

Year-end Report

January – December 2005

Continued improvement in earnings

October-December 2005

- Total revenue amounted to SEK 748 m (736).
- Net profit amounted to SEK 41 m (36).
- Earnings per share amounted to SEK 0.51 (0.45).
- Earnings after financial items amounted to SEK 63 m (62).

Full-year 2005

- Total revenue amounted to SEK 2,376 m (2,364).
- Net profit amounted to SEK 622 m (31).
- Earnings per share amounted to SEK 7.81 (0.39).
- Earnings after financial items amounted to SEK 654 m (56).
- Excluding capital gains, earnings amounted to SEK 83 m (56).

Proposal to Annual General Meeting

- One-time dividend of SEK 2.00 per share.
- Repurchase of not more than 10% of own shares.

Forecast for full-year 2006

- IBS has initiated an accelerated action program for growth in selected industry segments and gradually improved profitability. For the full-year 2006, IBS foresees a profit margin of about 5% after financial items.

MAGNUS WASTENSON, CEO OF IBS, COMMENTS ON THE FULL-YEAR 2005:

» During 2005, we continued to improve our operating profit, which was partly attributable to earnings improvements within Swedish operations. The sale of IBS Public Services, which generated a capital gain of SEK 571 m, has provided the Group with a strong financial position, which gives the Board of Directors considerable room for manoeuvre.«

2 February, 2006

IBS year-end report January-December 2005

Market

During the fourth quarter, demand for IBS' business solutions and services continued to improve in several markets. A greater number of customers choose to upgrade and expand their installations. Sales to new customers are increasingly concentrated to areas in which IBS offers industry-specific solutions, such as pharmaceutical distribution, electronics, paper, the automotive industry, book distribution and other transaction-intensive wholesale operations.

During the fourth quarter, IBS signed a license agreement with such customers as Associated Pharmacies, Fogliani, Galexis, Goodheart-Wilcox, Gävle Energi, Hitachi Maxell, Interamericana Transport Industries, Itriafarma, Micronic, Nomo Kullager and Univar.

The number of international installations is increasing, particularly within wholesale and distribution companies where there is still considerable potential for efficiency gains. During the year, IBS signed a number of major contracts with international groups that intend to install IBS business solutions in several countries during 2006.

January – December 2005

Earnings after financial items amounted to SEK 654 m (56). The divestment of IBS Public Services in March 2005 resulted in a tax-free capital gain of SEK 571 m. Excluding capital gains, earnings improved by 48% to SEK 83 m (56).

The improvement was in part due to a substantial strengthening of earnings in IBS' Swedish operations, which reported an operating profit for the full-year 2005.

Earnings improvements were also achieved in such markets as Belgium, Denmark, Finland, Poland, the Netherlands, the UK and Germany. The acquired operations IDS, TMS and Quatro developed favourably.

Total revenue during 2005 amounted to SEK 2,376 m (2,364). The license margin increased, while license sales declined somewhat to SEK 519 m (524).

Revenues from professional services increased to SEK 1,253 m (1,247). The professional services margin was 21% (22).

Hardware and other revenues increased to SEK 604 m (593).

Fourth quarter 2005

	2005	2004	Δ
Total revenue, SEK m	748	736	2%
Software licences, SEK m	174	171	2%
Licence margin	92%	91%	1 %
Professional services, SEK m	363	334	9 %
Consultant margin	22%	24%	-2%
Hardware and other revenue, SEK m	211	231	-9%
Hardware margin	19%	18%	1%

The IBS Group's earnings after financial items improved during the fourth quarter to SEK 63 m (62). The comparison figures for 2004 include income from the subsidiary IBS Public Services, which was divested in March 2005.

Revenues from professional services increased by 9% to

SEK 363 m (334). The professional services margin declined to 22% (24), primarily due to weak demand for professional services in France and Colombia.

Hardware and other revenue declined by 9% to SEK 211 m (231). The margin increased by 1 percentage point to 19%, meaning that the effect on consolidated net earnings was only marginal.

Company acquisitions

In October, IBS acquired the systems development company Iptor AB, a niche company in the segments working with open-source business solutions, Java and integration.

Development per region

Sweden: During the year, IBS reversed the negative earnings trend and achieved an operating profit of SEK 2 m for the full-year 2005 (-55). The improvement in earnings was achieved through significant cost reductions in combination with an improvement in the professional services margin. The introduction of a sector-focused organization also contributed to increased efficiency and competitiveness.

Other Nordic countries: Operations showed an increase in licence sales and revenues from professional services. In Finland, earnings improved strongly, compared with the preceding year. The trend in Denmark remained positive, with higher earnings than in the preceding year. IBS' Norwegian operations also showed a positive trend with continued favourable profitability during 2005.

Rest of Europe: Most IBS companies in Europe showed a positive trend during the year. Significant improvements in earnings were noted particularly in Belgium and the Netherlands. Operations in Germany, the UK and Poland have also experienced positive development. Demand remained weak in France.

The contract with PaperlinX, that was signed in September, with up to 4,000 users in 18 European countries has the potential to become IBS' largest installation to date.

The divested subsidiary IBS Public Services was included in the 2004 comparison figures, as well as during the first two months of 2005.

Rest of the world: During the year, IBS advanced its positions in Australia, Asia and the US. Operations in Australia increased significantly with the acquisitions of TMS and IDS during the first half of 2005. The partnership with Hitachi Maxell was further expanded through new installations in Asia and the US. In the US, IBS took market shares in the areas of pharmaceuticals and book distribution through several new customer contracts in these areas. In Colombia, the market was weak, while the Brazilian market developed well.

Significant events after the closing date

The IBS Board of Directors has decided to begin recruitment of a new President and CEO for IBS. Magnus Wastenson will leave IBS in conjunction with the Annual General Meeting on May 9, 2006. According to contract, severance terms amount

to 24 monthly salaries.

As of January 1, 2006, IBS introduced a new organization. The current Area organization is being replaced by a new organization based on both industry and geographic market that is intended to strengthen the company's position internationally within prioritized market segments. The introduction of the new organization does not affect IBS' segment reporting, however, which even in the future will consist of four geographic regions.

At the beginning of January after the closing date, IBS signed a global agreement with Cognos regarding a partnership in the area of business analysis and control.

Business concept and software

IBS software is specially developed for efficient supply chain management, CRM, procurement, logistics, demand-driven manufacturing and financial control.

During the year, IBS increased market share through acquisitions and new customer contracts in such areas as pharmaceutical distribution, the automotive industry, book distribution and several other transaction-intensive sectors. The overall strategy is to continue to strengthen the company's position as a leading international supplier of software and professional services in supply chain management and selected market segments.

During 2006, IBS will focus sales on the new software release IBS Enterprise 6.0 with enhanced functionality and a new Java interface. During the fourth quarter of 2006, this business solution will also be introduced for other IT platforms, including Windows.

Sales of IBS Integrator, IBS software for efficient data and application integration, developed very positively during the year, with some 90 licences sold.

Liquidity and financial position

The Group's financial position remains strong. At December 31, consolidated shareholders' equity amounted to SEK 1,173 m (526), while the equity/assets ratio was 48% (33). Liquidity increased to 136% (95).

Cash flow from operating activities during the year amounted to SEK 81 m (85). During the fourth quarter, cash flow amounted to SEK 68 m (47). Cash flow from investments was positive in an amount of SEK 330 m (-125) for the full-year and SEK -48 m (-42) for the quarter.

Liquid funds including short-term investments amounted to SEK 676 m (154) at December 31, 2005. In addition, there were credit facilities totalling SEK 48 m (86).

The Group's interest-bearing debt was SEK 459 m (294) at December 31, 2005. Excluding debts to leasing companies, the corresponding amount was SEK 430 m (262).

Investments

The Group's investments in equipment amounted to SEK 35 m (30) during the year.

Tax

Tax for the period, as reported in the income statement, amounted to an expense of SEK -32 (-24) and consisted of SEK -20 m (-32) in current tax and SEK -12 m (8) in deferred tax. Tax paid during the period amounted to SEK 25 m (34).

Currency

IBS' currency risk is limited in that virtually all operative subsidiaries invoice in the same currency as expenses are incurred. Major currency transactions are hedged. During the year, SEK decreased in relation to the IBS Group's currency basket. This meant that the increase in revenues and costs was two percentage points lower in fixed currency and that income was only marginally affected. During the fourth quarter, SEK declined by about 4 percentage points relative to the IBS Group's currency basket.

Personnel

The number of employees totalled 1,911 persons at December 31, 2005, an increase of 10 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 167 m (167) and earnings after financial items to SEK 670 m (25). Earnings include dividends from subsidiaries totalling SEK 50 m (87), a write-down of shares in subsidiaries of SEK -47 m (-63) and capital gains from the sale of subsidiaries amounting to SEK 611 m (0).

The IBS share

The price of the IBS share increased by 88% during the year, and the share price at 31 December 2005 was SEK 24.50. 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. All warrants were allocated to employees. Each warrant entitles the holder to subscribe for one new B share during 1-31 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 7.50.

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 full year 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 1 January, 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

An increasing number of companies are reviewing their software solutions in order to improve or replace all or part of their systems. This creates prerequisites for a positive investment climate in 2006 and the years ahead.

With the support of a strong balance sheet, IBS has initiated an action program intended to accelerate the company's specialization in selected industry segments with the objective of further increasing competitiveness and profitability. IBS' strategy includes continued acquisition of companies that add supplementary sales channels and customers.

Examples of industries in which IBS anticipates significant sales growth and increased market shares over the coming years are pharmaceutical distribution, paper, the automotive industry, electronics, book distribution and other transaction-intensive wholesale operations.

Forecast for 2006

IBS has initiated an accelerated action program for growth in selected industry segments and gradually improved profitability. For the full-year 2006, IBS foresees a profit margin of about 5% after financial items.

Annual General Meeting and Nomination Committee

The Annual General Meeting will be held at 6:00 p.m. on May 9, 2006 at World Trade Center in Stockholm. Prior to the Meeting, a buffet will be served starting at 5:15 p.m.

IBS' Chairman, Lars Nyberg, has undertaken, after contacting the ten largest shareholders according to the share register as at December 31, 2005, to propose Board members for 2006. The proposal will be presented in the notice to attend the IBS Annual General Meeting. Other shareholders are also welcome to submit proposals by contacting Lars Nyberg, before 1 March 2006, by telephone on +46 (0) 8 627 2398 or by fax +46 (0) 8 29 16 60.

One-time dividend

The Board of Directors and the CEO propose a one-time dividend of SEK 2.00 per share.

Proposal to repurchase own shares

The Board of Directors proposes that the Annual General Meeting grants authorization to the Board of Directors to take decision on repurchasing of shares in IBS AB corresponding to a maximum of 10% of the total number of shares. Conditions will be distributed in conjunction with the notice to attend the Annual General Meeting.

Reporting dates

- The Interim Report for the period January to March will be published on April 26, 2006.
- The Annual General Meeting will be held on May 9, 2006. The report from the AGM will be published on May 10, 2006.
- The Interim Report for the period January to June will be published on August 17, 2006.
- The Interim Report for the period January to September will be published on October 24, 2006.
- The Year-end Report for the full-year 2006 will be published in February 2007.

Solna, 2 February, 2006

Magnus Wastenson

PRESIDENT AND CEO

IBS AB

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

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Consolidated income statement

SEK million	2005 Oct-Dec	2004 Oct-Dec	05/04 %	2005 Full Year	2004 Full Year	05/04 %	2003 ¹⁾ Full Year
Revenue							
Software licences	173.7	171.1	2%	519.4	524.3	-1%	532.1
Professional services	363.1	333.8	9%	1 253.0	1 246.8	0%	1 238.5
Hardware and other revenue	211.0	231.4	-9%	603.6	593.0	2%	630.1
Total revenue	747.8	736.3	2%	2 376.0	2 364.1	1%	2 400.7
Cost of revenue							
Software licences	-13.7	-16.1	-15%	-40.5	-61.5	-34%	-62.8
Professional services	-282.6	-255.2	11%	-987.9	-978.2	1%	-1 011.6
Hardware and other costs	-170.7	-189.2	-10%	-492.7	-480.4	3%	-507.4
Total cost of revenue	-467.0	-460.5	1%	-1 521.1	-1 520.1	0%	-1 581.8
Gross profit	280.8	275.8	2%	854.9	844.0	1%	818.9
Product development costs	-66.6	-60.1	11%	-242.8	-220.7	10%	-220.3
Sales and marketing costs	-71.7	-68.8	4%	-259.2	-266.2	-3%	-285.3
General and administrative costs	-79.7	-80.3	-1%	-284.8	-291.2	-2%	-286.6
Other operating income *	-0.3	-	-	571.1	-	-	-
Operating profit	62.5	66.6		639.2	65.9		26.7
Financial items							
Interest income	2.7	1.4		9.7	3.8		5.5
Interest expenses	-1.6	-4.8		-9.7	-12.3		-13.5
Other financial items	-0.7	-1.7		14.5	-1.6		-0.3
Earnings after financial items	62.9	61.5		653.7	55.8		18.4
Tax	-22.3	-25.8		-31.6	-24.4		25.0
Minority holdings	-	-		-	-		-0.8
Net profit for the period	40.6	35.7		622.1	31.4		42.6
Whereof majority owners share	40.7	36.1		622.0	31.5		-
Whereof minority owners share	-0.1	-0.4		0.1	0.1		-
Earnings per share (SEK)	0.51	0.45		7.81	0.39		0.54
Earnings per share after dilution (SEK)	0.49	0.44		7.58	0.39		0.53
Average number of shares (thousand)	79 608	79 608		79 608	79 608		79 608
Average number of shares after dilution (thousand)	82 244	80 819		82 026	81 023		80 122

* Capital gain from sale of subsidiary

¹⁾ Not recalculated to new accounting principles according to IFRS.

Segment analysis, Full year	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	80.9	78.9	54.0	45.3	262.0	343.9	114.4	57.3	8.1	-1.1	519.4	524.3
Professional services	324.9	347.5	221.5	212.9	496.7	564.0	199.8	122.2	10.1	0.2	1 253.0	1 246.8
Hardware and other revenue	189.4	170.3	67.3	73.4	301.8	312.7	43.5	35.1	1.6	1.5	603.6	593.0
	595.2	596.7	342.8	331.6	1 060.5	1 220.6	357.7	214.6	19.8	0.6	2 376.0	2 364.1
Inter-segment revenue	7.1	-14.9	8.9	7.9	24.8	8.4	1.0	-0.1	-41.8	-1.3	0.0	0.0
Total revenue	602.3	581.8	351.7	339.5	1 085.3	1 229.0	358.7	214.5	-22.0	-0.7	2 376.0	2 364.1
Segment operating profit	1.9	-55.2	16.5	-3.9	27.2	72.0	11.5	14.9	582.1	38.1	639.2	65.9

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 31 Dec	2004 31 Dec	2003 ¹⁾ 31 Dec		2005 31 Dec	2004 31 Dec	2003 ¹⁾ 31 Dec
ASSETS				EQUITY AND LIABILITIES			
Capitalised product development costs	204.2	157.3	116.7	Majority holders	1 174.4	523.8	569.4
Goodwill	435.8	251.6	237.8	Minority holders	1.7	2.0	-
Other intangible assets	49.5	3.7	4.0	Total equity	1 173.1	525.8	571.4
Intangible assets	689.5	412.6	358.5	Minority holdings	-	-	1.6
Tangible assets	104.1	93.8	123.8	Liabilities			
Deferres tax receivables	135.2	127.3	90.2	Liabilities to credit institutions	112.5	40.9	57.9
Other financial assets	15.7	12.2	11.1	Deferred tax	19.8	7.8	5.0
Financial assets	150.9	139.5	101.3	Provision for pensions and guarantees	13.4	16.6	10.1
Total fixed assets	944.5	645.9	583.6	Other long-term liabilities	26.1	13.7	23.4
Inventories	6.8	2.9	6.5	Long-term liabilities	171.8	79.0	96.4
Accounts receivable	648.7	646.3	564.0	Liabilities to credit institutions	346.5	252.8	190.0
Tax receivables	13.6	11.1	8.7	Accounts payable	165.7	132.3	153.1
Other receivables	158.4	112.3	125.3	Income tax liability	1.5	9.8	8.0
Current assets	820.7	769.7	689.0	Other current liabilities	589.8	572.3	414.5
Liquid funds	676.4	153.5	144.9	Short-term liabilities	1 103.5	967.2	765.6
Total current assets	1 503.9	926.1	849.4	Total liabilities	1 275.3	1 046.2	862.0
TOTAL ASSETS	2 448.4	1 572.0	1 433.0	TOTAL EQUITY AND LIABILITIES	2 448.4	1 572.0	1 433.0

Change in Group equity

SEK million	2005 31 Dec	2004 31 Dec	2003 ¹⁾ 31 Dec
Opening balance 1 Jan	525.8	569.4	517.8
Effect of change in accounting principles *	-	-72.3	-
Adjusted opening balance 1 Jan	525.8	497.1	517.8
Warrants	-	0.4	6.3
Net profit for the period	625.4	31.4	42.6
Translation differences for the period	21.9	-3.1	2.7
Closing balance 31 Dec	1 173.1	525.8	569.4
Whereof majority owners share	1 171.4	523.8	569.4
Whereof majority owners share	1.7	2.0	-

*The amount consists 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), adjustment of minority interest SEK 1.6m to equity and revaluation of pension commitments SEK -6.2m.

Changes in pledged assets and contingent liabilities

SEK million	2005 31 Dec	2004 31 Dec	Change
Corporate mortgages	0.3	3.5	-3.2
Pledged shares in subsidiaries	127.7	109.8	17.9
Assets charged with ownership reservation	62.9	48.2	14.7
Other contingent liabilities	22.3	23.9	-1.6

Consolidated cash flow analysis

SEK million	2005 Oct-Dec	2004 Oct-Dec	2005 Full year	2004 Full year	2003 ¹⁾ Full year
<i>Operating activities</i>					
Earnings after financial items	62.9	61.5	653.7	55.8	18.4
Adj. to reconcile earnings after fin. items to cash	28.4	30.2	-489.3	100.5	125.7
Tax paid	-6.7	-15.7	-24.5	-33.8	-17.5
Cash flow from operating activities before changes in working capital	84.6	76.0	139.9	122.5	126.6
<i>Changes in working capital</i>					
Inventories	-1.9	2.4	-1.6	3.6	-1.3
Operating assets	-227.4	-223.6	-9.1	-81.5	138.1
Operating liabilities	212.6	192.0	-48.7	40.3	-145.2
Cash flow from operating activities	67.9	46.8	80.5	84.9	118.2
<i>Investing activities</i>					
Acquisition of subsidiaries and operations	-2.7	-4.9	-185.5	-14.9	-8.0
Sale of subsidiary and operations	-	-	649.6	-	-
Change, intangible assets	-28.7	-28.4	-96.7	-89.9	-74.9
Change, tangible assets	-13.2	-9.0	-34.8	-18.8	-50.1
Change, financial assets	-3.5	0.8	-2.5	-0.9	3.4
Cash flow from investing activities	-48.1	-41.5	330.1	-124.5	-129.6
<i>Financing activities</i>					
Warrants	-	0.4	-	0.4	6.3
Net change, loans	-19.6	18.6	104.5	50.4	-9.3
Cash flow from financing activities	-19.6	19.0	104.5	50.8	-3.0
Cash flow for the period	0.2	24.3	515.1	11.2	-14.4
Liquid assets, beginning of period	674.5	132.8	153.5	144.9	169.3
<i>Translation differences in liquid assets</i>	1.7	-3.6	7.8	-2.6	-10.0
Liquid assets, end of period	676.4	153.5	676.4	153.5	144.9

Key figures and data per share

Key figures	2005 Oct-Dec	2004 Oct-Dec	2005 Full year	2004 Full year	2003 ¹⁾ Full year
Average number of employees	1 912	1 901	1 874	1 915	1 963
Revenue per employee (SEK thousand)	391	387	1 268	1 235	1 223
Value added per employee (SEK thousand)	230	229	1 043	717	669
Operating margin %	8.4	9.0	26.9	2.8	1.1
Capital turnover ratio	0.3	0.5	1.2	1.6	1.6
Return on total capital %	2.8	4.6	33.0	4.5	2.1
Return on capital employed %	3.9	8.2	53.5	8.2	4.0
Return on equity %	3.5	7.0	73.2	5.7	7.8
Ratio of risk capital %	49	34	49	34	40
Liquidity %	136	95	136	95	110
Equity to total assets ratio %	48	33	48	33	40
Interest cost cover ratio	40	14	68	6	2
DSO (Days of sales outstanding)	50	48	56	57	55
Key figures per share					
Net profit	0.51	0.45	7.81	0.39	0.54
Net profit after dilution	0.49	0.44	7.58	0.39	0.53
Adjusted equity	14.74	6.60	14.74	6.60	7.15
Adjusted equity after dilution	14.73	6.77	14.67	6.75	7.35
Cash flow from operating activities	0.85	0.59	1.01	1.07	1.48
Cash flow from operating activities after dilution	0.83	0.58	0.98	1.05	1.48
Share data					
Average number of shares (thousand)	79 608	79 608	79 608	79 608	79 608
Average number of shares after dilution (thousand)	82 244	80 819	82 026	81 023	80 122
Total no. of shares (thousand)	79 608	79 608	79 608	79 608	79 608
Total no. of warrants (thousand)	4 000	9 000	4 000	9 000	9 000
Average share price	22.01	11.95	18.97	13.48	8.27

Analysis

4th Quarter

Full year

Analysis of revenue growth between the years (%)						
	05/04	04/03	03/02 ¹⁾	05/04	04/03	03/02 ¹⁾
Volume increase (average no. of staff)	-6%	-3%	-7%	-5%	-3%	-9%
Acquisitions/disposals	-2%	1%	0%	0%	1%	-1%
Price and efficiency change	6%	11%	9%	4%	1%	7%
Growth rate, internally influenced	-2%	9%	2%	-1%	-1%	-3%
Influence of exchange rate fluctuation	4%	-3%	-3%	2%	0%	-2%
Influence of new IFRS principle	-	-5%	-	-	0%	-
Total growth rate	2%	1%	-1%	1%	-1%	-5%
Gross profit per revenue stream (SEK million)						
	2005	2004	2003	2005	2004	2003
Software licences	160	155	173	479	463	469
Professional services	81	79	67	265	269	227
Hardware and other revenue	40	42	44	111	112	123
Total	281	276	284	855	844	819
Gross margin in % per revenue stream						
	2005	2004	2003	2005	2004	2003
Software licences	92%	91%	90%	92%	88%	88%
Professional services	22%	24%	20%	21%	22%	18%
Hardware and other revenue	19%	18%	22%	18%	19%	19%
Total	38%	37%	39%	36%	36%	34%
Type of revenue in % of total revenue						
	2005	2004	2003	2005	2004	2003
Software licences	23%	23%	27%	22%	22%	22%
Professional services	49%	45%	46%	53%	53%	52%
Hardware and other revenue	28%	32%	27%	25%	25%	26%
Total	100%	100%	100%	100%	100%	100%
Operating costs in % of revenue						
	2005	2004	2003	2005	2004	2003
Product development costs	9%	8%	8%	10%	10%	9%
Sales and marketing costs	9%	9%	10%	11%	11%	12%
General and administrative costs	11%	11%	10%	12%	12%	12%
Total	29%	28%	28%	33%	33%	33%
Depreciation (SEK million)						
	2005	2004	2003	2005	2004	2003
Goodwill (incl. write-down)	0	-	-8	-3	-	-30
Capitalised product development costs	-9	-12	-11	-49	-48	-47
Other fixed assets	-13	-5	-11	-47	-46	-55
Total	-22	-17	-30	-99	-94	-132

Outcome per quarter								
SEK million	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2005 Q1 ²⁾	2005 Q2	2005 Q3	2005 Q4
Software licences	102.6	126.2	124.5	171.1	109.0	119.1	117.6	173.7
Total revenue	561.9	570.8	495.2	736.3	550.6	557.9	519.7	747.8
Operating profit	-0.4	0.2	-0.4	66.6	573.4	5.0	-1.7	62.5
Earnings after financial items	-3.9	-0.2	-1.6	61.5	578.5	10.8	1.6	62.9

²⁾ 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 29.5m for the full year 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 2.0m in equity 31 December 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 full year 2004 by SEK 0.1m.

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 effect 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 the full year 2004 was SEK -2.5m lower than what was recorded according to earlier principles. The net result, including deferred taxes of SEK 0.7m, was therefore SEK -1.8m lower. The total effect on the Group's equity including currency translation differences, as of 31 December 2004, amounted to a decrease of SEK -69.5m.

Income statement

Full year 2004

SEK million	Previous principles	Changed principle		IFRS
Software licences	526.8	-2.5	C	524.3
Professional services	1 246.8			1 246.8
Hardware and other revenue	593.0			593.0
Total revenue	2 366.6	-2.5		2 364.1
<i>Cost of revenue</i>				
Software licences	-61.5			-61.5
Professional services	-995.5	17.3	A	-978.2
Hardware and other revenue	-480.4			-480.4
Gross profit	829.2	14.8		844.0
Product development costs	-223.9	3.2	A	-220.7
Sales and marketing costs	-270.1	3.9	A	-266.2
General and administrative costs	-296.4	5.2	A	-291.2
Operating profit	38.8	27.1		65.9
Financial items	-10.1			-10.1
Earnings after financial items	28.7	27.1		55.8
Tax	-25.1	0.7	C	-24.4
Minority holdings	-0.1	0.1	B	0.0
Net profit for the year	3.5	27.9		31.4
Majority holdings				31.5
Minority holdings		-0.1	B	-0.1

Balance sheet

31 Dec 2004

SEK million	Previous principles	Changed principle		IFRS
Goodwill	222.2	29.4	A	251.6
Other intangible assets	160.6	0.4		161.0
Other fixed assets	106.3	-0.3		106.0
Deferred tax receivables	100.2	27.0	C	127.2
Current assets, Cash and bank	926.2			926.2
Total assets	1 515.5	56.5		1 572.0
Total equity	563.7	-37.9	A,B,C	525.8
Minority holdings	2.0	-2.0	B	0.0
Long-term liabilities	79.0			79.0
Current liabilities	870.8	96.4	C	967.2
Total equity and liabilities	1 515.5	56.5		1 572.0

Recalculated quarterly results for 2004 according to IFRS

2004 per quarter	Q1	Q2	Q3	Q4	Full year
Earnings after financial items 2004 according to previous principles	8.2	-29.6	-37.3	87.4	28.7
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
Earnings after financial items 2004 according to IFRS	-3.9	-0.2	-1.6	61.5	55.8

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.