

# Interim Report

## January – September 2005

### Major orders during the quarter

#### January-September 2005

- Total revenue amounted to SEK 1,628 m (1,628).
- Net profit amounted to SEK 582 m (-4).
- Earnings per share amounted to SEK 7.30 (-0.05).
- Earnings after financial items amounted to SEK 591 m (-6).  
Excluding capital gains, earnings improved to SEK 19 m (-6).

#### July-September 2005

- Total revenue amounted to SEK 520 m (495).
- Net profit amounted to SEK 0 m (-1).
- Earnings per share amounted to SEK 0.00 (-0.02).
- Earnings after financial items amounted to SEK 2 m (-2).
- Acquisition of software company Quatro in Portugal.
- Contract signed with PaperlinX.

#### Forecast for full-year 2005

- The forecast remains for continued improvements in earnings after financial items, compared with full-year earnings for 2004, which according to the new accounting principles (IFRS) amounted to SEK 56 m.

MAGNUS WASTENSON, CEO OF IBS, COMMENTS ON THE INTERIM REPORT:

» We continued to improve earnings according to plan. Excluding acquisitions and divested companies, licence sales increased by 16% during the quarter, which shows that IBS' software is very competitive. The contract with PaperlinX that was signed in September and which includes planned software installations in 18 countries with 4,000 users represents a very substantial invoicing potential during 2006 and the following years. The PaperlinX contract is clear evidence that our focus on industry-specific business software is the correct strategy and the IBS can win major international contracts in tough competition.

The streamlining of IBS continued during the third quarter. Several acquisitions were made, while operations were divested in markets including Sweden and Southern Europe with the objective of strengthening our market position and focusing operations.«

October 28, 2005

# IBS Interim Report January – September 2005

## Market

The investment climate for business software and professional services generally improved during 2005. Increasingly, companies are reviewing their software solutions and replacing all or part of their systems. Purchasing processes continue to be protracted, however, and competition with respect to generic business software is considerable.

According to the market analysts AMR, the market for software for supply chain solutions is expected to grow by 6% during 2005.

Market trends vary considerably between IBS' different geographic markets. The Nordic countries showed a continued positive market trend, while willingness to invest in new software solutions remained low in such markets as France and Switzerland.

Investment willingness is greatest with respect to industry-specific solutions in such sectors as pharmaceuticals, the automotive industry, electronics, paper, book distribution and food. During the third quarter, IBS signed what is potentially the largest order in the company's history. The contract with one of the world's largest paper distributors, PaperlinX, initially covers plans for installations in 18 European countries with the gradual addition of up to 4,000 users over the coming years.

During the quarter, IBS also signed contracts with such customers as Audi, Cramo, Dakotaland, Autoglass, Hobby Hall, Mayflex, Meca, System3R International and TNT Fashion Group.

## Restated comparison figures in accordance with IFRS

The new accounting principles that took effect with the introduction of IFRS as of January 1, 2005 are applied in this report. The comparison figures for 2004 are restated according to the principles presented on the last page of this report regarding such items as income recognition of renewal fees and changed rules for amortization of goodwill.

## January-September 2005

Earnings after financial items amounted to SEK 591 m (-6). Excluding the capital gain from the sale of the British subsidiary IBS Public Services Ltd., the IBS Group's earnings improved to SEK 19 m (-6). The improvement in earnings was primarily attributable to operations in Sweden and the other Nordic countries.

Revenue during the period amounted to SEK 1,628 m (1,628).

The number of employees at September 30, 2005 was 1,911 persons, an increase of 12, compared with the same date in the preceding year.

## Third quarter 2005

The IBS Group's earnings after financial items amounted to SEK 2 m (-2). The decline in earnings resulting from the sale of IBS Public Services Ltd. was offset by improved earnings, primarily in Sweden and the other Nordic countries, and through the acquisition of TMS and IDS.

	2005	2004	Δ
Software licences, SEK m	118	125	-6%
Margin	93%	86%	7%

During the quarter, total software revenue amounted to SEK 118 m (125). The decline was an effect of the sale of IBS Public Services Ltd. Excluding divestments and acquisitions, licence revenues increased by 16% during the quarter.

The licence margin increased to 93% (86%). The improvement was due to a reduction in the share of third-party products in favour of proprietary products. The acquired companies TMS and IDS have significantly higher licence margins than the divested IBS Public Services Ltd., which had a large proportion of third-party products in its portfolio.

	2005	2004	Δ
Professional services, SEK m	270	268	1 %
Margin	18%	19%	-1 %

Revenue from professional services increased marginally to SEK 270 m (268).

The professional services margin declined somewhat to 18% (19%). The decline was in large part the result of devoting substantial resources to the PaperlinX tender.

	2005	2004	Δ
Hardware and other revenue, SEK m	132	103	29%
Margin	17%	19%	-2%

Hardware and other revenue increased strongly to SEK 132 m (103), in part as a result of the addition of hardware sales in the acquired companies TMS, IDS and Quatro. The margin declined to 17% (19%).

	2005	2004	Δ
Total revenue, SEK m	520	495	5%

Total revenue increased by 5% to SEK 520 m (495).

## Development per region

**Sweden:** During the third quarter, earnings continued to improve according to plan in Swedish operations. Operating earnings improved by SEK 34 m during the first nine months of the year, compared with the same period in the preceding year. This was a result of an improved professional services margin with increased sales, that included a major new contract with Cramo, in combination with reduced costs.

**Other Nordic countries:** The trend in Denmark, Norway and Finland remained positive. Operating earnings for the period from January to September improved by SEK 21 m. In Finland, IBS signed a new contract during the third quarter with Hobby Hall, one of Finland's largest mail-order companies.

**Rest of Europe:** Revenues and earnings in this segment were negatively affected by the sale of IBS Public Services Ltd. Earnings improvements were achieved in amongst others Belgium, Germany and the UK. Market conditions remained cautious in France and Switzerland, which had a negative effect on the segment's revenues and earnings. The acquisi-

tion of Quatro, with operations in Portugal and Spain, and Albatech, with operations in Italy, had a positive effect on earnings during the third quarter.

*Rest of the world:* Operating earnings for the entire Rest of the World segment declined during the first nine months of the year, compared with the corresponding period in the preceding year. This was in part due to the delay of contracts and implementation projects in the US and Colombia, as well as to a major IBS Pharma order from Sigma in Australia being included in the preceding year's earnings. The acquired companies TMS and IDS developed positively during the quarter.

### **Company acquisitions and divestments**

In July, IBS acquired all the shares in the Portuguese software company Quatro. This company, which has 95 employees and 500 customers in Portugal and Spain, is specialized in logistics and inventory management. The acquisition increases IBS' market shares in selected industry sectors and provides additional market channels for sales and implementation of IBS software solutions in the Iberian region.

In July, IBS also acquired portions of the Italian company Albatech with the objective of increasing sales and professional service resources in Italian operations. During 2004, these portions of Albatech reported sales of SEK 10 m with an operating profit.

In September, Bookmaster North America (BMNA), a previous partner to the acquired company TMS with five employees and 16 customers, was acquired. This acquisition is to advance positions in the growing US market for business software for book distribution.

In conjunction with the aforementioned company acquisitions, intangible assets in addition to goodwill (SEK 46 m) were identified with a value of SEK 8 m. The distribution between intangible fixed assets and goodwill is still preliminary and will be determined in conjunction with the year-end report.

To streamline IBS' core operations, the Swedish subsidiary IBS Vertex with 25 employees was sold to Vitec in July. In September, the Swedish operations labssystem, with five employees, was sold to WM-data. These units conducted operations in housing and lab systems respectively.

### **Events after the closing date**

In October, IBS acquired Iptor, a leading-edge company in Java technology with six employees in Sweden.

### **Business concept and software**

IBS' business concept is to help customers achieve greater profitability and improved customer service through solutions and services that increase the efficiency of business processes, and measure the results that are achieved. IBS business software is specially developed for efficient supply chain management, CRM, procurement, logistics, demand-driven manufacturing and financial control.

During the third quarter, IBS presented the new version of

its IBS Enterprise 6.0 business software. The new release will be introduced in the market starting at the end of the fourth quarter and will be available in all of IBS' geographic markets by mid-2006. A multi-platform (Java) version of Release 6.0, which can also run on Windows, Linux and Unix, will be launched toward the end of next year.

IBS has customized total solutions for international customers in several industries, including pharmaceutical distribution, food, electronics, paper, book distribution and the automotive industry. IBS also sells local software solutions for financial control, inventory management and customer relationship management to mid-size and large customers in such countries as Belgium, the Netherlands, Portugal and Switzerland.

### **Liquidity and financial position**

The Group's financial position remained strong. Total equity at September 30 amounted to SEK 1,139 m (492) and the equity/assets ratio was 52% (37%). Liquidity increased to 142% (93%).

Cash flow from operating activities during the first nine months of the year amounted to SEK 13 m (38). Cash flow after investments amounted to SEK 391 m (-45).

Liquid funds, including short-term investments, amounted to SEK 675 m (133) at September 30, 2005. In addition, there were credit facilities of SEK 6 m (67).

As of September 30, 2005, the Group had interest-bearing loans totalling SEK 470 m (283). Excluding debts to leasing companies, the corresponding figure was SEK 440 m (250)

### **Tax**

Tax for the period, as reported in the income statement, amounted to SEK -9 m (1) and consisted of SEK -14 m (-11) in current tax and SEK 5 m (12) in deferred tax. Of the current tax, SEK -3 m is attributable to France and relates to the preceding year. Excluding this late accrual, the tax item in the income statement amounts to SEK -6 m. Tax paid during the period amounted to SEK 18 m (18).

### **Currency**

During the first nine months of 2005, SEK was unchanged in relation to the IBS Group's currency basket. This meant that revenue was not affected by currency movements. IBS' currency risk is limited in that virtually all operating subsidiaries invoice in the same currency in which expenses are incurred. Major currency transactions are normally hedged.

### **Personnel**

The number of employees at September 30 was 1,911, an increase of 12 persons, compared with the same date in the preceding year.

### **Parent Company**

The Parent Company manages and develops wholly or partly owned operative subsidiaries. In addition, it is responsible for extensive development of new applications and maintenance of the Group's business software solutions. Global marketing

and sales support in international business transactions is another important aspect of Parent Company operations.

Total revenue for the Parent Company during the period amounted to SEK 120 m (121) and earnings after financial items to SEK 703 m (53). Earnings include dividends from subsidiaries totalling SEK 50 m (65) and capital gains from the sale of subsidiaries amounting to SEK 612 m (0).

#### **The IBS share**

The price of the IBS share increased by 69% during the first nine months and the closing share price at September 30, 2005 was SEK 22.00. The total number of shares amounts to 79.6 million. In addition, IBS has an outstanding warrants program that was issued in 2003 and consists of 4 million warrants. Approximately 3.2 million warrants have been granted to employees. Each warrant entitles the holder to subscribe for one new B share during May 2006 at a subscription price of SEK 7.66. IBS deems that the warrants will be exercised, and the dilution effect has been calculated in accordance with IAS 33. The present value of the exercise price is SEK 7.41.

#### **Accounting principles**

In accordance with the IAS regulations adopted by the EU in 2002, exchange-listed companies are obligated as of January 1, 2005 to apply the International Financial Reporting Standards (IFRS) in their consolidated accounts. This interim report was thus prepared in accordance with IAS 34 Interim Reporting. The introduction of IFRS resulted in a change in IBS' accounting principles, compared with the most recent annual report. The comparison year 2004 was therefore restated in accordance with the new principles. Years prior to 2004, on the other hand, have not been restated.

A description of the accounting principles affected by the transition to IFRS is presented in the IBS annual report for the 2004 fiscal year. The last page of this report presents the first nine months of 2004 restated in accordance with IFRS, as well as a summary of the effect of IFRS on quarterly earnings after financial items in 2004.

As of January 1, 2005, the Parent Company applies the Swedish Financial Accounting Standards Council's recommendation RR 32 Reporting of Legal Entities. RR 32 means in principle that IFRS shall be applied but with certain exceptions. The application of RR 32 has not resulted in any changes in the Parent Company's accounting principles, compared with previous years.

#### **Future prospects**

Increasingly, companies are reviewing their IT-solutions and replacing all or part of their systems. This creates prerequisites for continued improvement in the market for business software in 2005 and the following years. With the support of a strong balance sheet, IBS is pursuing a strategy that includes continued expansion within its core areas of supply chain management, financial control and industry-specific solutions. The sale of the subsidiary IBS Public Services in 2005 further

strengthened IBS' financial position, thus enabling accelerated growth in both existing and complementary operations, including acquisitions that contribute additional market channels and increased industry specialization.

#### **Forecast for 2005**

The forecast is retained for continued improvement in earnings after financial items, compared the full-year earnings in 2004, which according to the new accounting principles (IFRS) amounted to SEK 56 m.

#### **Reporting dates**

- The year-end report for full-year 2005 will be published on February 2, 2006.

Solna, October 28, 2005

Magnus Wastenson

PRESIDENT AND CEO

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*This interim report was not subject to review by the company's auditors.*

*Questions regarding this report will be answered by:*

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# Consolidated income statement

SEK million	2005 July-Sep	2004 July-Sep	05/04 %	2005 Jan-Sep	2004 Jan-Sep	05/04 %	Last 12 months	2004 Full Year
<b>Revenue</b>								
Software licences	117.6	124.5	-6%	345.7	353.2	-2%	516.8	524.3
Professional services	270.0	268.1	1%	889.9	913.0	-3%	1 223.7	1 246.8
Hardware and other revenue	132.1	102.6	29%	392.6	361.6	9%	624.0	593.0
<b>Total revenue</b>	<b>519.7</b>	<b>495.2</b>	<b>5%</b>	<b>1 628.2</b>	<b>1 627.8</b>	<b>0%</b>	<b>2 364.5</b>	<b>2 364.1</b>
<b>Cost of revenue</b>								
Software licences	-8.4	-18.0	-53%	-26.8	-45.4	-41%	-42.9	-61.5
Professional services	-222.7	-215.9	3%	-705.3	-723.0	-2%	-960.5	-978.2
Hardware and other costs	-110.2	-83.5	32%	-322.0	-291.3	11%	-511.1	-480.4
<b>Total cost of revenue</b>	<b>-341.3</b>	<b>-317.4</b>	<b>8%</b>	<b>-1 054.1</b>	<b>-1 059.7</b>	<b>-1%</b>	<b>-1 514.5</b>	<b>-1 520.1</b>
<b>Gross profit</b>	<b>178.4</b>	<b>177.8</b>	<b>0%</b>	<b>574.1</b>	<b>568.1</b>	<b>1%</b>	<b>850.0</b>	<b>844.0</b>
Product development costs	-59.7	-51.0	17%	-176.2	-160.6	10%	-236.3	-220.7
Sales and marketing costs	-58.5	-60.6	-3%	-187.5	-197.4	-5%	-256.3	-266.2
General and administrative costs	-61.9	-66.6	-7%	-205.1	-210.9	-3%	-285.4	-291.2
Other operating income *	-	-		571.4	-	-	571.4	-
<b>Operating profit</b>	<b>-1.7</b>	<b>-0.4</b>		<b>576.7</b>	<b>-0.8</b>		<b>643.4</b>	<b>65.9</b>
<b>Financial items</b>								
Interest income	2.2	0.8		7.0	2.5		8.3	3.8
Interest expenses	-3.4	-2.0		-8.1	-7.6		-12.8	-12.3
Other financial items	4.5	0.0		15.2	0.2		13.4	-1.6
<b>Earnings after financial items</b>	<b>1.6</b>	<b>-1.6</b>		<b>590.8</b>	<b>-5.7</b>		<b>652.3</b>	<b>55.8</b>
Tax	-1.9	0.4		-9.3	1.4		-35.1	-24.4
<b>Net profit for the period</b>	<b>-0.3</b>	<b>-1.2</b>		<b>581.5</b>	<b>-4.3</b>		<b>617.2</b>	<b>31.4</b>
Whereof majority owners share	-0.2	-1.0		581.1	-4.6		617.2	31.5
Whereof minority owners share	-0.1	-0.2		0.4	0.3		0.0	-0.1
Earnings per share (SEK)	0.00	-0.02		7.30	-0.05		7.75	0.39
Earnings per share after dilution (SEK)	0.00	-0.01		7.14	-0.05		7.59	0.39
Average number of shares (thousand)	79 608	79 608		79 608	79 608		79 608	79 608
Average number of shares after dilution (thousand)	81 662	80 397		81 466	81 017		81 369	81 023

\* Capital gain from sale of subsidiary

Segment analysis, Jan-Sep	Sweden		Other Nordic countries		Rest of Europe		Rest of the world		Parent comp. incl. group adjustments		Total	
SEK million	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Revenue from external customers												
Software licences	58.9	49.7	41.0	30.3	170.7	238.6	69.5	34.6	5.6	0.0	345.7	353.2
Professional services	234.2	251.7	161.5	152.4	358.7	413.9	135.5	94.9	0.0	0.1	889.9	913.0
Hardware and other revenue	113.3	106.9	39.2	35.6	207.0	191.8	31.7	24.7	1.4	2.6	392.6	361.6
	406.4	408.3	241.7	218.3	736.4	844.3	236.7	154.2	7.0	2.7	1 628.2	1 627.8
Inter-segment revenue	1.1	-9.8	5.7	3.9	18.4	6.8	3.0	1.2	-28.2	-2.1	0.0	0.0
Total revenue	407.5	398.5	247.4	222.2	754.8	851.1	239.7	155.4	-21.2	0.6	1 628.2	1 627.8
<b>Segment operating profit</b>	<b>-12.1</b>	<b>-45.9</b>	<b>11.0</b>	<b>-9.7</b>	<b>7.6</b>	<b>22.2</b>	<b>-7.9</b>	<b>16.3</b>	<b>578.1</b>	<b>16.3</b>	<b>576.7</b>	<b>-0.8</b>

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

# Consolidated balance sheet

SEK million	2005 30 Sep	2004 30 Sep	2004 31 Dec
<b>ASSETS</b>			
Capitalised product development costs	207.3	144.4	157.3
Goodwill	414.7	244.1	251.6
Other intangible assets	53.5	4.1	3.7
<b>Intangible assets</b>	<b>675.5</b>	<b>392.6</b>	<b>412.6</b>
<b>Tangible assets</b>	<b>101.7</b>	<b>93.9</b>	<b>93.8</b>
Deferres tax receivables	140.2	133.4	127.3
Other financial assets	18.3	12.7	12.2
<b>Financial assets</b>	<b>158.5</b>	<b>146.1</b>	<b>139.5</b>
<b>Total fixed assets</b>	<b>935.7</b>	<b>632.6</b>	<b>645.9</b>
<b>Inventories</b>	<b>4.8</b>	<b>5.3</b>	<b>2.9</b>
Accounts receivable	400.1	382.1	646.3
Tax receivables	16.0	22.1	11.1
Other receivables	179.1	162.3	112.3
<b>Current assets</b>	<b>595.2</b>	<b>566.5</b>	<b>769.7</b>
<b>Liquid funds</b>	<b>674.5</b>	<b>132.8</b>	<b>153.5</b>
<b>Total current assets</b>	<b>1 274.5</b>	<b>704.6</b>	<b>926.1</b>
<b>TOTAL ASSETS</b>	<b>2 210.2</b>	<b>1 337.2</b>	<b>1 572.0</b>

	2005 30 Sep	2004 30 Sep	2004 31 Dec
<b>EQUITY AND LIABILITIES</b>			
Majority holders	1 137.6	491.1	528.3
Minority holders	1.4	1.3	2.0
<b>Total equity</b>	<b>1 139.0</b>	<b>492.4</b>	<b>530.3</b>
<b>Liabilities</b>			
Liabilities to credit institutions	140.8	58.0	40.9
Deferred tax	12.1	9.7	7.8
Provision for pensions and guarantees	8.4	4.0	12.1
Other long-term liabilities	18.3	17.4	13.7
<b>Long-term liabilities</b>	<b>179.6</b>	<b>89.1</b>	<b>74.5</b>
Liabilities to credit institutions	328.7	225.0	252.8
Accounts payable	95.6	58.6	132.3
Income tax liability	5.3	12.5	9.8
Other current liabilities	462.0	459.6	572.3
<b>Short-term liabilities</b>	<b>891.6</b>	<b>755.7</b>	<b>967.2</b>
<b>Total liabilities</b>	<b>1 071.2</b>	<b>844.8</b>	<b>1 041.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 210.2</b>	<b>1 337.2</b>	<b>1 572.0</b>

## Change in Group equity

SEK million	2005 30 Sep	2004 30 Sep	2004 31 Dec
<b>Opening balance</b>	<b>530.3</b>	<b>569.4</b>	<b>567.7</b>
Effect of change in accounting principles *	-	-66.1	-66.1
<b>Adjusted opening balance</b>	<b>530.3</b>	<b>503.3</b>	<b>501.6</b>
Warrants	-	-	0.4
Net profit for the period	581.5	-4.3	31.4
Translation differences for the period	27.2	-6.6	-3.1
<b>Closing balance</b>	<b>1 139.0</b>	<b>492.4</b>	<b>530.3</b>
Whereof majority owners share	1 137.6	491.1	528.3
Whereof majority owners share	1.4	1.3	2.0

\*The amount consist of the effect of change in principle for revenue recognition (renewal fees) SEK -67.7m (SEK -94.0m with reduction of deferred tax SEK 26.3m) and adjustment of minority interest SEK 1.6m to equity.

## Changes in pledged assets and contingent liabilities

SEK million	2005 30 Sep	2004 31 Dec	Change
Corporate mortgages	0.3	3.5	-3.2
Pledged shares in subsidiaries	116.3	109.8	6.5
Assets charged with ownership reservation	45.0	48.2	-3.2
Other contingent liabilities	23.3	23.9	-0.6



# Consolidated cash flow analysis

SEK million	2005 July-Sep	2004 July-Sep	2005 Jan-Sep	2004 Jan-Sep	Last 12 months	2004 Full year
<i>Operating activities</i>						
Earnings after financial items	1.6	-1.6	590.8	-5.7	652.3	55.8
Adj. to reconcile earnings after fin. items to cash	30.1	24.3	-517.7	70.3	-487.5	100.5
Tax paid	-6.4	-2.4	-17.8	-18.1	-33.5	-33.8
<b>Cash flow from operating activities before changes in working capital</b>	<b>25.3</b>	<b>20.3</b>	<b>55.3</b>	<b>46.5</b>	<b>131.3</b>	<b>122.5</b>
<i>Changes in working capital</i>						
Inventories	-0.1	0.0	0.3	1.2	2.7	3.6
Operating assets	10.1	41.6	218.3	142.1	-5.3	-81.5
Operating liabilities	-35.9	-71.8	-261.3	-151.7	-69.3	40.3
<b>Cash flow from operating activities</b>	<b>-0.6</b>	<b>-9.9</b>	<b>12.6</b>	<b>38.1</b>	<b>59.4</b>	<b>84.9</b>
<i>Investing activities</i>						
Acquisition of subsidiaries and operations	-8.1	-	-182.8	-10.0	-187.7	-14.9
Sale of subsidiary and operations	-3.0	-	649.6	-	649.6	-
Change, intangible assets	-27.5	-22.5	-68.0	-61.5	-96.4	-89.9
Change, tangible assets	-10.1	10.3	-21.6	-9.8	-30.6	-18.8
Change, financial assets	1.2	-0.9	1.0	-1.7	1.8	-0.9
<b>Cash flow from investing activities</b>	<b>-47.5</b>	<b>-13.1</b>	<b>378.2</b>	<b>-83.0</b>	<b>336.7</b>	<b>-124.5</b>
<i>Financing activities</i>						
Warrants	-	-	-	-	0.4	0.4
Net change, loans	-39.4	41.8	124.1	31.8	142.7	50.4
<b>Cash flow from financing activities</b>	<b>-39.4</b>	<b>41.8</b>	<b>124.1</b>	<b>31.8</b>	<b>143.1</b>	<b>50.8</b>
<b>Cash flow for the period</b>	<b>-87.5</b>	<b>18.8</b>	<b>514.9</b>	<b>-13.1</b>	<b>539.2</b>	<b>11.2</b>
<b>Liquid assets, beginning of period</b>	<b>768.2</b>	<b>116.7</b>	<b>153.5</b>	<b>144.9</b>	<b>132.8</b>	<b>144.9</b>
<i>Translation differences in liquid assets</i>	-6.2	-2.7	6.1	1.0	2.5	-2.6
<b>Liquid assets, end of period</b>	<b>674.5</b>	<b>132.8</b>	<b>674.5</b>	<b>132.8</b>	<b>674.5</b>	<b>153.5</b>

## Key figures and data per share

Key figures	2005 July-Sep	2004 July-Sep	2005 Jan-Sep	2004 Jan-Sep	Last 12 months	2004 Full year
Average number of employees	1 913	1 913	1 862	1 919	1 872	1 915
Revenue per employee (SEK thousand)	272	259	875	848	1 263	1 235
Value added per employee (SEK thousand)	155	149	814	489	1 042	717
Operating margin %	-0.3	-0.1	35.4	0.0	27.2	2.8
Capital turnover ratio	0.2	0.4	0.9	1.2	1.2	1.3
Return on total capital %	0.2	0.0	31.7	0.1	32.7	3.7
Return on capital employed %	0.3	0.1	48.8	0.2	47.7	8.6
Return on equity %	0.0	-0.2	69.7	-0.9	62.9	6.1
Ratio of risk capital %	52	38	52	38	52	34
Liquidity %	142	93	142	93	142	95
Equity to total assets ratio %	52	37	52	37	52	34
Interest cost cover ratio	1	0	74	0	52	6
DSO (Days of sales outstanding)	57	61	69	63	56	57
<b>Key figures per share</b>						
Net profit	0.00	-0.02	7.30	-0.05	7.75	0.39
Net profit after dilution	0.00	-0.01	7.14	-0.05	7.59	0.39
Adjusted equity	14.31	6.19	14.31	6.19	14.31	6.66
Adjusted equity after dilution	14.23	6.38	14.23	6.33	14.29	6.81
Cash flow from operating activities	-0.01	-0.12	0.16	0.48	0.75	1.07
Cash flow from operating activities after dilution	-0.01	-0.12	0.15	0.47	0.73	1.05
<b>Share data</b>						
Average number of shares (thousand)	79 608	79 608	79 608	79 608	79 608	79 608
Average number of shares after dilution (thousand)	81 662	80 397	81 466	81 017	81 369	81 023
Total no. of shares (thousand)	79 608	79 608	79 608	79 608	79 608	79 608
Total no. of warrants (thousand)	4 000	9 000	4 000	9 000	4 000	9 000
Average share price	21.20	9.72	18.00	13.85	16.76	13.48

# Analysis

3<sup>rd</sup> Quarter

Jan-Sep

Analysis of revenue growth between the years (%)						
	05/04	04/03	03/02 <sup>1)</sup>	05/04	04/03	03/02 <sup>1)</sup>
Volume increase (average no. of staff)	-6%	-4%	-9%	-5%	-3%	-10%
Acquisitions/disposals	0%	2%	-1%	0%	1%	-1%
Price and efficiency change	9%	-12%	14%	5%	-3%	7%
<b>Growth rate, internally influenced</b>	<b>3%</b>	<b>-14%</b>	<b>4%</b>	<b>0%</b>	<b>-5%</b>	<b>-4%</b>
Influence of exchange rate fluctuation	2%	3%	0%	0%	1%	-2%
Influence of new IFRS principle	-	6%	-	-	1%	-
<b>Total growth rate</b>	<b>5%</b>	<b>-5%</b>	<b>4%</b>	<b>0%</b>	<b>-3%</b>	<b>-6%</b>
Gross profit per revenue stream (SEK million)						
	2005	2004	2003	2005	2004	2003
Software licences	109	107	80	319	308	296
Professional services	47	52	48	185	190	160
Hardware and other revenue	22	19	30	70	70	79
<b>Total</b>	<b>178</b>	<b>178</b>	<b>158</b>	<b>574</b>	<b>568</b>	<b>535</b>
Gross margin in % per revenue stream						
	2005	2004	2003	2005	2004	2003
Software licences	93%	86%	84%	92%	87%	87%
Professional services	18%	19%	18%	21%	21%	18%
Hardware and other revenue	17%	19%	19%	18%	19%	18%
<b>Total</b>	<b>34%</b>	<b>36%</b>	<b>30%</b>	<b>35%</b>	<b>35%</b>	<b>32%</b>
Type of revenue in % of total revenue						
	2005	2004	2003	2005	2004	2003
Software licences	23%	25%	18%	21%	22%	20%
Professional services	52%	54%	51%	55%	56%	54%
Hardware and other revenue	25%	21%	31%	24%	22%	26%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Operating costs in % of revenue						
	2005	2004	2003	2005	2004	2003
Product development costs	12%	10%	9%	11%	10%	10%
Sales and marketing costs	11%	12%	14%	11%	12%	12%
General and administrative costs	12%	14%	12%	13%	13%	13%
<b>Total</b>	<b>35%</b>	<b>36%</b>	<b>35%</b>	<b>35%</b>	<b>35%</b>	<b>35%</b>
Depreciation (SEK million)						
	2005	2004	2003	2005	2004	2003
Goodwill (incl. write-down)	-	-	-8	-3	-	-22
Capitalised product development costs	-16	-12	-12	-40	-36	-36
Other fixed assets	-13	-14	-15	-34	-41	-44
<b>Total</b>	<b>-29</b>	<b>-26</b>	<b>-35</b>	<b>-77</b>	<b>-77</b>	<b>-102</b>

<sup>1)</sup> Not recalculated to new accounting principles according to IFRS.

Outcome per quarter							
SEK million	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2005 Q1 <sup>2)</sup>	2005 Q2	2005 Q3
Software licences	102.6	126.1	124.5	171.2	109.0	119.1	117.6
Total revenue	561.9	570.8	495.1	736.4	550.6	557.9	519.7
Operating profit	-0.4	0.2	-0.4	66.6	573.4	5.0	-1.7
Earnings after financial items	-3.9	-0.2	-1.6	61.5	578.5	10.8	1.6

<sup>2)</sup> Operating profit includes capital gain from sale of subsidiary amounting to SEK 571.4 m.



## Changes in accounting principles for 2005 due to IFRS

IBS is affected by the following changes:

**A. IFRS 3, Business Combinations,** does not permit depreciations of goodwill according to plan. Instead, goodwill assets will be examined annually to determine possible need for write-down. Because goodwill depreciations are not permitted from 2004 and onwards, IBS operating profits are increased by SEK 22.4m for the the period January-September 2004 calculated according to the new accounting principles.

**B. IAS 27, Consolidated and Separate Financial Statements.** According to International Accounting Standard (IAS) 27, minority shareholding is to be accounted for as a part of equity. For IBS, this means an increase of SEK 1.3m in equity 30 September 2004. Allowance for the minority shareholder shares will no longer be included in the income statement. Instead, the allocations of results for majority and minority shareholders are specified below the income statement. This affects the result for the period January-September 2004 by SEK -0.3m.

**C. IAS 18, Revenue Recognition.** In connection with the transition

to IFRS, IBS has also undertaken an overhaul of its applied revenue accounting principles for renewal fees. This rule takes into account the gradually increasing significance of IBS providing unspecified upgrades to software licences that have been sold, an obligation that is regulated in agreement with the continued utilisation rights to the software. The company has concluded that the relevant invoiced renewal fee, which was previously recognised at the beginning of the renewal period, should be recognised evenly throughout the agreement period. The application of this revenue recognition change has the affect of reducing the Group's equity, as of 1 January 2004, by SEK -67.7m, after taking into account deferred tax of SEK 26.3m. The recorded revenue from renewal fees for January-September 2004 was SEK 30.6m higher than what was recorded according to earlier principles. The net result, including deferred taxes of SEK -8.6m, was therefore SEK 22.0m higher. The total effect on the Group's equity including currency translation differences, as of 30 September 2004, amounted to a decrease of SEK -45.4m.

### Income statement

Jan-Sep 2004

SEK million	Previous principles	Changed principle		IFRS
Software licences	322.6	30.6	C	353.2
Professional services	913.0			913.0
Hardware and other revenue	361.6			361.6
<b>Total revenue</b>	<b>1 597.2</b>	<b>30.6</b>		<b>1 627.8</b>
<i>Cost of revenue</i>				
Software licences	-45.4			-45.4
Professional services	-736.0	13.0	A	-723.0
Hardware and other revenue	-291.3			-291.3
<b>Gross profit</b>	<b>524.5</b>	<b>43.6</b>		<b>568.1</b>
Product development costs	-163.0	2.4	A	-160.6
Sales and marketing costs	-200.4	3.0	A	-197.4
General and administrative costs	-214.9	4.0	A	-210.9
<b>Operating profit</b>	<b>-53.8</b>	<b>53.0</b>		<b>-0.8</b>
Financial items	-4.9			-4.9
<b>Earnings after financial items</b>	<b>-58.7</b>	<b>53.0</b>		<b>-5.7</b>
Tax	10.0	-8.6	C	1.4
Minority holdings	0.3	-0.3	B	0.0
<b>Net profit for the year</b>	<b>-48.4</b>	<b>44.1</b>		<b>-4.3</b>
Majority holdings				-4.6
Minority holdings		0.3	B	0.3

### Balance sheet

30 Sep 2004

SEK million	Previous principles	Changed principle		IFRS
Goodwill	221.7	22.4	A	244.1
Other intangible assets	148.5			148.5
Other fixed assets	106.6			106.6
Deferred tax receivables	115.6	17.8	C	133.4
Current assets, Cash and bank	704.6			704.6
<b>Total assets</b>	<b>1 297.0</b>	<b>40.2</b>		<b>1 337.2</b>
<b>Total equity</b>	<b>514.1</b>	<b>-21.7</b>	A,B,C	<b>492.4</b>
Minority holdings	1.3	-1.3	B	0.0
Long-term liabilities	89.1			89.1
Current liabilities	692.5	63.2	C	755.7
<b>Total equity and liabilities</b>	<b>1 297.0</b>	<b>40.2</b>		<b>1 337.2</b>

## Recalculated quarterly results for 2004 according to IFRS

2004 per quarter	Q1	Q2	Q3	Q4	Full year
<b>Earnings after financial items 2004 according to previous principles</b>	<b>8.2</b>	<b>-29.6</b>	<b>-37.3</b>	<b>87.4</b>	<b>28.7</b>
Reversed goodwill depreciations	7.5	7.8	7.1	7.1	29.5
Effect of new revenue recognition principle	-19.6	21.6	28.6	-33.0	-2.4
<b>Earnings after financial items 2004 according IFRS</b>	<b>-3.9</b>	<b>-0.2</b>	<b>-1.6</b>	<b>61.5</b>	<b>55.8</b>

## IBS in brief

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

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

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

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