Swiss market.
- A reduction in costs and a simplification of all business processes were carried out.
- Important customer accounts include Frigemo, Rugenbräu, Univar, Lantal Textiles, DIM Schweiz AG and CCC Credit Card Center.

Germany



Andre Grigjanis,
MD IBS Germany

- IBS Germany managed to increase both its software and services revenue.
- A major focus was set on the pharmaceutical distribution marketplace, where IBS Germany is the International Competence Centre for the IBS Group, and on the technical customer service area.
- Major customer projects include Alloga, Galexis, Miele and Nintendo.

Spain



José Mosquera,
MD IBS Spain

- IBS in Spain was reorganised. José Mosquera, former MD of IBS GTM Consultores, was appointed new MD for IBS' entire operations in Spain, with offices in Barcelona and Madrid.
- The marketing and sales co-operation with IBM was reinforced.
- Important customer projects include Securitas, Giraud, Gedesma, Nopco, Barnices Valentine and Cartier.

”
*With IBS' high-performing software and industry-specific competence,
we see an opportunity to take advantage over our competitors.*

Roger Cavillier
General manager, Alloga, Switzerland



Italy



Antonio Gaboardi,
MD IBS Italy

- A reorganisation of the IBS Italy team was implemented, including a reduction in the number of managers and total costs. Antonio Gaboardi was appointed new MD.
- IBS Italy achieved important new agreements with noted Italian customers such as Sides, Valsir, Cofipam, Galva and 900 Maschio.
- Among the largest customer accounts are Notifier, Fogliani, Marangoni Tread, Meccanica Finnord and Unigum.
- During 2003, IBS Italy will focus on specific industry sectors, as well as on demand-driven manufacturing.

Poland



Darek Wesolowski,
MD IBS Poland

- Despite a continued tough market, IBS Polska managed to achieve its targets.
- The company has focused on providing complete and competitive solutions that deliver real and measurable benefits to the customers.
- The IBS Polska customer base grew with new clients such as Ango and Bilia.
- Major customer projects include MMC Car Poland (Mitsubishi), Confex and Miele.

” I am most delighted with IBS’ stock and warehouse management control module. Another useful thing is the possibility to obtain various types of statistical data for sales and purchases. This system has proved labour-saving and has forced us to organise our warehouses better. Being able to monitor who is doing what and what is going on in the company is also very useful.

Pawel Marek Borkowski
Member of the board and logistics manager for Auto-Art, Poland



IBS in North and South America

The North and South American marketplace is of great strategic importance for IBS' international network. The market in this region was affected by a general weak demand. Measures have been taken to increase cost efficiency, improve sales capability and maintain a high customer service level, to be able to grow our market shares when the market starts to improve.

The USA



Barry Christian,
MD IBS US

- IBS US focused on key segments such as pharmaceuticals, medical supplies, automotive and electronics, paper products, consumer goods and the food industry.
- During 2002, IBS US established a third-party sales and professional services channel. The first two organisations to join IBS' strategic alliance were JGI in New Jersey and Information Alternatives in Ohio. Today, over 250 professionals sell, implement and support IBS software in North America.
- IBS US won several major deals including an international contract from Hermes Trading Group.
- Efficiency measures and significant cost reductions have been implemented.

Colombia/Mexico



Marta Cecilia Pardo,
MD IBS Colombia and
IBS Mexico

- IBS Colombia has strengthened its supply chain profile through several new demand-driven manufacturing installations.
- The pipeline for 2003 is satisfactory, with many negotiations having been initiated during 2002.
- The IBS Colombia customer base grew with customers such as Haceb and Progen.
- In the interesting Mexican market, IBS has initiated a number of activities to expand the customer base.

Brazil



Alberto Milheiro,
MD IBS Brazil

- IBS Brazil managed to grow revenue considerably, and signed its first pharmaceutical distribution deal with Audifar. This was achieved despite dollar depreciation and government elections affecting the market adversely.
- During 2003, IBS Brazil will continue to focus on specific distribution market targets, to expand IBS' presence in Brazil and to consolidate partnerships with the company's Brazilian customers.
- Important customer projects include Cartier, Aethra, Mercantil Nova Era and Marangoni.

IBS in Asia and Australia

Asia and Australia are a vital part of IBS' global network. Although IBS' operations in this region are relatively young, IBS has managed to establish a quality customer base. During the year, the organisations have been strengthened in order to increase efficiency and customer service.

Asia



Benjamin Goh,
MD IBS Asia

- A re-engineering of IBS' Asian operations has reduced costs and increased efficiency and customer service.
- Benjamin Goh was appointed new MD.
- The new management team, and the consolidation of IBS' Asian presence, are expected to generate further market opportunities for IBS in Asia.
- Major customer projects include Lim Kim Hai Electric and Rehau in Singapore, and Mimos Smart Computing in Malaysia.

Australia



Staffan Wensing,
MD IBS Australia

- IBS Australia successfully closed a number of new customer contracts during 2002.
- The user base is now more than 50 sites running supply chain operations, spread across Australia.
- IBS' Australian installations have proven very successful, and have served as well-reputed references for IBS' supply chain solutions.
- After rapid growth through a previous acquisition, IBS Australia has integrated operations in order to meet increasing market demand.
- Important customer accounts include Bisley, AS Harrison, Laminex, Cork International, Miele and Remington.

“We have gone from a rather chaotic situation with 36 different databases at the same number of sales/warehouse outlets to one central system that gives us great visibility and full control. We have lowered our inventory levels from about EUR 71.4 million in April 2001 to less than EUR 59 million in October 2002. Now we can consolidate our customers to one account and have reduced credit notes from a high of 11 per cent of sales to fewer than 4 per cent. We can also better trace buying patterns, allowing us to stock the right products at each of our sales outlets. We have had tremendous support from IBS during the whole process – it has been a win/win for both parties.”

Martin Brown
Group information systems manager, Laminex Group, Australia

THE **laminex** GROUP

IBS' Group Management



Magnus Wastenson
President
CEO
 Born 1948.
 Employed since 1983.
 Shares: 100 000
 Warrants: 60 000



Gustaf Lindgren
Senior Vice President
Global Sales & Marketing
 Born 1953. Employed 1973-1992 and since 2002.
 Shares: 100 000
 Warrants: 0



Per-Arne Sendrén
Senior Vice President
CFO
 Born 1959. Employed 1985-1988 and since 1998.
 Shares: 650 000
 (incl. company holding)
 Warrants: 10 000



Eva Holmberg
Vice President
Legal Mgmt. and HR
 Born 1957.
 Employed since 2001.
 Shares: 0
 Warrants: 60 000



Tomas Bråne
Vice President
Product Development
 Born 1955.
 Employed since 1990.
 Shares: 20 000
 Warrants: 60 000



Anders Hedbring
Area Manager
Vice President
 Born 1943.
 Employed since 1987.
 Shares: 23 700
 Warrants: 60 000

IBS Germany
 IBS France
 IBS USA
 IBS Colombia/Mexico
 IBS Asia
 IBS Australia



Peter Hörwing
Area Manager
Vice President
 Born 1961.
 Employed since 1995.
 Shares: 105 080
 Warrants: 60 000

IBS Ltd, UK
 IBS Denmark
 IBS Finland
 IBS Norway
 IBS Poland
 IBS Switzerland



Luis Costa
Area Manager
Managing Director
 Born 1953.
 Employed since 1991.
 Shares: 40 000
 Warrants: 20 000

IBS Portugal
 IBS Spain
 IBS Italy
 IBS Brazil



Jos Vanhoutte
Area Manager
Managing Director
 Born 1952.
 Employed since 1984.
 Shares: 10 000
 Warrants: 10 000

IBS Belgium
 IBS Netherlands



Denis Pavillon
Area Manager
Managing Director
 Born 1947.
 Employed since 1976.
 Shares: 50 000
 Warrants: 10 000

IBS France



Thomas Enzell
Area Manager
Managing Director
 Born 1953.
 Employed since 1991.
 Shares: 60 000
 Warrants: 40 000

IBS Sweden



Kjell Sandström
Area Manager
Managing Director
 Born 1947.
 Employed since 1989.
 Shares: 16 750
 Warrants: 6 480

Area Technology

Board of Directors and Auditors



Gunnar Rylander, Elisabet Annell, Staffan Ahlberg, Johan Björklund, Kai Hammerich, Lars V. Kylberg, Stig Nordfelt.

Gunnar Rylander, Chairman

Born 1935. Founder of IBS 1978.
MD of Catella Holding. Board member of
The Generics Group AG and others.
Shares: 2 392 000
(including company holdings)

Elisabet Annell

Born 1945. Director since 2001.
MD of Univero Group. Board member of
Catella Holding, TV4, Sardus, JM,
Axel Johnson International and others.
Shares: 7 000

Staffan Ahlberg

Born 1944. Founder of IBS 1978.
MD of IBS 1978-2002. Board member of
Enea Data, Glocalnet and Catella Holding.
Shares: 1 498 900
(incl. family member holdings)
Warrants: 100 000

Johan Björklund

Born 1958. Director since 2001.
Deputy MD of Catella Holding.
Board member of
The Generics Group AG and others.
Shares: 7 000

Kai Hammerich

Born 1943. Director since 1998.
Director-General of Invest in Sweden
Agency (ISA). Chairman of Swedish
Business Development Agency (Nutek).
Board member of Econova Biotech,
Öresund Network and others.
Shares: 160 000
Call options: 40 000

Lars V. Kylberg

Born 1940. Director since 1996.
Chairman of Haldex and Deputy Chairman
of Vasakronan and Civitas.
Board member of Morgan Crucibles (UK),
The Generics Group AG and others.
Shares: 200 000
Call options: 40 000

Stig Nordfelt

Born 1940. Director since 1984.
MD of Pilen. Chairman of United Care
Scandinavia, NetLight Consulting
and Surephone. Board member of H&M,
Glocalnet, CGU Life and others.
Shares: 32 500
Call options: 40 000

KPMG Bohlins AB

Anders Malmeby

AUTHORISED PUBLIC ACCOUNTANT

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The IBS share

The IBS share was listed at the Stockholm Stock Exchange on 20 May, 1986. Taking later splits of the share into account, the introductory share price was SEK 2.80. The IBS share is now traded on the Stockholm Stock Exchange O list. A round trading lot is 1,000 shares.

Share capital

Registered share capital amounts to SEK 15,921,606, based on 79,608,030 shares at a nominal value of SEK 0.20 per share. The shares are divided into 3,150,000 class A shares, each carrying ten votes, and 76,458,030 class B shares, each carrying one vote. In addition, 5,000,000 warrants (strike price SEK 65 per share subscribed) have been issued, whereof 2,388,129 are held by IBS employees.

Turnover

The full-year turnover of the IBS share amounted to SEK 470m. The average daily trade has been SEK 1.8m.

Price development

During 2002, the IBS share reached its highest quotation, SEK 20.30, on 24 January, and its lowest, SEK 3.07, on 3 October. After a fourth quarter recovery, the final quotation on 31 December was SEK 4.30, which is SEK 12.70 lower than the final quotation for 2001. IBS' market value at the end of the year totalled SEK 342m.

Warrants programs

There is one current IBS warrants program. It was issued in 2000, with 5 million warrants. Each warrant gives the holder the right to subscribe to a new B share at a strike price of SEK 65, in 2004/2005. These warrants were made available to IBS management and key personnel in the IBS Group. On 31 December, 2002, some 2.4 million warrants were subscribed to by IBS staff.

During 2002, the warrants program issued 1998 expired. It comprised 5 million warrants, each giving the holders the right to subscribe to a new B share at a strike price of SEK 40.60. As the strike price was considerably higher than the share price, the program expired with no new shares being subscribed.

Ownership

At the end of 2002, the number of IBS shareholders totalled 10,675. 17% (18%) of the total share capital was held by non-Swedish owners. Swedish private ownership amounted to 29% (28%) of the

capital and Swedish institutional owners' holdings was unchanged at 55%. At the end of the year, IBS' ten largest shareholders represented 43.7% of the capital and 58.4% of the votes. Institutions that elected to extend their ownership during the year include Catella Fonder. Didner and Gerge Aktiefond is a new, large, institutional owner.

Dividends

The Board's long-term goal is that at least 20% of profit after tax be paid in dividends. When proposing dividends, the Board takes into consideration the company's requirements for consolidation, liquidity and capital for future expansion.

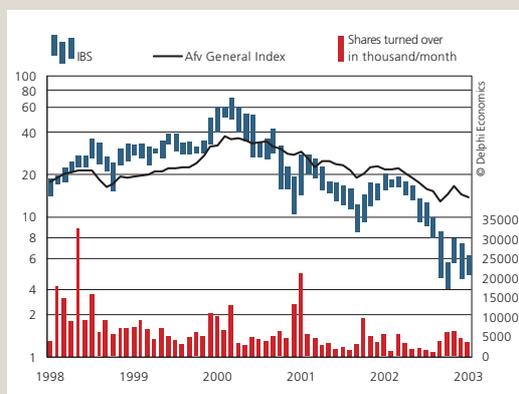
Shareholder information via Internet

The IBS website www.ibs.se presents information on the IBS share's price development, as well as quarterly reports, annual reports and press releases. The information is updated regularly.

Analysis of IBS

IBS is monitored regularly by stockbrokers and banks. Analysts that continuously monitor IBS include:

Alfred Berg FK	Patrik Clase
Bankaktiebol. JP Nordiska	Stefan Engqvist, Daniel Djurberg
Carnegie	Fredrik Lithell, Tomas Öqvist
Cheuvreux	Sasu Ristimäki
Enskilda Securities	Lars Sveder, Andreas Joelsson
Handelsbanken	Peter Trigraszky
Redeye	Stefan Nelson
Remium Securities	Robert Ahldin
Swedbank	David Andreasson



IBS' largest shareholders per 31 December 2002*

Shareholders	A shares	B shares	Holding %	Votes %
Catella Holding	3 150 000	5 599 180	11.0%	34.3%
Catella Fonder		12 482 910	15.7%	11.6%
Sjätte AP-Fonden		2 641 915	3.3%	2.5%
Gunnar Rylander and company		2 392 000	3.0%	2.2%
Didner and Gerge Aktiefond		1 556 980	2.0%	1.4%
Robur Fonder		1 505 000	1.9%	1.4%
Staffan Ahlberg and family		1 498 900	1.9%	1.4%
Andra AP-Fonden		1 478 804	1.9%	1.4%
Skandia Life		1 218 300	1.5%	1.1%
Alecta		1 163 560	1.5%	1.1%
<i>Total, largest owners</i>	<i>3 150 000</i>	<i>31 537 549</i>	<i>43.7%</i>	<i>58.4%</i>
Others		44 920 481	56.3%	41.6%
Total	3 150 000	76 458 030	100%	100%

Ownership per the five largest countries*

	Share of capital %
Sweden	83.4%
UK	5.2%
Switzerland	3.1%
Belgium	3.0%
Luxembourg	2.6%
Others	2.7%
Total	100%

Ownership categories*

	Share of capital %	
	2002	2001
Swedish institutions and investment funds	54.5%	54.6%
Swedish private owners	28.9%	27.5%
Non-Swedish institutions and investment funds	14.6%	13.7%
Other non-Swedish owners and trustees	2.0%	4.2%
Total	100%	100%

Ownership structure*

Size of holding	No. of owners	Owners %	No. of shares	Capital %
1 - 1 000	7 087	66.4%	3 173 938	4.0%
1 001 - 10 000	3 093	29.0%	10 657 299	13.4%
10 001 - 100 000	423	4.0%	12 828 908	16.1%
100 001 - 1 000 000	59	0.5%	17 127 341	21.5%
1 000 001 -	13	0.1%	35 820 544	45.0%
Total	10 675	100%	79 608 030	100%

Share capital development

Year	Share capital	No. of A shares	No. of B shares	
1978	50 000		1 000	IBS founded
1984	50 000	1 000	9 000	Split 10:1
1984	80 000	1 000	15 000	New issue of B shares 1:3 and 1:5
1985	7 200 000	90 000	1 350 000	Bonus issues 89:1
1986	8 550 000	90 000	1 620 000	New issue of B shares 1:5
1989	10 260 000	90 000	1 962 000	New issue of B shares 1:5
1989	10 418 000	90 000	1 999 500	New issue of B shares via convertible loans
1990	10 696 000	90 000	2 049 204	New issue of B shares via convertible loans
1996	11 571 020	90 000	2 224 204	Directed new share issue
1997	11 571 020	450 000	11 121 020	Split 5:1
1997	13 867 418	540 000	13 327 418	New issue 1:5
1998	14 823 306	630 000	14 193 306	New issue 1:6
2000	15 323 306	630 000	14 693 306	Directed new share issue
2000	15 323 306	3 150 000	73 466 530	Split 5:1
2000	15 821 606	3 150 000	75 958 030	Conversion of warrants
2001	15 921 606	3 150 000	76 458 030	Non-cash issue of B-shares

* Information from VPC (the Swedish Central Securities Depository)

Key figures and data per share

	2002	2001	2000	1999	1998
Key figures					
Average number of employees	2 169	2 283	2 348	2 165	1 658
Revenue per employee (SEK thousand)	1 161	1 149	955	1 112	1 256
Value added per employee (SEK thousand)	557	619	567	638	692
Value added per employee excl. non-recurring items (SEK thousand)	620	619	544	638	692
Operating margin %	-7.1	-1.2	0.2	6.5	5.9
Operating margin excl. non-recurring items %	-1.7	-1.2	-2.1	6.5	5.9
Capital turnover ratio	1.5	1.6	1.5	1.7	2.0
Return on total capital %	-11	-1	1	13	13
Return on capital employed %	-21	-2	2	24	25
Return on equity %	-31	-9	0	16	18
Ratio of risk capital %	34	44	52	39	37
Liquidity %	110	131	151	149	133
Equity to total assets ratio %	33	43	51	39	37
Interest cost cover ratio	-12	-2	1	12	13
DSO (Days of sales outstanding)	64	66	62	62	58
Key figures per share					
Net profit	-2.46	-0.82	0.01	1.13	0.97
Net profit after dilution	-2.46	-0.82	0.01	1.03	0.91
Adjusted equity	6.50	9.09	9.57	7.30	6.47
Adjusted equity after dilution	6.50	9.09	9.57	9.81	9.06
Cash flow from operating activities	1.23	0.75	-0.41	1.95	2.78
Cash flow from operating activities after dilution	1.23	0.75	-0.41	1.77	2.63
p/e ratio	-2	-21	1 900	42	34
p/e ratio after dilution	-2	-21	1 900	47	36
Dividend	-	-	-	-	-
Share data					
Stock price at year end	4.30	17.00	19.00	47.80	33.00
Market capitalisation (SEK million)	342	1 353	1 503	3 543	2 446
p/s ratio (market cap./total revenue)	0.1	0.5	0.7	1.5	1.2
Average number of shares (thousands)	79 608	79 421	77 238	74 117	70 531
Average number of shares after dilution (thousands)*	79 608	79 421	77 238	81 617	74 697
Total no. of shares (thousands)	79 608	79 608	79 108	74 117	74 117
Total no. of warrants (thousands)	5 000	10 000	10 000	7 500	7 500

* For the years 2000-2002, the warrants programs have no effect as regards dilution

IBS' five-year summary

SEK million	2002	2001	2000	1999	1998
Income statements					
Total revenue	2 517.1	2 623.7	2 242.6	2 408.3	2 083.0
Gross profit	863.8	910.4	785.9	897.1	745.7
Non-recurring items	-136.3	-	52.7	-	-
Operating profit	-179.4	-32.0	5.2	156.0	123.9
Profit after financial items	-198.8	-38.6	4.9	162.6	119.8
Tax	-2.1	-26.3	-3.3	-65.5	-45.9
Minority holdings, net	5.2	-0.2	-1.3	-13.4	-5.7
Net profit for the year	-195.7	-65.1	0.3	83.7	68.2
Balance sheets					
Intangible assets	338.6	369.7	295.6	265.6	215.4
Total fixed assets	524.7	573.5	519.9	450.9	386.2
Accounts receivable	711.7	771.5	616.9	608.4	610.1
Short-term investments	19.7	18.7	57.6	109.1	106.1
Cash and bank balances	149.6	141.4	125.0	131.4	106.7
Total current assets	1 050.9	1 132.6	990.8	985.6	942.4
TOTAL ASSETS	1 575.6	1 706.1	1 510.7	1 436.5	1 328.6
Total equity	517.8	723.7	757.2	540.8	479.4
Minority holdings	9.5	16.2	14.2	15.0	11.8
Deferred tax liabilities	7.2	14.4	8.6	10.8	0.0
Provisions for project and guarantee costs	25.1	18.6	22.8	79.3	77.8
Liabilities to credit institutions	246.8	249.8	158.4	242.9	176.6
Accounts payable	201.4	213.6	162.3	136.2	154.0
Current liabilities	949.3	858.3	653.6	659.7	707.5
TOTAL EQUITY AND LIABILITIES	1 575.6	1 706.1	1 510.7	1 436.5	1 328.6
Cash flow analyses					
Cash flow from operating activities	98.2	59.9	-31.8	144.8	196.3
Cash flow from investing activities	-91.9	-172.2	-145.8	-167.1	-225.7
Cash flow from financing activities	7.5	81.4	116.7	68.8	153.5
Cash flow for the year	13.8	-30.9	-60.9	46.5	124.1
Translation differences in liquid assets	-4.6	8.4	3.0	-18.8	13.6
Liquid assets, end of year	169.3	160.1	182.6	240.5	212.8

Directors' report

The Board of Directors and the CEO of IBS AB submit the following report for 2002.

Operations

The Group

Through the Parent Company, subsidiaries and business partners, the IBS Group is engaged in the development, sales, installation and servicing of business systems, supplying software, professional services and IT equipment. At year-end, the Group was represented in 32 countries, thereof with subsidiaries in 21 countries.

The Parent Company

The Parent Company, IBS AB, manages and develops wholly or partly owned operating subsidiaries, pursues comprehensive development of new applications and maintenance of the Group's business software solutions. Global marketing and sales support for international cases are also important facets of Parent Company operations. Parent Company revenue is mainly derived from management fees from all operative units, as well as from dividends and group contributions from subsidiaries.

Parent Company gross profit amounted to SEK 171m (151m) and profit after financial items to SEK -129m (-68m). Included in financial revenue are dividends and group contributions from subsidiaries to the amount of SEK 38m (35m). Included is also a write-down of shares in subsidiaries to the amount of SEK -39m (-57m). Investment in equipment during the year amounted to SEK 0.3m (5m). During the year the fully owned subsidiary, IBS NetCommerce AB, was merged with the Parent Company, producing a merger loss of SEK -1.2m (see Note 31). The company had no active operations at the time of the merger.

Significant events during the fiscal year

A new global alliance with IBM Corporation in the USA was signed in January 2002. The new alliance has resulted in many new marketing activities and identified sales opportunities.

Magnus Wastenson, previously Vice President Sales and Marketing, was appointed new CEO per 1 October, 2002. He succeeds the company's founder, Staffan Ahlberg, who remains as a member of the Board of Directors. Per-Arne Sendrén has been appointed new Senior Vice President and CFO, and Gustaf Lindgren has been appointed new Senior Vice President Global Sales and Marketing.

A cost-reduction program was implemented over the latter part of the year, to adjust the company's surplus capacity and high cost levels. The full-year result has been charged with SEK 130m in one-time costs such as costs for staff reduction, replacement of operative managers, restructuring of companies, as well as an increased focus on sales efficiency and market niches. These measures entailed, among other effects, a reduction in the number of employees by a total of 248 over the year, whereof 137 in the fourth quarter. In addition there has been a one-time write-down of goodwill, to the amount of SEK 6m.

During the year, IBS has increased its holding in IBS France S.A. from 95% to 97%, and its holding in IBS Italy S.p.A. from 72% to 77%.

Comments to the income statement

In a weak market, IBS' software sales grew by 4% during the year, while the total market is estimated to have decreased. Professional services revenue decreased by 7% over the year, mainly during the second half, due to the weaker market and a reduction in the number of consultants. Total revenue

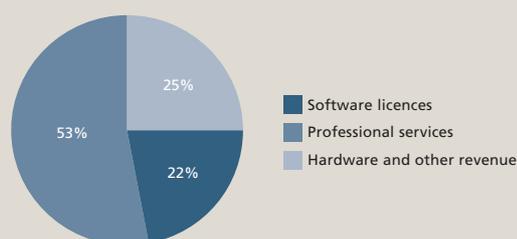
decreased by 4% to SEK 2,517m (2,624m). The pre-tax result was SEK -199m (-39m). The result has been charged with one-time costs to an amount of SEK 130m, and a one-time goodwill write-down of SEK 6m, which means that the comparable pre-tax result is SEK -63m (-39m).

Type of revenue in % of total revenue

	2002	2001	2000
Software licences	22%	20%	19%
Professional services	53%	55%	58%
Hardware and other revenue	25%	25%	23%
Total	100%	100%	100%

As shown in the table above, the share of software sales has grown steadily since 2000. During primarily the latter part of 2002, there was a certain excess capacity in the professional services organisation, for which reason the number of staff was reduced. This resulted in a decrease in the professional services share of revenue. Hardware sales showed a continued positive development during 2002, partly due to good market development for IBM's new servers, but also to IBS' extended co-operation with IBM.

Type of revenue in % of total revenue 2002



Analysis of revenue growth between the years

	2002/01	2001/00	2000/99
Volume increase (average no. of staff)	-5%	-6%	6%
Acquisitions during the year	0%	6%	2%
Price and efficiency change	2%	9%	-14%
Growth rate, internally influenced	-3%	9%	-6%
Influence of exchange rate fluctuation	-1%	8%	-1%
Total growth rate	-4%	17%	-7%

As forecast, professional services revenue has continued to fall, due to the slow market and a reduction in the number of consultants. Measures were implemented to adjust the company's cost-efficiency and to increase the focus on sales efficiency and market niches. During the year, the Swedish krona has gained against the more important currencies that make up the IBS Group's revenue.

Profit after financial items, per region (SEK million)

	2002	2001	2000
Sweden	22	31	21
Rest of Europe	-11	67	33
Rest of the world	-39	-25	-33
Parent Company incl. Group adjustments	-171	-112	-16
Total	-199	-39	5

The above full-year result includes one-time costs amounting to SEK 130m and a one-time goodwill write-down of SEK 6m.

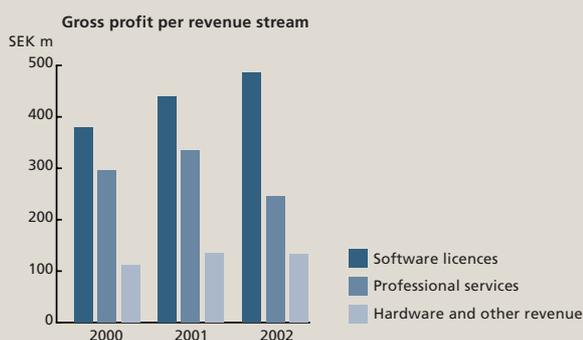
Given the decreasing demand in parts of Europe, a number of steps have been taken to secure a future positive result.

Gross profit per revenue stream (SEK million)			
	2002	2001	2000
Software licences	486	440	379
Professional services	245	335	295
Hardware and other revenue	133	135	112
Total	864	910	786

The gross profit for software licences grew for the fourth consecutive year. A specialisation on certain industries and types of companies, and solutions for the integration of supply chain operations and logistics, are some of the more important parameters in IBS' software strategy.

The gross profit for professional services fell during 2002, mainly during the second half, due to the weaker market. The company has had too large a capacity and too high costs in relation to revenue.

The margin for hardware etc. improved over the year, which means that the gross profit was more or less maintained, despite a decrease in sales volumes.



Gross margin per revenue stream			
	2002	2001	2000
Software licences	89%	84%	87%
Professional services	18%	23%	23%
Hardware and other revenue	21%	20%	22%
Total	34%	35%	35%

Until and including 2001, IBS has booked depreciation costs for capitalised product development as a cost of revenue for software licences. From 2002 onwards, IBS has adapted the accounting principles to Swedish industry standards, whereby these costs are instead booked as product development costs in the income statement. No retroactive recalculation has been performed. The change in method, combined with increased sales of IBS-developed products, has entailed an increase in software margins during 2002.

The professional services margin fell during the year, due to a decrease in demand.

Analysis of the IBS Group's professional services margin			
	2002	2001	2000
Q1	22%	22%	27%
Q2	19%	20%	14%
Q3	15%	23%	19%
Q4	15%	28%	28%
Full year	18%	23%	23%

As the above table shows, the professional services margin fell during the second half 2002, compared to the equivalent period 2001. After the implementation of an efficiency program, the margin improved slightly during December 2002. IBS expects,

as a result of the measures implemented, that conditions favour an improved professional services margin during 2003.

Direct costs in % of revenue			
	2002	2001	2000
Software licences	2%	3%	3%
Professional services	44%	42%	45%
Hardware and other costs	20%	20%	17%
Total	66%	65%	65%

Direct costs for software licences comprise royalties to third party suppliers, and until and including 2001, depreciation of capitalised development costs. Apart from salaries, professional services costs include costs for sub-contractors and distributed overhead costs.

Indirect operating costs in % of revenue			
	2002	2001	2000
Product development costs	10%	8%	9%
Sales and marketing costs	13%	15%	15%
General and administrative costs	13%	13%	13%
Non-recurring items	5%	-	-2%
Total	41%	36%	35%

From 2002 onward, depreciation of capitalised development costs is booked as product development costs.

Comments to the balance sheet

Fixed assets

Capitalised development costs after depreciation showed a net increase over the year of SEK 8m. The costs are related to development work regarding the new Virtual Enterprise software and ASW Release 5.0. The year's investment in the form of goodwill due to supplementary acquisition payments amounted to SEK 7m (52m). The subsidiaries' booked goodwill has been analysed on an individual basis in accordance with the Swedish Financial Accounting Standards Council's recommendation no. 17, write-downs, which has resulted in a write-down to the amount of SEK 6m. After depreciation and one-time write-downs, goodwill decreased by SEK 39m.

Current assets

The decrease in accounts receivable is partly due to an increased focus on, and improved routines for, cash management.

Current liabilities

Due to the Group resources being down-sized to a lower level, future costs for capacity reduction regarding e.g. staff and premises have been reserved among accrued expenses.

Liabilities

Group bank loans grew by SEK 27.9m, while amortisation amounted to SEK 19.8m.

Financial position

The Group's financial position continues to be strong. Group equity amounted to SEK 518m (724m), after one-time costs amounting to a total of SEK 136m. Total assets decreased by SEK 130m to SEK 1,576m. The equity to total assets ratio was thus 33% (43%). Liquid assets at the end of the year amounted to SEK 169m (160m). In addition, the Group has unused credit facilities amounting to SEK 121m (124m). Current assets represented 110% (131%) of current liabilities.

At the end of the year, the Group had interest-bearing liabilities amounting to SEK 247m (250m). Net loan debt to banks at year-end (excluding debt to leasing companies) amounted to SEK -34m (-44m).

Comments to the cash flow analysis

Cash flow from operating activities, before changes in working capital, amounted to SEK -48m (70m). The decrease is attributable to the weaker result, the result being charged with one-time items to an amount of SEK 130m, and a one-time goodwill write-down of SEK 6m. Changes in working capital amounted to SEK 146m (-10m), mainly due to more efficient routines for accounts receivable. The current assets have also been impacted by the decrease in revenue.

Investment

Group investment in equipment decreased during the year and amounted to SEK 36m (39m). Investment in increased holdings in existing units, amounted to SEK 7m (15m). During the year, SEK 207m (211m) were invested in product development, whereof SEK 57m (69m) have been capitalised. The net change in loans amounted to SEK 8m (83m).

Risk analysis

Commercial risk

Of IBS' revenue, 53% are professional services revenue. This is a significant factor as regards profitability. The analysis below therefore focuses on this revenue stream. Each part of the analysis has been calculated individually, under the assumption that all other parameters remain unchanged.

Sensitivity analysis		
Parameter	Change	Influence on profit, SEK m
Number of working days/year	+/- 1 day	+/- 6.0
Staff costs	+/- 1 %	-/+ 14.0
Professional services, hourly rates	+/- 1 %	+/- 13.0
Utilisation	+/- 1 %	+/- 21.0
SEK/Euro	+/- 1 %	+/- 0.3

With few exceptions, operations are handled by a large number of operative subsidiaries, under standardised Group terms and conditions. These terms of business are weighed to achieve a reasonable balance between IBS' and the customers' responsibilities. The technical business risk in customer projects is further limited by the fact that the Group primarily utilises proven IBM technology. In addition, the Group is insured, with coverage for part of subsidiary risk in conjunction with commercial commitments when installing business systems. Provisions for miscalculated projects and depreciation of non-paid accounts receivable are made as the need occurs, after individual risk assessment. Hardware purchases in connection with customer projects are only made against firm customer orders. Therefore, IBS normally incurs no price or obsolescence risk. Customer credit is normally only granted after credit rating.

Financial risk

Financial operations in the form of risk management for the IBS Group, and liquidity management for Swedish surplus liquidity, are handled by the Parent Company. Financial risk is managed in accordance with policies stipulated by the Board as presented below.

Interest risk

Surplus liquidity is to be invested with minimum risk exposure and maximum yield. It is only to be invested in Government Bonds or AAA-rated corporate bonds. However, the Parent Company can also invest a maximum 15% of the Group's surplus liquidity in higher-yielding instruments after thorough risk analysis.

Exchange rate risk

Operations are subject to limited exchange rate risk in that almost all operative subsidiaries invoice in the same currency in which their expenses are incurred. Currency transactions exceeding SEK 20m are normally hedged.

Financing risk

Should the IBS Group's equity to total assets ratio fall below 25%, and internally generated profits not be judged to cover continued expansion under existing market conditions, capital requirements will primarily be covered by a preferential rights issue to the shareholders, or by directed cash issues to institutional investors.

Staff

The average number of employees in the Group during the year amounted to 2,169 (2,283). The total number of employees at the end of the year was 2,004 (2,252). Exact details regarding the number of employees inside and outside Sweden, salaries, social costs and pensions, as well as the Board's and Group Management's salaries, are to be found in Note 1.

Events after the close of the fiscal year

At the beginning of 2003, IBS acquired the remaining shares in the Swiss subsidiary, IBS Hostettler Holding AG. The remaining minority holding in IBS France S.A. has also been acquired. Furthermore, the holding in the Colombian subsidiary, IBS Business Solutions S.A., was increased from 86% to 95%. IBS has also increased its holding in IBS Italia S.p.A., from 77% to 90%.

The Board of Directors

The Board of Directors has seven members, all elected by the Annual General Meeting (AGM). Employees of the Company have participated in Board Meetings with presentations or as administrators. There are Board procedures that among other things regulate responsibilities between Board Members, the Chairman and the Managing Director, and also regulate accountability, meeting plans and the issues to be addressed by the Board. In addition, the Board has issued written instructions for the Managing Director.

During the year, the Board has held eight Board Meetings, four of which were regular meetings in conjunction with year-end reports, quarterly reports, the AGM and drawing up the budget.

The Board has delegated responsibilities to two committees: a Remuneration Committee and an Audit Committee. Members of the Remuneration Committee, which handles salary and pension issues for leading officers, are Gunnar Rylander and Elisabet Annell. Members of the Audit Committee are Lars Kylberg and Stig Nordfelt. Nomination of Board Members to the AGM is prepared upon the Chairman's consultations with major IBS shareholders.

Appropriation of funds

The Board and the Managing Director propose that no dividend be paid for 2002. The accumulated loss in the Parent Company amounts to SEK -129,124,428. The Board of Directors and Managing Director propose that this loss be covered by the share premium reserve, to the amount of SEK 129,124,428. The Group's accumulated deficit amount to SEK -112,236 thousand. No transfer to the restricted reserves is necessary.

Consolidated income statement

SEK million		2002	2001
<i>Revenue</i>			
Software licences		543.4	522.5
Professional services		1 340.6	1 436.7
Hardware and other revenue		633.1	664.5
Total revenue	Note 2	2 517.1	2 623.7
<i>Cost of revenue</i>			
Software licences		-57.1	-82.3
Professional services		-1 096.3	-1 101.5
Hardware and other costs		-499.9	-529.5
Total cost of revenue		-1 653.3	-1 713.3
Gross profit		863.8	910.4
Product development costs		-255.0	-210.8
Sales and marketing costs		-330.2	-387.2
General and administrative costs		-321.7	-344.4
Non-recurring items	Note 3	-130.2	-
One-time write-down of goodwill	Note 3	-6.1	-
Total operating costs		-1 043.2	-942.4
Operating profit	Note 1,4,5,9	-179.4	-32.0
<i>Financial items</i>			
Interest income	Note 7	5.0	6.2
Interest expenses	Note 8	-15.0	-15.2
Other financial items	Note 9	-9.4	2.4
Profit after financial items		-198.8	-38.6
Tax on profit for the year	Note 11	-2.1	-26.3
Minority holdings, net		5.2	-0.2
Net profit for the year		-195.7	-65.1
<hr/>			
Net profit per share (SEK)		-2.46	-0.82
Net profit per share after dilution (SEK)		-2.46	-0.82
Data for calculation of net profit per share			
Average no. of shares (thousand)		79 608	79 421
Average no. of shares after dilution (thousand)*		79 608	79 421

* At present, the current warrants programs have no effect as regards dilution

Consolidated balance sheet

SEK million			
ASSETS		2002	2001
		31 Dec	31 Dec
Fixed assets			
<i>Intangible assets</i>			
Capitalised product development costs	Note 12	95.4	87.0
Goodwill	Note 13	237.3	276.6
Acquired software	Note 14	5.9	7.6
		338.6	371.2
<i>Tangible assets</i>			
Equipment	Note 15	86.5	104.3
Financial leasing contracts	Note 16	43.8	45.6
		130.3	149.9
<i>Financial assets</i>			
Participations in associated companies	Note 19	0.2	0.4
Other long-term receivables	Note 20	12.4	14.4
Deferred tax receivables	Note 24	43.2	37.6
		55.8	52.4
Total fixed assets		524.7	573.5
Current assets			
<i>Inventories</i>		5.2	11.8
<i>Current receivables</i>			
Accounts receivable		711.7	771.5
Tax receivables		26.1	42.3
Other receivables		27.1	37.2
Prepaid expenses, accrued income	Note 21	111.5	109.7
		876.4	960.7
Short-term investments	Note 22	19.7	18.7
Cash and bank balances		149.6	141.4
		169.3	160.1
Total current assets		1 050.9	1 132.6
TOTAL ASSETS		1 575.6	1 706.1

SEK million

EQUITY AND LIABILITIES		2002	2001
		31 Dec	31 Dec
Equity	Note 23		
<i>Restricted equity</i>			
Share capital		15.9	15.9
Restricted reserves		614.2	633.0
		630.1	648.9
<i>Non-restricted equity</i>			
Non-restricted reserves		83.4	139.9
Net profit for the year		-195.7	-65.1
		-112.3	74.8
Total equity		517.8	723.7
Minority holdings		9.5	16.2
Provisions			
Deferred tax liabilities	Note 24	7.2	14.4
Reserve for project and guarantee costs	Note 25	25.1	18.6
		32.3	33.0
Liabilities			
<i>Long-term liabilities</i>			
Liabilities to credit institutions	Note 26	49.7	58.3
Other long-term liabilities		17.0	16.6
		66.7	74.9
<i>Current liabilities</i>			
Liabilities to credit institutions	Note 27	197.1	191.5
Accounts payable		201.4	213.6
Income tax liability		16.1	22.4
Other current liabilities		124.0	107.5
Accrued expenses, deferred income	Note 29	410.7	323.3
		949.3	858.3
Total liabilities		1 016.0	933.2
TOTAL EQUITY AND LIABILITIES		1 575.6	1 706.1
Pledged assets and contingent liabilities			
<i>Pledged assets</i>			
	Note 28		
Corporate mortgages		3.5	3.5
Assets charged with ownership reservation		9.7	1.7
Shares in subsidiaries		109.8	-
Accounts receivable		95.6	103.8
Other		0.7	18.6
		219.3	127.6
<i>Contingent liabilities</i>			
	Note 30		
Guarantees, subsidiaries		85.8	50.9
Other guarantees		0.5	1.3
Other contingent liabilities		21.9	24.0
		108.2	76.2

Consolidated cash flow analysis

SEK million	2002	2001
Operating activities		
Profit after financial items	-198.8	-38.6
Adjustments to reconcile profit after financial items to cash	Note 32 157.0	141.5
Tax paid	-5.7	-32.8
Cash flow from operating activities before changes in working capital	-47.5	70.1
<i>Changes in working capital</i>		
Increase (-) decrease (+) in inventories	6.4	-8.6
Increase (-) decrease (+) in current assets	30.9	-95.5
Increase (+) in current liabilities	108.4	93.9
Cash flow from operating activities	98.2	59.9
Investing activities		
Investment in intangible assets	-43.5	-121.9
Investment in tangible assets	Note 33 -45.9	-54.9
Acquisition of subsidiaries	Note 34 -7.4	-15.0
Sales of other financial assets	4.9	19.6
Cash flow from investing activities	-91.9	-172.2
Financing activities		
New loans	27.9	108.2
Amortisation of loans	-19.8	-25.5
Dividends paid to minority	-0.6	-1.3
Cash flow from financing activities	7.5	81.4
Cash flow for the year	13.8	-30.9
Liquid assets, beginning of year	160.1	182.6
Translation differences in liquid assets	-4.6	8.4
Liquid assets, end of year	169.3	160.1

Parent company income statement

SEK million		2002	2001
Gross profit		171.0	151.2
<i>Operating costs</i>			
Product development costs		-126.5	-122.2
Sales and marketing costs		-62.2	-58.8
General administrative costs		-34.3	-33.3
Other operating costs		-39.4	-1.4
Non-recurring items	Note 3	-28.2	-
Total operating costs		-290.6	-215.7
Operating profit	Note 1,4,9	-119.6	-64.5
<i>Financial items</i>			
Result from participations in subsidiaries	Note 6	-1.1	-21.4
Interest income	Note 7	12.7	11.8
Interest expenses	Note 8	-12.6	-7.8
Other financial items	Note 9	-8.5	13.8
Profit after financial items		-129.1	-68.1
Transfers from untaxed reserves	Note 10	2.5	0.0
Pre-tax profit		-126.6	-68.1
Tax on profit for the year	Note 11	-1.3	4.2
Net profit for the year		-127.9	-63.9

Parent company balance sheet

SEK million

ASSETS		2002	2001	EQUITY AND LIABILITIES		2002	2001
		31 Dec	31 Dec			31 Dec	31 Dec
Fixed assets				Equity	Note 23		
<i>Intangible assets</i>				<i>Restricted equity</i>			
Acquired software	Note 14	1.0	1.8	Share capital		15.9	15.9
<i>Tangible assets</i>				Share premium reserve		449.1	478.3
Equipment	Note 15	4.6	5.0	Statutory reserve		65.7	65.7
<i>Financial assets</i>						530.7	559.9
Participations in subsidiaries	Note 17	394.8	399.2	<i>Non-restricted equity</i>			
Receivables from subsidiaries	Note 18	158.4	204.0	Profit/loss brought forward		-1.2	34.7
Participations in associated companies	Note 19	0.1	0.1	Net profit for the year		-127.9	-63.9
Other long-term receivables	Note 20	0.1	0.1			-129.1	-29.2
Deferred tax receivables	Note 24	21.3	21.3	Total taxed equity		401.6	530.7
		574.7	624.7	<i>Untaxed reserves</i>			
Total fixed assets		580.3	631.5	Accumulated excess depreciation		-	1.8
Current assets				Total untaxed reserves		-	1.8
<i>Inventories</i>		2.0	6.2	Liabilities			
<i>Current receivables</i>				<i>Long-term liabilities</i>			
Accounts receivable		5.5	1.9	Liabilities to credit institutions	Note 26	17.5	22.5
Tax receivables		1.7	2.5			17.5	22.5
Receivables from subsidiaries		148.9	182.1	<i>Current liabilities</i>			
Other receivables		3.6	3.5	Liabilities to credit institutions	Note 27	133.7	119.6
Prepaid expenses and accrued income	Note 21	4.8	4.2	Accounts payable		14.3	5.5
		164.5	194.2	Current liabilities to subsidiaries		167.1	124.6
<i>Cash and bank balances</i>		24.0	0.7	Other current liabilities		5.8	7.9
Total current assets		190.5	201.1	Accrued expenses and prepaid income	Note 29	30.8	20.0
TOTAL ASSETS		770.8	832.6			351.7	277.6
				Total liabilities		369.2	300.1
				TOTAL EQUITY AND LIABILITIES		770.8	832.6
				Pledged assets and contingent liabilities for the parent company			
				<i>Pledged assets</i>	Note 28		
				Corporate mortgages		0.3	0.3
				Shares in subsidiaries		109.8	-
				Accounts receivable		60.0	60.0
						170.1	60.3
				<i>Contingent liabilities</i>	Note 30		
				Guarantees, subsidiaries		86.3	50.9
						86.3	50.9

Parent company cash flow analysis

SEK million	2002	2001
Operating activities		
Profit after financial items	-129.1	-68.1
Adjustments to reconcile profit after financial items to cash	74.2	-29.7
Tax paid	-0.5	-3.4
Cash flow from operating activities before changes in working capital	-55.4	-41.8
<i>Changes in working capital</i>		
Increase (-) decrease (+) in inventory	4.2	-6.2
Increase (-) decrease (+) in current assets	-24.9	27.8
Increase (+) decrease (-) in operating liabilities	-24.5	55.1
Cash flow from operating activities	-100.6	34.9
Investing activities		
Acquisition of shares in subsidiaries	-7.5	-12.2
Investment in intangible assets	-1.3	0.0
Investment in tangible assets	-0.3	-5.1
Investment (-) sale (+) of other financial assets	40.3	-119.5
Cash flow from investing activities	31.2	-136.8
Financing activities		
New loans	107.0	104.2
Amortisation of loans	-14.3	-2.5
Cash flow from financing activities	92.7	101.7
Cash flow for the year	23.3	-0.2
Liquid assets, beginning of year	0.7	0.9
Liquid assets, end of year	24.0	0.7

Accounting principles

General accounting principles

The Annual Report is prepared in accordance with the Swedish Accounting Act and the recommendations and statements made by the Swedish Financial Accounting Standards Council.

Introduction of accounting principles

As from 1 January, 2002, the new recommendations RR 1:00 Consolidated accounts, RR 15 Intangible assets, RR 16 Provisions, RR 17 Write-downs, RR 19 Operations under termination, RR 21 Costs of loans and RR 23 Information regarding related companies and persons, are applied. The introduction of these new recommendations has no effect on previous years' results.

In 2001, certain new recommendations were also introduced (e.g. RR 9 Income tax and RR 11 Revenue). The Swedish Financial Accounting Standards Council's new recommendations are based on International Accounting Standards (IAS/IFRS) and constitute an adaptation of Swedish accounting to international practice. As from the year 2005, all listed companies within the EU must apply IAS/IFRS to their consolidated accounts.

Consolidated accounts

The consolidated accounts are presented in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 1:00 and comprise the Parent Company IBS AB, and all subsidiaries and associated companies in Sweden and elsewhere.

Subsidiaries

The term subsidiaries refers to companies in which the Parent Company, directly or indirectly, holds more than 50% of the share votes, or by any other means exerts significant influence. If companies are added during the year, they are included in the consolidated accounts as from the day of acquisition. Companies disposed of during the year are included until and including the day of disposal.

When drawing up the consolidated accounts, the acquisition method has been applied. This method entails the acquired subsidiary's assets and liabilities being valued at the point of acquisition at market value to establish the consolidation acquisition value. If the purchase price exceeds the market value of the net assets acquired, the difference is booked as consolidation goodwill, alternatively negative goodwill.

Associated companies

Shareholdings in associated companies, i.e. companies where the IBS Group holds at least 20% but not exceeding 50% of the votes, or in which IBS has a major financial and/or operational interest, are normally accounted for according to the equity method. This method means that the Group's booked value of the shares in associated companies is equal to the Group's share in the associated companies' stockholders' equity, as well as in possible residual values, in the consolidated surplus values or underestimates.

Merger

During the year, the subsidiary IBS NetCommerce has been merged with the Parent Company.

The consolidation value method has been applied, which means that the Parent Company has booked the merged subsidiary's assets and liabilities at the value they held in the consolidated accounts.

Translation of financial statements of subsidiaries

Foreign currency translation is calculated in accordance with the Swedish Financial Accounting Standards Council's recommendation no. 8. All IBS subsidiaries are independent units. The year-end financial statements of the subsidiaries have therefore been translated according to the current method. This means that all assets, provisions and other liabilities are translated using the exchange rate on the closing day and that all items in the income statements are translated using the average exchange rate of the year. Arising translation differences are booked against shareholders' equity.

Group and shareholders' contributions

Group and shareholders' contributions are accounted for by the company in accordance with the recommendation made by the Swedish Financial Accounting Standards Council. Shareholders' contributions given are booked as shares and participation, where depreciation is not required. Group contributions are accounted for according to their financial implications, normally as dividend or contribution.

Valuation principles

Assets, provisions and liabilities are given at acquisition value unless otherwise stated below.

Accounts receivable

Accounts receivable are valued individually and accounted for as they are deemed to be received. Accounts receivable older than five months from expiry date are provided for in full and expensed.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been recalculated at closing day rates. Exchange rate differences for current receivables and current liabilities are included in the operating profit, while differences for financial receivables and liabilities are included in the financial items.

Inventory

Inventory, valued in accordance with the Swedish Financial Accounting Standards Council's recommendation no. 2, is booked at the lowest of the FIFO method value or the actual value. Risk of obsolescence deduction has been taken into account.

Depreciation principles for fixed assets

Depreciation is calculated on the original acquisition value, less the calculated residual value. Depreciation is made on a straight-line basis over the asset's calculated period of use.

The following depreciation percentages are applied:

	The Group and Parent Company
Intangible assets	
Capitalised product development costs	20%
Operating system software and development tools	25%
Acquired software rights	10%
Goodwill	5-10%
Tangible assets	
PCs	33%
Computers/servers	25%
Other equipment	17-20%
Investment in rented premises	25%

Goodwill

Normally, goodwill is depreciated during 10 years unless the acquisition is substantial, in which case the amount is written off according to an individual plan. This goodwill depreciation is applied, as the estimated excess profitability in the form of professional services, maintenance agreements and additional licences from customers of the acquired companies is deemed to have such duration.

Write-downs

The booked values for the Group's assets are checked each balance day to ascertain whether a write-down requirement is indicated (i.e. impairment test), in accordance with the Swedish Financial Accounting Standards Council's recommendation no. 17. If there is such an indication, the asset's recovery value is calculated to be the highest of the value of use or the net sales value. A write-down is made if the recovery value is lower than the booked value. When calculating the value of use, future cash flows are discounted at an interest rate before tax that takes into consideration the markets evaluation of risk-free interest and the risk associated with the specific asset.

Leasing

The Swedish Financial Accounting Standards Council's recommendation RR 6:99 is applied. Leasing is classified either as financial or operational. The term financial leasing is used when the financial risks and benefits of ownership are essentially transferred to the lessee; all other cases are classified as operational leasing. In brief, in cases of financial leasing the objects are shown as assets in the balance sheet. At the same time, a corresponding liability for future leasing fees is booked as liabilities. The asset is depreciated according to plan, while the leasing payments are booked as interest and amortisation of the debt. In the case of operational leasing, the leasing fee is distributed over several fiscal years, based on usage, which may differ from actual leasing costs during the year.

In the Parent Company, all leasing agreements are accounted for as operational leasing.

Short-term investment

Short-term investments are valued at the lower of acquired value or actual value.

Accounting for revenue

Revenue recognition

IBS books revenue in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 11 (based on IAS 18) and recommendations from the Stockholm Stock Exchange. It is based on RR 11 and the regulations in SOP 97-2, which are US GAAP's principles regarding "Software Revenue Recognition".

Revenue includes invoiced professional services, software licence fees (gross), IBM hardware and other hardware sales. Other revenue includes re-invoiced goods and services.

Revenue for professional services is normally booked as it occurs, i.e. as work is performed. Revenue related to maintenance and support services is recognised as professional services on a straight-line basis over the contract period, under the heading "Professional services".

The criteria for booking licence revenue are:

- a written contract, signed by both parties
- delivery has been effectuated
- the licence fee is a fixed amount or can be calculated reliably
 - the credit period must not exceed 12 months
 - there must be no escape clause
- receipt of payment is ensured.

Revenue from initial licence fees is recognised either (i) upon execution of the contract and shipment of the relevant software, where there are no significant obligations to perform after the date of the sale, or (ii) where there are significant obligations to perform after the date of the sale, using methods which approximate the percentage-of-completion. Invoiced, non-performed revenue is booked as deferred income.

Hardware sales and commissions are recognised upon delivery.

Revenue recognition for fixed-price projects

Revenue recognition for fixed-price projects or projects on a current account with a pre-set maximum cost is booked according to the percentage-of-completion method. For current accounts with a maximum cost, invoices are normally issued once or twice a month, corresponding to the amount of work done. At the end of a revenue recognition period, only the portion of revenue is recognised which matches the corresponding project costs for the same period. Individual provisions are currently made for potential losses in risk projects. These are posted under the heading "Provisions" in the balance sheet.

Revenue recognition for renewal licence fees

The right to utilise IBS software products is granted against licence fees (i) initially, (ii) whenever utilisation is expanded, or (iii) periodically in the form of renewal fees. The two former types of revenue are accounted for in accordance with the fourth paragraph under the heading "Revenue recognition" above. As regards renewal fees, customers have the right to cancel their utilisation rights at the latest three months prior to the next 12-month licence period. Failing cancellation in due time, customers are obliged to pay for the next 12-month

licence period. These fees, which are paid in advance, are entered as revenue during the first month of each renewal period. Fees exceeding 12 months are booked as deferred income.

Accounting for costs

Costs for warranties and provisions

Estimated costs for product and project warranties are posted as costs when such provisions are deemed necessary. An individual evaluation of each customer is the basis for such postings, which are found in the balance sheet under "Reserve for project and guarantee costs". The estimate is based on the company having a formal or informal commitment following a given event, and where it is plausible that an outflow of resources will be necessary to settle the commitment and a reliable estimate of the amount can be made. Provisions are booked in accordance with RR 16 Provisions, contingent liabilities and contingent assets.

Product development costs

IBS develops and sells its proprietary standard software. IBS capitalises product development costs in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 15, which means that it is technically possible to complete the software product, that there are sufficient resources to complete development, the product can be used and sold, that there is an internal or external market for the product, and that it will bring about future financial benefits for IBS. Capitalised development costs are classified as intangible assets and are specified in the balance sheet under "Capitalised product development costs". The depreciation period is five years.

Research costs are not capitalised.

The Parent Company expenses all product development costs as they are incurred. However, they are capitalised and depreciated in the Group accounts.

Tax on net profit for the year

The Group applies the Swedish Financial Accounting Standards Council's recommendation RR 9 Income tax. Total tax is made up of current tax and deferred tax.

Current tax comprises all tax to be paid or received for the current year, and includes tax adjustments attributable to previous periods. Deferred tax is calculated according to the balance sheet method, based on temporary differences between the booked and fiscal value of assets and liabilities.

Deferred tax receivables for deductible temporary differences and loss carry-forward are only booked in as far as it is probable that these will entail future payment.

Items affecting comparability

The profit and loss effects of exceptional events and transactions are specified under each specific item. Examples of such events and transactions are capital gains/losses from disposal of business operations and/or major fixed assets, depreciation or restructuring costs, and other items affecting comparability. IBS books such items in the income statement as "Non-recurring items".

Related companies and persons

The Parent Company has relations that comprise significant influence over its subsidiaries (see Note 17).

Information regarding normal transactions between Parent Company and its subsidiaries is not provided in the annual report. The Parent Company invoices the subsidiaries management fees (see Note 18).

There were no transactions involving associated companies.

Members of the Board and the Group's senior officers are considered key persons within the Group. Board members and senior officers, including family and company holdings, hold 6.5% of the IBS shares. The Board is presented on page 27 in the annual report. IBS' senior officers are the CEO, Magnus Wastenson, the Senior Vice President and CFO, Per-Arne Sendrén, and the Senior Vice President Global Sales and Marketing, Gustaf Lindgren (see page 26). Note 1 accounts for salaries and other remunerations, costs and liabilities regarding pensions and other benefits, as well as severance pay agreements.

Notes to the accounts

Amounts in SEK million unless otherwise stated.

NOTE 1. STAFF, REMUNERATIONS TO EMPLOYEES, BOARD MEMBERS AND AUDITORS

Average and total number of staff

	Average				Total	
	2002		2001		2002	2001
	whereof male	whereof male	whereof male	whereof male	31 Dec	31 Dec
Parent Company:						
Sweden	150	63%	155	70%	137	161
Subsidiaries:						
Sweden	488	72%	500	68%	457	501
Belgium	200	81%	206	82%	188	206
France	197	70%	198	70%	160	204
Netherlands	192	80%	196	82%	183	194
Finland	190	59%	184	57%	178	190
UK	161	68%	162	61%	153	160
Portugal	139	62%	143	68%	137	143
Denmark	121	75%	137	63%	112	127
USA	82	70%	112	70%	71	92
Switzerland	36	78%	41	70%	30	39
Norway	33	64%	33	64%	30	34
Germany	32	69%	31	65%	35	30
Spain	31	74%	45	69%	26	42
Australia	29	86%	31	76%	27	32
Poland	25	80%	39	82%	24	30
Colombia	18	63%	19	71%	17	17
Brazil	16	69%	19	70%	16	18
Italy	16	63%	15	65%	14	17
Malaysia	7	57%	11	43%	5	9
Singapore	3	67%	2	50%	3	2
Hong Kong	2	50%	3	66%	0	3
Mexico	1	100%	1	100%	1	1
Total in subsidiaries	2 019	71%	2 128	69%	1 867	2 091
Total, Group	2 169	71%	2 283	69%	2 004	2 252

Salaries, remunerations and social security fees

	2002		2001	
	Salaries and remunerations	Social security (pension expenses thereof)	Salaries and remunerations	Social security (pension expenses thereof)
Parent Company	74.8	34.7 (¹⁾ 10.6)	62.6	31.2 (¹⁾ 8.7)
Subsidiaries	979.6	272.9 (²⁾ 85.4)	963.7	264.7 (²⁾ 69.9)
Total, Group	1 054.4	307.6 (²⁾ 96.0)	1 026.3	295.9 (²⁾ 78.6)

¹⁾ Of Parent Company pension premium expenses, SEK 2.0m (last year 0.8m) were attributable to the Board of Directors, the CEO and the Senior Vice Presidents. The Company's outstanding pension obligations to these persons are paid annually.

²⁾ Of Group pension premium expenses, SEK 4.7m (5.0m) were attributable to the Group's Boards of Directors and Managing Directors. The Group's outstanding pension obligations to these persons are paid annually.

Salaries and remunerations per country, and specified for the Boards of Directors, Managing Directors and other employees.

	2002			2001		
	BoD, MD, Deputy MD	Other employees	Total	BoD, MD, Deputy MD	Other employees	Total
Parent Company						
Sweden	4.8	70.2	75.0	3.1	59.5	62.6
(whereof performance-based)	-	4.0	4.0	-	2.3	2.3
Subsidiaries in Sweden						
Total	5.2	214.2	219.4	5.1	202.0	207.1
(whereof performance-based)	0.9	10.5	11.4	1.2	8.3	9.5
Other European subsidiaries						
Total	34.4	639.6	674.0	29.6	604.7	634.4
(whereof performance-based)	9.1	58.6	67.7	5.6	37.8	43.3
Subsidiaries, rest of the world						
Total	8.1	78.1	86.2	8.3	113.9	122.2
(whereof performance-based)	-	1.4	1.4	0.2	2.1	2.3
Total, Group (whereof performance-based)	52.5	1 002.1	1 054.6	46.1	980.1	1 026.2
	10.0	74.5	84.5	7.0	50.5	57.4

Remunerations to senior management

Principles and decision processes:

Remuneration to the Chairman and Board members is paid in accordance with AGM decisions. There are no other obligations in the form of pension agreements, severance payment or benefits to these persons. IBS has a Remuneration Committee that handles issues regarding salaries and pensions for the CEO and Senior Management. Gunnar Rylander and Elisabet Annell represent the Board in this committee. Senior Management comprises CEO Magnus Wastenson, Senior Vice President and CFO Per-Arne Sendrén and Senior Vice President Global Sales and Marketing Gustaf Lindgren.

As from 1 October, 2002, Magnus Wastenson is the Group CEO. Until this date, Staffan Ahlberg was CEO, and he remains as member of the Board. Gustaf Lindgren is Senior Vice President Global Sales and Marketing as from 1 September, 2002, a position previously held by Magnus Wastenson. As from 1 October, 2002, Per-Arne Sendrén is Senior Vice President and CFO.

The amounts below show the total remuneration paid during the year for the respective positions, and thus include remuneration to persons who changed positions during the year, and to persons who were no longer employed by IBS at the end of the year.

Remunerations and other benefits during the year, excluding social security fees:

	Board members' fees	Fixed salary	Other benefits	Pension costs	Other remunerations	Total
Chairman	0.2					0.2
Board members	0.5					0.5
CEO		2.1	0.03	1.69		3.8
Other senior managers		3.0	0.07	0.48	1.2	4.8
Total	0.7	5.1	0.10	2.17	1.2	9.3

During 2002, the CEO has had a fixed salary, including the benefit of a company car, amounting to SEK 2.148m. Other benefits above comprise company car and petrol benefits. Pension costs include an amount of SEK 1.5m to the previous CEO. Other remunerations cover payment to the previous CFO. The respective holdings of shares and warrants can be found on page 26. The warrants have been acquired within the warrants program described on page 30. Pension benefits, at set benefit value, are in accordance with options given within the normal Swedish ITP plan, the retirement age being 65 for the above persons. Performance-based remuneration is linked to the company's result. For 2002, no performance-based remuneration has been paid to the above persons.

The Board of Directors has the authority to dismiss the CEO from his duties without prior notice, in which case, the CEO is to receive remuneration corresponding to two years' fixed salary. The CEO is obliged to give 12 months' notice. In the event of changed ownership, resulting in new owners taking over the actual influence over the Company, the CEO has the right to consider his contract terminated. Other Senior Managers have an agreed period of notice ranging from 6 to 12 months.

Remuneration to the Auditors

	Group		Parent Co.	
	2002	2001	2002	2001
KPMG auditors				
audits	4.2	4.0	1.2	0.9
other tasks	1.9	1.5	0.9	0.3
Other auditors				
audits	0.3	0.3	-	-
other tasks	0.2	0.5	-	-
	6.6	6.3	2.1	1.2

NOTE 2. REVENUE PER COUNTRY

	2002	2001
Sweden	709.2	707.0
Belgium	352.2	358.1
Netherlands	244.2	211.7
France	236.0	296.4
UK	224.7	224.4
Finland	200.4	187.8
Denmark	154.6	144.4
Portugal	117.4	148.4
USA	103.4	146.5
Switzerland	52.9	58.8
Germany	44.7	36.2
Norway	36.9	40.7
Australia	30.7	34.4
Spain	22.3	28.7
Poland	17.4	22.8
Brazil	16.6	14.1
Italy	12.6	16.2
Colombia	10.9	14.8
Singapore	4.2	4.0
Malaysia	1.0	5.5
Mexico	0.4	0.9
Hong Kong	0.3	2.0
Eliminations including Parent Company	-75.9	-80.1
	2 517.1	2 623.7

NOTE 3. ITEMS AFFECTING COMPARABILITY

	Group		Parent Co.	
	2002	2001	2002	2001
Restructuring costs	-130.2	-	-28.2	-
One-time write-down of goodwill	-6.1	-	-	-
	-136.3	-	-28.2	-

NOTE 4. DEPRECIATION AND WRITE-DOWN OF FIXED ASSETS

	Group		Parent Co.	
	2002	2001	2002	2001
<i>Depreciation according to plan, distributed per asset</i>				
Capitalised product development costs	-48.1	-36.1	-	-
Goodwill	-29.8	-29.6	-	-
Acquired software	-1.6	-	-0.8	-
Financial leasing contracts	-17.5	-20.3	-	-
Equipment	-44.5	-49.6	-2.1	-3.2
	-141.5	-135.6	-2.9	-3.2
<i>Write-downs</i>				
Goodwill	-6.1	-	-	-
<i>Depreciation according to plan, distributed per function</i>				
Total direct costs	-53.9	-92.9	-	-
Product development costs	-58.9	-11.6	-1.6	-2.3
Sales and marketing costs	-12.4	-13.3	-0.3	-0.4
General and administrative costs	-16.3	-17.8	-1.0	-0.5
	-141.5	-135.6	-2.9	-3.2

During 2002, a new method of calculation has been introduced, whereby "Depreciation of capitalised product development costs" has been moved from "Cost of software licences" to "Product development costs".

NOTE 5. OPERATING PROFIT PER MARKET

	Group	
	2002	2001
Sweden	12.5	28.7
Rest of Europe	-12.2	75.0
Rest of the world	-35.5	-20.7
Parent Company incl. Group adjustments	-144.2	-115.0
	-179.4	-32.0

NOTE 6. RESULT FROM PARTICIPATIONS IN SUBSIDIARIES

	Parent Co.	
	2002	2001
Dividends from subsidiaries	28.4	19.8
Group contribution received, booked as dividend	13.5	25.9
Write-down, shares in subsidiaries	-39.0	-55.2
Group contribution given, booked as non-capitalisable shareholders' contribution	-4.0	-10.4
Write-down, shareholders' contribution	-	-1.5
	-1.1	-21.4

NOTE 7. INTEREST INCOME AND SIMILAR ITEMS

	Group		Parent Co.	
	2002	2001	2002	2001
Interest income from subsidiaries	-	-	12.4	11.7
Interest income from others	5.0	6.2	0.3	0.1
	5.0	6.2	12.7	11.8

NOTE 8. INTEREST EXPENCES AND SIMILAR ITEMS

	Group		Parent Co.	
	2002	2001	2002	2001
Interest expenses related to financial leasing	-3.8	-3.1	-	-
Interest expenses to subsidiaries	-	-	-5.0	-3.7
Interest expenses related to interest-bearing loans	-11.2	-12.1	-7.6	-4.1
	-15.0	-15.2	-12.6	-7.8

NOTE 9. EXCHANGE RATE GAINS AND LOSSES

	Group		Parent Co.	
	2002	2001	2002	2001
Exchange rate fluctuation included in the operating result	-0.6	6.4	-0.6	1.2
Financial exchange rate fluctuation	-6.1	3.9	-8.5	13.8
	-6.7	10.3	-9.1	15.0

NOTE 10. TRANSFER FROM UNTAXED RESERVES

	Parent Co.	
	2002	2001
Difference between book value and depreciation according to plan of equipment	1.8	0.0
Tax allocation reserve	0.7	-
	2.5	0.0

NOTE 11. TAX ON PROFIT FOR THE YEAR

	Group		Parent Co.	
	2002	2001	2002	2001
Current tax	-15.0	-28.6	-1.3	-0.9
Deferred tax	12.9	2.3	-	5.1
	-2.1	-26.3	-1.3	4.2

	2002	Group		2001	%
		%	%		
<i>Pre-tax profit</i>	-198.8			-38.6	
Income tax using the domestic corporation tax rate	55.7	28%	10.8	28%	
Effect of tax rates in foreign jurisdictions	7.9	4%	1.7	5%	
Tax attributable to previous years and effect of changes in taxation rates	-4.5	-2%	2.5	6%	
Deficit for which tax value has not been taken into account	-31.6	-16%	-14.6	-38%	
Write-down of deferred tax receivables	-10.2	-5%	-8.5	-22%	
Goodwill depreciation at Group level	-8.4	-4%	-8.3	-22%	
Other non-deductible costs/non-taxable income	-3.8	-2%	-3.5	-9%	
Other, net	-7.2	-4%	-6.4	-16%	
Tax on profit for the year/ effective tax rate (%)	-2.1	-1%	-26.3	-68%	

	2002	Parent Company		2001	%
		%	%		
<i>Pre-tax profit</i>	-126.6			-68.1	
Income tax using the domestic corporation tax rate	35.4	28%	19.1	28%	
Deficit for which tax value has not been taken into account	-32.1	-25%	-3.4	-5%	
Non-deductible costs/non-taxable income	-3.3	-3%	-10.6	-16%	
Other, net	-1.3	-1%	-0.9	-1%	
Tax on profit for the year/ effective tax rate (%)	-1.3	-1%	4.2	6%	

NOTE 12. CAPITALISED PRODUCT DEVELOPMENT COSTS

	Group	
	2002	2001
<i>Accumulated acquisition values</i>		
Opening balance	156.0	124.3
Capitalised during the year	57.4	69.8
Depreciation complete	-40.2	-39.5
Translation differences for the year	-2.5	1.4
	170.7	156.0
<i>Accumulated depreciation according to plan</i>		
Opening balance	-69.0	-71.4
Depreciation complete	40.2	39.5
Depreciation according to plan for the year	-48.1	-36.1
Translation differences for the year	1.6	-1.0
	-75.3	-69.0
Booked value at year end	95.4	87.0

NOTE 13. GOODWILL

	Group	
	2002	2001
<i>Accumulated acquisition values</i>		
Opening balance	358.3	300.1
Acquisitions for the year	6.0	51.6
Disposals and disclosures	-1.5	-6.2
Reclassification (acquired software)	-	-4.5
Translation differences for the year	-9.1	21.0
	353.7	362.0
<i>Accumulated depreciation according to plan</i>		
Opening balance	-85.5	-57.4
Disposals and disclosures	1.1	5.1
Reclassification (acquired software)	-	0.3
Depreciation according to plan for the year	-29.8	-29.6
Translation differences for the year	3.9	-3.9
	-110.3	-85.4
<i>Accumulated write-downs</i>		
Opening balance	-	-
This year's write-downs	-6.1	-
	-6.1	-
Booked value at year end	237.3	276.6

NOTE 14. ACQUIRED SOFTWARE

	Group		Parent Co.	
	2002	2001	2002	2001
<i>Accumulated acquisition values</i>				
Opening balance	16.9	-	4.2	-
Acquisitions for the year	0.0	-	-	-
Reclassification	-	16.9	-	4.2
Translation differences for the year	-0.1	-	-	-
	16.8	16.9	4.2	4.2
<i>Accumulated depreciation according to plan</i>				
Opening balance	-9.3	-	-2.4	-
Reclassification	-	-9.3	-	-2.4
Depreciation according to plan for the year	-1.6	-	-0.8	-
Translation differences for the year	0.0	-	-	-
	-10.9	-9.3	-3.2	-2.4
Booked value at year end	5.9	7.6	1.0	1.8

NOTE 15. EQUIPMENT

	Group		Parent Co.	
	2002	2001	2002	2001
<i>Accumulated acquisition values</i>				
Opening balance	423.4	393.9	12.0	13.1
Acquisitions for the year	35.5	38.5	1.4	5.1
Subsidiary acquisition/merger	1.2	3.5	3.4	-
Disposals and sales	-22.9	-20.8	-3.3	-2.0
Reclassification (acquired software)	-	-12.4	-	-4.2
Translation differences for the year	-15.3	20.7	-	-
	421.9	423.4	13.5	12.0
<i>Accumulated depreciation according to plan</i>				
Opening balance	-319.1	-279.5	-7.0	-8.1
Subsidiary acquisition/merger	-0.7	-2.0	-3.1	-
Disposals and sales	17.7	17.1	3.3	1.9
Reclassification (acquired software)	-	9.0	-	2.4
Depreciation according to plan for the year	-44.5	-49.6	-2.1	-3.2
Translation differences for the year	11.2	-14.1	-	-
	-335.4	-319.1	-8.9	-7.0
Booked value at year end	86.5	104.3	4.6	5.0

NOTE 16. LEASING

	Group	
	2002	2001
<i>Equipment under financial leasing contracts are included to the following amounts</i>		
Acquisition values	84.5	85.6
Accumulated depreciation	-40.7	-40.0
	43.8	45.6

This year's payments and future financial and operational leasing contracts due for payment per year as follows:

	Group	Group
	Financial leasing	Operational leasing
This year's payments, 2002	18.7	106.1
2003	17.2	94.1
2004	14.2	75.9
2005	8.6	55.6
2006	3.1	41.7
2007	0.7	37.2
Later years	-	26.7
Total, future payments 2003 onwards	43.8	331.2

Operational leasing consists mainly of rent for premises. Financial leasing mainly covers the leasing of cars and computer equipment.

NOTE 17. PARTICIPATIONS IN SUBSIDIARIES

	Parent Co.	
	2002	2001
Opening balance	399.2	330.6
Shareholders' contribution given/New issue	31.6	111.4
Write-down, shares in subsidiaries	-39.0	-56.7
Sales of shares in subsidiaries/Merger	-4.5	-13.1
Acquisitions of shares in subsidiaries	7.5	27.0
Book value at year end	394.8	399.2

Specification of Parent Company and Group shares and participations in subsidiaries

Parent company IBS AB's holdings	Subsidiary holdings	Registration no.	Domicile	No. of shares	Holding, %	Book value 2002	Book value 2001
----------------------------------	---------------------	------------------	----------	---------------	------------	-----------------	-----------------

IBS Sverige AB		556284-3812	Linköping, Sweden	1 000	100	80.8	80.8
IBS Konsult AB		556494-8148	Göteborg, Sweden	1 000	100	34.8	29.0
	(Component Innovation Sweden AB) Merger 2002	556585-8023	Kungälv, Sweden	1 000	100	-	3.0
IBS Norra Norrland AB		556303-1458	Umeå, Sweden	700	100	21.6	18.7
(IBS NetCommerce AB) Merger 2002		556212-8990	Vetlanda, Sweden	3 200	100	-	4.4
IBS Vertex AB		556443-2200	Linköping, Sweden	2 000	100	8.9	7.9
IBS Mapiex Solutions AB		556576-6382	Solna, Sweden	1 000	100	0.9	0.1
IBS Norge A/S		936 723 349	Oslo, Norway	751	100	4.0	4.0
IBS Danmark A/S		71 13 32 14	Farum, Denmark	20	100	10.8	10.8
Oy International Business Systems IBS Ab	Progma Oy	1150908	Heisinki, Finland	40 000	100	16.4	16.4
International Business Systems N.V.		1009330	Heisinki, Finland	10	100	10.6	10.9
IBS Berneux B.V.		426 362 015	Sint-Martens-Latem, Belgium	3 850	100	40.5	40.5
		86 06 493	Nieuwegein, Netherlands	23 400	100	37.1	23.8
		007 677 169	Nieuwegein, Netherlands	300	100	160.6	164.6
		436 179 948	Zaventem, Belgium	2 499	100	0.6	0.6
		457 204	Nieuwegein, Netherlands	40 000	100	0.0	0.0
			Cyberjaya, Malaysia	2	100	4.1	4.2
			Singapore	2	100	0.0	0.0
IBS France S.A.	Assistance à la Gestion et l'Informatique (AGI) S.A	1 999 055 536	Singapore	2	100	0.0	0.0
	International Business Systems Consulting S.A	741 639	Hong Kong	2	100	0.0	0.0
	Illys Consulting S.A	62 309 844 918	Puteaux, Paris, France	272 369	97	63.8	56.9
	Excellis Consulting Group S.A	66 300 569 068	Puteaux, Paris, France	20 000	100	5.1	5.4
	Advanced Consulting Systems (ACS) S.A	23 314 269 751	Puteaux, Paris, France	20 300	100	10.3	10.5
	(JP Services S.A.) Sold 2002	69 381 879 998	Lyon, France	10 000	100	5.9	6.0
		18 408 374 270	Puteaux, Paris, France	8 797	88	8.3	8.0
		03 432 193 100	Puteaux, Paris, France	10 000	100	1.4	1.4
		00 387 560 352	Dieux, France	952	19	-	2.9
		118 667 367	Hamburg, Germany	-	75	2.7	2.7
		8951008350	Wrodaw, Poland	250	100	8.5	8.6
		2570253	Newbury, UK	359	100	4.9	5.5
		2670201	Borehamwood, UK	520	100	0.1	8.0
		1594539	Milano, Italy	-	77	0.5	1.5
		3172	Niederwangen, Switzerland	1 725	75	7.0	7.0
		8800	Niederwangen, Switzerland	800	100	2.5	2.5
		3172	Thalwil, Switzerland	300	100	0.6	0.6
		502 183 367	Niederwangen, Switzerland	400	100	1.3	1.4
		816 00 512	Porto, Portugal	22 500	88	24.9	24.9
		582 35 854	Madrid, Spain	40 000	100	2.4	2.5
		502 183 012	Barcelona, Spain	12 000	75	7.2	7.4
			Porto, Portugal	10 000	100	3.4	3.5
			Sao Paulo, Brazil	12 100	100	7.6	3.8
			Sydney, Australia	150 000	100	4.3	4.3
			Melbourne, Australia	1 081	100	14.8	14.8
			Melbourne, Australia	2	100	1.5	1.5
			Bogotá, Colombia	86	86	3.9	3.9
			Monterrey, Mexico	100	100	1.3	0.1
			Folsom, California, USA	50 000	100	0.8	24.8

NOTE 18. RECEIVABLES IN SUBSIDIARIES

	Parent Co.	
	2002	2001
Opening balance	204.0	236.6
Additional items	12.5	61.2
Settled items	-58.1	-93.8
Book value at year end	158.4	204.0

Of the Parent Company's sales during the fiscal year, amounting to SEK 173.7m, SEK 169.9m are attributable to sales to other Group companies, mainly in the form of management fees. Parent Company procurement, totalling to SEK -290.6m, includes purchases in the form of hired consultants from other Group companies to the amount of SEK -39.8m.

NOTE 19. PARTICIPATIONS IN ASSOCIATED COMPANIES

	Group		Parent co.	
	2002	2001	2002	2001
<i>Accumulated acquisition values</i>				
Opening balance	0.4	1.6	0.1	0.1
Additional participations	0.0	0.6	-	-
Participations disposed of, and write-downs	-0.2	-0.7	-	-
Net profit for the year	0.0	-1.1	-	-
Book value at year end	0.2	0.4	0.1	0.1

Specification of Group and Parent Company participations in associated companies

Associated company	Share in % ¹⁾	Value of share of capital
<i>Directly owned</i>		
Expert Invest AB, Sweden	40	0.1
ASW Systems Kft, Hungary	25	0.0
<i>Indirectly owned</i>		
Expand to the world N.V, Belgium	26	0.1
		0.2

¹⁾ Refers to the proportion of equity held, which also corresponds to the proportion of the total number of votes held.

NOTE 20. OTHER LONG-TERM RECEIVABLES

	Group		Parent Co.	
	2002	2001	2002	2001
Opening balance	14.4	25.2	0.1	1.0
Additional receivables	2.5	5.2	-	0.1
Settled receivables	-3.4	-15.9	-	-0.1
Reclassifications	-0.8	-0.9	-	-0.9
Translation differences for the year	-0.3	0.8	-	-
At year end	12.4	14.4	0.1	0.1

NOTE 21. PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Co.	
	2002	2001	2002	2001
Prepaid rent	10.1	11.4	2.1	1.4
Other prepaid expenses	25.3	28.9	2.7	2.8
Accrued interest income	0.3	0.2	-	-
Accrued software licences income	44.1	25.4	-	-
Accrued services income	20.8	24.1	-	-
Accrued hardware and other income	7.3	13.6	-	-
Other accrued income	3.6	6.1	-	-
	111.5	109.7	4.8	4.2

NOTE 22. SHORT-TERM INVESTMENT

	Group	
	2002	2001
Market value/Book value	19.7	18.7

Short-term investment comprises financial instruments with a validity period of a maximum three months.

NOTE 23. EQUITY

	Share capital	Restricted reserves	Non-restricted equity	Total equity
2001				
Group				
Opening balance 1 Jan 2001	15.8	616.5	124.9	757.2
External dividends			-1.3	-1.3
New issue including warrants	0.1	10.4		10.5
Change between restricted and non-restricted equity		-2.0	2.0	
Net profit for the year			-65.1	-65.1
Translation differences for the year		8.1	14.3	22.4
At year end 31 Dec 2001	15.9	633.0	74.8	723.7

	Share capital	Restricted reserves	Non-restricted equity	Total equity
2002				
Group				
Opening balance 1 Jan 2002	15.9	633.0	74.8	723.7
External dividends			-0.6	-0.6
Change between restricted and non-restricted equity		-6.7	6.7	
Net profit for the year			-195.7	-195.7
Translation differences for the year		-12.1	2.5	-9.6
At year end 31 Dec 2002	15.9	614.2	-112.3	517.8

Specification of accumulated translation differences in equity:

Opening balance	4.3
The year's translation differences in foreign subsidiaries	-13.9
The year's effect of hedging of net investment in foreign subsidiaries	4.3
At year end	-5.3

There is one current IBS warrants program. It was issued in 2000, with 5 million warrants. Each warrant gives the holder the right to subscribe to a new B share at a strike price of SEK 65, in 2004/2005. These warrants were made available to IBS management and key personnel in the IBS Group. On 31 December, 2002, some 2.4 million warrants were subscribed to by IBS staff. During 2002, the warrants program issued 1998 expired. It comprised 5 million warrants, each giving the holders the right to subscribe to a new B share at a strike price of SEK 40.60. As the strike price was considerably higher than the share price, the program expired with no new shares being subscribed, and thus no new equity or dilution.

	Share capital	Share premium reserve	Statutory reserve	Non-restricted equity	Total equity
2001					
Parent Company					
Opening balance according to adopted balance sheet for the previous year					
1 Jan 2001	15.8	467.9	65.7	17.0	566.4
<i>Effect of change of accounting principle for booking of tax</i>					
- Profit/loss brought forward				16.2	16.2
Opening balance adjusted in accordance with new accounting principle					
1 Jan 2001	15.8	467.9	65.7	33.2	582.6
New issue/non-cash issue	0.1	10.4			10.5
Merger, result				1.5	1.5
Net profit for the year				-63.9	-63.9
At year end 31 Dec 2001	15.9	478.3	65.7	-29.2	530.7

	Share capital	Share premium reserve	Statutory reserve	Non-restricted equity	Total equity
2002					
Parent Company					
Opening balance 1 Jan 2002	15.9	478.3	65.7	-29.2	530.7
Loss covered by utilisation of share premium reserve		-29.2		29.2	
Merger, result				-1.2	-1.2
Net profit for the year				-127.9	-127.9
At year end 31 Dec 2002	15.9	449.1	65.7	-129.1	401.6

On 31 December, 2002, the share capital was based on 3,150,000 A shares, each carrying 10 votes, at a nominal price of SEK 0.20 = SEK 630,000, and 76,458,030 B shares, each carrying 1 vote, at a nominal price of SEK 0.20 = SEK 15,291 606.

NOTE 24. DEFERRED TAX RECEIVABLES AND LIABILITIES

	Deferred receivables		Group Deferred tax liabilities		Net	
	2002	2001	2002	2001	2002	2001
Fixed assets	-	2.1	-33.0	-34.9	-33.0	-32.8
Current assets	3.4	3.1	-0.2	-0.8	3.2	2.3
Provisions and current liabilities	7.5	9.8	-1.0	-0.6	6.5	9.2
Tax allocation reserve	-	-	-0.2	-0.6	-0.2	-0.6
Capitalisation of tax loss	59.5	45.1	-	-	59.5	45.1
Total	70.4	60.1	-34.4	-36.9	36.0	23.2
Netting	-27.2	-22.5	27.2	22.5		
Total according to balance sheet	43.2	37.6	-7.2	-14.4	36.0	23.2

The Parent Company's SEK 21.3m (21.3m) deferred tax receivables represent a capitalisation of the deficit tax value. The total loss carry-forward for the Parent Company is SEK 191.9m (76.1m), which is reduced by a non-capitalisable tax loss of SEK -115.8m (0.0).

NOTE 25. OTHER PROVISIONS, PROJECT AND GUARANTEE RESERVE

	Group	
	2002	2001
Project reserve and guarantee commitments	20.8	13.9
Other	4.3	4.7
	25.1	18.6
Booked value in opening balance	18.6	22.8
Provisions made during the period	22.1	12.2
Amount utilised during the period	-7.9	-6.2
Unused amounts returned during the period	-7.7	-10.2
Booked value at the end of the period	25.1	18.6

NOTE 26. LONG-TERM INTEREST BEARING LIABILITIES

	Group		Parent Co.	
	2002	2001	2002	2001
Due date 1-5 years from closing date	23.1	33.8	17.5	22.5
Due date more than 5 years from closing date	-	-	-	-
Financial leasing agreements	26.6	24.5	-	-
	49.7	58.3	17.5	22.5

NOTE 27. SHORT-TERM INTEREST-BEARING LIABILITIES

	Group		Parent Co.	
	2002	2001	2002	2001
Bank overdraft facilities granted	296.3	288.1	150.0	197.5
Unused portion	-120.9	-123.6	-16.3	-77.9
Used overdraft facility*	175.4	164.5	133.7	119.6
Financial leasing agreements	17.2	21.5	-	-
Other short-term loans	4.5	5.5	-	-
	197.1	191.5	133.7	119.6

* Liabilities have terms and conditions linked to result and financial position, so-called covenant.

NOTE 28. PLEDGED ASSETS

	Group		Parent Co.	
	2002	2001	2002	2001
Corporate mortgages	3.5	3.5	0.3	0.3
Assets charged with ownership reservation	9.7	1.7	-	-
Shares in subsidiaries	109.8	-	109.8	-
Accounts Receivable	95.6	103.8	60.0	60.0
Other	0.7	18.6	-	-
	219.3	127.6	170.1	60.3

Collateral to secure liabilities (short- and long-term) to credit institutions are included in "Assets charged with ownership reservation" and "Shares in subsidiaries".

NOTE 29. ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Co.	
	2002	2001	2002	2001
Accrued interest expenses	0.1	0.6	-	-
Accrued staff-related expenses	193.4	182.1	22.9	16.0
Other accrued expenses	87.8	70.0	7.9	4.0
Deferred income	129.4	70.6	-	-
	410.7	323.3	30.8	20.0

NOTE 30. CONTINGENT LIABILITIES

	Group	
	2002	2001
Guarantees, subsidiaries and others*	86.3	52.2
Other contingent liabilities**	21.9	24.0
	108.2	76.2

* The parent company's fulfilment guarantees are related to the subsidiaries' bankrelations and IBM financing.

** The Danish subsidiary's fulfilment guarantees are related to IBM and Hertz financing. The amounts reflect the calculated commitment at the closing day.

Claims and legal proceedings

In the course of IBS' international business activities, disputes and legal processes arise, where IBS and its subsidiaries become involved.

IBS AB and its U.S. subsidiary are involved in legal proceedings with a U.S.-based company. This company has filed claims and counterclaims against both IBS AB and IBS US. In September 2001, a local jury-based court ruled IBS US to pay approximately USD 4m. IBS has firmly repudiated all claims and has appealed to a higher court.

In the opinion of the IBS Board of Directors, these claims and proceedings will not have any material impact on IBS' position, profit or cash flow.

NOTE 31. MERGER

During the year, the Parent Company was merged with its subsidiary IBS NetCommerce AB, corporate identity no. 556212-8990. The income statement and balance sheet postings per the merger date, 31 Dec 2002, are presented below:

Revenue	0.0
Operating result	-1.8
Fixed assets	0.2
Current assets	3.1
Untaxed reserves	0.6
Liabilities	1.1

NOTE 32. ADJUSTMENTS FOR NON CASH FLOW ITEMS

	Group		Parent Co.	
	2002	2001	2002	2001
Provisions	6.5	-5.5	-	-
Depreciation and write-downs	141.5	135.6	74.6	59.9
Unrealised exchange rate differences	9.0	11.4	9.1	-14.7
Unpaid group contributions/ anticipated dividends	-	-	-9.5	-15.5
	157.0	141.5	74.2	29.7

NOTE 33. INVESTMENTS IN TANGIBLE ASSETS

	Group		Parent Co.	
	2002	2001	2002	2001
Acquisition of equipment	-36.0	-39.0	-0.3	-5.1
Investments through financial leasing agreements	-9.9	-15.9	-	-
	-45.9	-54.9	-0.3	-5.1

NOTE 34. ACQUISITION OF SUBSIDIARIES

	Group	
	2002	2001
<i>Acquired assets and liabilities</i>		
Intangible assets	6.1	22.0
Tangible assets	1.5	0.2
Current receivables	2.4	10.7
Liquid assets	1.5	2.7
Total assets	11.5	35.6
Long-term liabilities	-	0.3
Short-term liabilities	2.6	7.2
Total liabilities and provisions	2.6	7.5
Purchase sums paid	8.9	28.1
Deduction: Liquid assets in acquired operations	-1.5	-2.7
Non-cash issue	-	-10.4
Change in liquid assets	7.4	15.0

Solna, 21 March, 2003

Gunnar Rylander,
CHAIRMAN

Lars V. Kylberg Elisabet Annell Staffan Ahlberg
Johan Björklund Stig Nordfelt Kai Hammerich

Magnus Wastenson,
CEO

Our audit report was submitted on 21 March, 2003

KPMG Bohlins AB

Anders Malmeby

AUTHORISED PUBLIC ACCOUNTANT

Audit report

To the Annual General Meeting of the shareholders of IBS AB, corporate identity number 556198-7289.

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director of IBS AB for the year 2002. These accounts and the administration of the Company are the responsibility of the Board of Directors and the Managing Director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the Company of any board member or the Managing Director. We also examined whether any board member or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the Company's and the Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the loss for the Parent Company be dealt with in accordance with the proposal in the Directors' report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 21 March, 2003

KPMG Bohlins AB

Anders Malmeby

AUTHORISED PUBLIC ACCOUNTANT

Financial definitions

Adjusted equity Taxed equity plus the after-tax amount of the difference between market value and book value of short-term investments.

Adjusted equity per share Adjusted equity divided by the total number of shares.

Adjusted equity per share after dilution Adjusted equity including subscription capital for warrants divided by the total number of shares plus the number of new shares that are calculated to be issued when a conversion of warrants into shares takes place.

Capital turnover ratio Total revenue for the year divided by average total assets.

Cash flow per share Cash flow after investment divided by the average number of shares.

Days of sales outstanding Average accounts receivable excluding VAT divided by net revenue, multiplied by the number of days in the period.

Equity to total assets ratio Adjusted shareholders' equity and minority interests as a percentage of total assets.

Interest expense coverage Profit after financial items plus interest expense, divided by interest expense.

Liquidity Current assets minus inventories, as a percentage of current liabilities.

Market capitalisation Share price multiplied with the total number of shares.

Net loan debt Interest-bearing debts reduced by liquid assets.

Operating margin Operating profit as a percentage of total revenue.

p/e ratio Share price divided by profit per share.

Profit per share Net profit for the year divided by the average number of shares.

Profit per share after dilution Net profit divided by average number of shares plus the average number of new shares that are calculated to be issued when a conversion of warrants into shares takes place.

Return on capital employed Profit after financial items plus interest expense, as a percentage of the average capital employed during the year.

Capital employed is total assets minus non-interest bearing liabilities, including provisions.

Return on equity Net profit in percentage of average adjusted equity.

Return on total capital Profit after financial items plus interest expenses, as a percentage of average total assets during the year.

Total assets equals the sum of booked assets.

Revenue/employee Net revenue divided by the average number of employees.

Risk capital ratio Adjusted equity, provisions and minority holdings as a percentage of total assets.

Solidity Please see "Equity to total assets ratio".

Value added Operating profit plus cost of staff.

Glossary

Business software Business software is developed to handle the flow of information, products and resources within an entire organisation. Business software includes functionality for processes such as sales and logistics, financials and business intelligence, e-business and manufacturing.

Collaborative commerce Integrated digital supply chain management through collaboration between business partners.

Customer relations management (CRM) CRM is a business strategy, targeting relations between employees and customers, and which is supported by certain processes and systems. The goal is to build long-term relationships through the understanding of individual needs and preferences, thus adding value to the enterprise and to the customer.

Data warehousing A system or a method for collecting and storing data from different systems or different parts of a system.

e-business Having computers and networks connect all those who participate in business transactions within a company's sphere of business, i.e. customers, staff, suppliers and business partners. This enables increased speed and lower costs, due to business being done with reduced manual handling in the communication chain. The medium could be e.g. Internet, EDI or email.

Electronic Data Interchange (EDI) The electronic transfer of information between the computer systems of separate parties. Pre-defined documents and forms are sent electronically, instead of on paper. EDI is often used to handle purchase orders, invoicing, quotes and claims, etc.

Extranet Computer-stored information which is accessible to all staff members, but also to a certain defined external group, e.g. customers or business partners.

Facilities management/ASP Having a third party be responsible for the maintenance and hosting of the computer and business software.

Firewall A security system that protects the company computer network from external intrusion.

Hardware Hardware consists of electronic and mechanical components. The task of the machine as such, i.e. the computer, is to receive, store, handle and present data.

Hardware platform The specific combination of computers, operating systems and other system software sufficient or necessary for installing and executing one or more applications.

Intranet Computer-stored information which is only accessible to a company's employees.

Network Two or more workstations (PC, NC, terminals etc.), which are connected locally, nationally or internationally, for shared data handling or communication.

Object-oriented A software programming technology whereby several independent program parts, so-called objects, can be combined into larger units, aimed at performing a given task. Also called component or component-based technology.

Server The computer used for handling a network's shared resources.

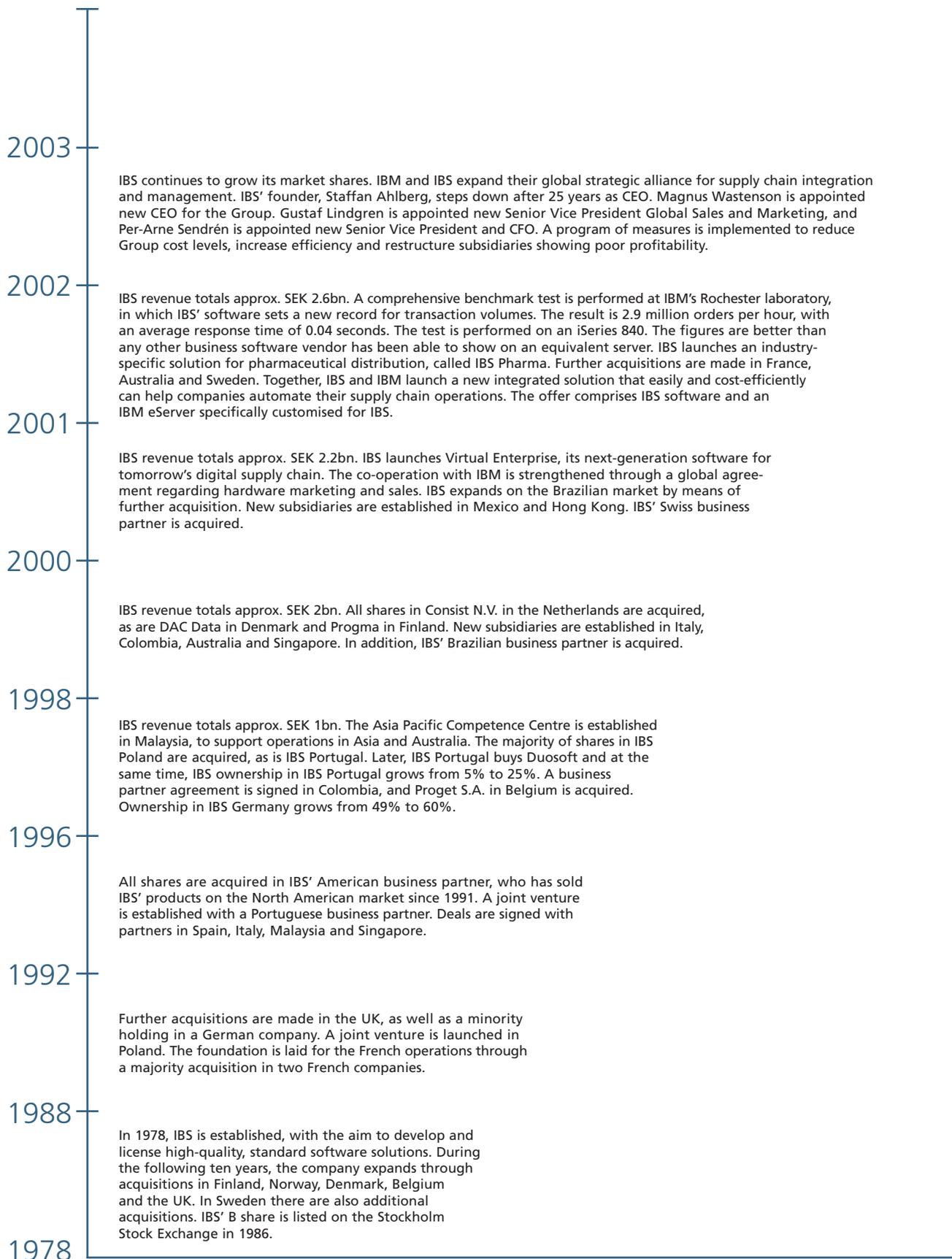
Supply chain execution The efficient handling of information and order management between customers and suppliers, as well as internal functions for inventory control and optimisation. It deals with getting the job done, and decisions are made just minutes, hours, or weeks in advance.

Supply chain management (SCM) Supply chain management means the electronic co-ordination of material, information and payment flows between companies and their suppliers and customers, i.e. the supply chain. This reduces lead times and inventory, while achieving improved customer service and better delivery precision.

Supply chain planning Includes supply chain network design, demand planning and forecasting, supply planning, manufacturing planning and scheduling, and distribution planning. It focuses on preparing for a job with decisions made from weeks to years in advance.

WebSphere The new IBM object-oriented development environment for the next generation of business software.

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