

19
97



Annual General Meeting

The Annual General Meeting of Industrial & Financial Systems AB (IFS) will be held on May 18, 1998, at 5:00 p.m. in the Collegium premises, Teknikringen 7-9. Linköping, Sweden. Shareholders who wish to participate in the Meeting must notify IFS, (Attention: Eva von Walden), by mail addressed to Teknikringen 5, S-583 30, Linköping, Sweden, or by telephone: +46 (0)13 20 15 00. Such notice must be received by IFS not later than Wednesday, May 13, 1998 and must include the shareholder's name, personal or organization number, and number of shares held. Shareholders who have given notice of intention to attend, and who on May 8, 1998 are recorded in the IFS share register maintained by VPC (Swedish Central Securities Depository), are eligible to vote at the Meeting. Accordingly, shares registered in the name of a trustee must be temporarily reregistered in the shareholder's name not later than that date.

Industrial & Financial Systems, IFS AB (publ), org.nr 556122-0996
Teknikringen 5, 583 30 Linköping

Tel: +46 (0)13 20 15 00

Fax: +46 (0)13 20 15 01

E-Mail: info@ifsab.se

Internet: www.ifsab.com



This is IFS

IFS develops and supplies IFS Applications used by medium- and large-size companies. Our business concept is to increase the freedom of action and competitiveness of companies by offering standardized business systems based on leading technologies.

IFS is active throughout the world. Its products are sold in 28 countries in Europe, Japan, the Middle East, Asia, North America and South America.

IFS Applications is a complete ERP system for all of a company's business processes; it covers design, manufacturing, distribution, maintenance, finance and human resources. The system is based on a thoroughly applied component concept. It can be readily adapted to the needs of individual customers and is equipped to handle the changeover to the year 2000 and the Euro. IFS Applications is one of the first business systems in the market that has been developed entirely using object technology.

Contents

This is IFS	1	1997 ANNUAL REPORT	37
Financial report dates	2	Administration Report	38
1997 in brief	3	Income statement	40
Five-year summary	3	Balance sheet	41
President’s message	4	Statement of changes in	
Set your business free	8	Financial position	43
IFS Applications	10	Notes to the financial statements	44
Freedom knows no boundaries	20	Auditors’ report	54
Personnel	22	IFS share data	55
		Board of Directors,	
OPERATIONS IN 1997	25	senior executives and auditors	57
Development 1997	26	Five-year financial trend	59
Organisation	29	Definitions	61
Business development, by area	30	Glossary	62
Product development	32		

Financial Report Dates

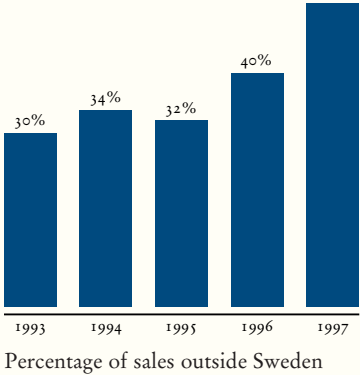
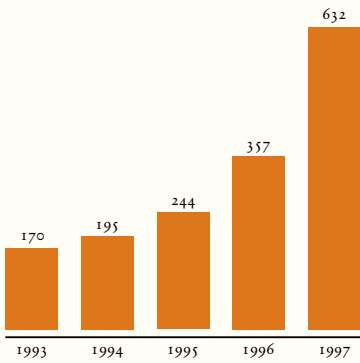
The Company plans to release information on 1998 operations on the following dates.		
THREE-MONTHS 1998 INTERIM REPORT	JANUARY - MARCH	MAY 26, 1998
SIX-MONTHS 1998 INTERIM REPORT	JANUARY - JUNE	AUGUST 26, 1998
NINE-MONTHS 1998 INTERIM REPORT	JANUARY - SEPTEMBER	NOVEMBER 26, 1998
PRELIMINARY REPORT ON 1998 OPERATIONS		FEBRUARY 25, 1999
ANNUAL REPORT		APRIL, 1999
ANNUAL GENERAL MEETING		MAY, 1999

1997 in brief

- Net sales increased by 77%, to SEK 632 M. The increase in the fourth quarter, when sales amounted to SEK 261 M, was 92%.
- License revenues rose by 139%, to SEK 208 M.
- The number of employees increased by 87% and amounted to 1,128 at December 31, 1997.
- IFS Applications was launched in its entirety using object-oriented technology. All parts of the new version are now being used by a number of our customers.
- Strategic acquisitions were made in Sweden, Denmark, France and Brazil during the year.
- A new issue of shares that yielded SEK 223 M, net, was effected in June 1997. IFS shares were listed on Stockholm Börs Information (SBI) in connection with the issue. Up to and including March 31, 1998, the price of the shares has risen 58% since the date of the issue.
- The Company’s geographical markets were divided into six areas: Asia, America, C&EE (Central and Eastern Europe), EMEA (Europe, Middle East and Africa), Nordic Region and Japan.
- The sales and marketing organization in the United States was strengthened; this helped to increase the percentage of sales in North and South America from 6% to 11%.
- Operations in Asia and Japan were restructured to provide better support to the partner network.
- IFS reported a loss of SEK 39 M after net financial items. Profit after net financial items in the fourth quarter amounted to SEK 26 M. Full-year earnings in the Nordic Region amounted to SEK 45 M.

Five-year summary

	1993	1994	1995	1996	1997
Net sales, SEK M	170	195	244	357	632
Increase in sales	40%	15%	26%	46%	77%
Sales outside Sweden	30%	34%	32%	40%	52%
Average number of employees	212	256	344	508	852
Product development costs, SEK M	25	38	45	72	117
Profit/loss after net financial items, SEK M	9	4	6	1	-39
Equity/assets ratio (solidity)	16%	12%	11%	44%	48%
Total assets, SEK M	126	150	177	299	687
Liquidity	1,3	1,0	1,1	1,7	1,6



President's message

The answer lies in our prospectus prepared in connection with the new issue of IFS shares and their listing on the Stockholm Börs Information (SBI) in June 1997: "The objective of IFS over the next few years is to increase the company sales considerably in order to achieve the critical volume and the benefits of scale required to generate good profitability while maintaining a high standard in product development." This objective still applies to the highest degree.

We are on the right track. The objective for 1997 was to increase net sales, through a combination of organic growth and acquisitions, by at least 60%. The actual increase amounted to 77%, to SEK 632 M.

Our marketing expansion and investments in product development is costly and, over the short term, are difficult to combine with good profitability. Our R&D expenditures, as a percentage of sales, are among the highest in the industry. The new issue of shares that provided SEK 223 M has made these investments possible.

Our forecasts at mid-year showed that we would have a profit in 1997. The actual result for the year, a loss of SEK 39 M, was weaker than we had expected, although we showed a profit in the fourth quarter. There are two primary reasons for the deviation: an increase in efforts in the United States at the end of 1997, and weaker sales and higher costs than were expected in operations in Denmark that

were acquired during the year.

How much emphasis should be placed on growth? Is it necessary, as some analysts believe, to be among the three or four largest companies in the world in the business systems market segment within a few years? I am convinced that this is not necessary. In all fields there are more than three or four players that are growing and that are profitable. The normal situation is that new players enter the field and others drop out in the course of continuous restructuring. The business systems sector is not a narrow, well-defined niche; it is multidimensional. Examples of dimensions include technology, industry specialization, service content, forms of licensing and forms of distribution. Over the years we have concentrated on a number of industries and business processes in which we have clear competitive advantages. We formalized this approach in 1997 and we will continue on that path.

IFS grew both organically and through acquisitions in 1997. Acquisitions in Brazil, Denmark, France and Sweden contributed 17% of the Group's sales, calculated from the dates of acquisition. A substantial part of the growth is thus organic. Thanks to its strong corporate culture, modern products and efficient methods, IFS is able to grow rapidly while maintaining the quality of its project performance and the involvement of its employees. We hired 377 new

» IFS ranks at the top among suppliers of business systems in terms of growth rate. We are number one or number two, depending on the method of calculation used. Why is growth so significant? »

employees during the year, increasing the staff by 62% compared with the number at the beginning of the year, not including employees gained through acquisitions. Despite the high rate of hiring, we were able to keep employee turnover at a low 7%.

Market trend

Analysts are largely in agreement that the growth in the business systems sector will amount to around 30% per year during the next few years. However, some analysts foresee a rapid leveling off of the increase in demand that is being driven by the "year 2000 problem." We have already noted this trend. Many companies, large as well as small, are waiting and prefer to make changes in old systems rather than risk not being ready if they change their systems. Even so, IFS is growing twice as fast as the market. The old systems that are being changed will certainly be able to handle the millennium change, and perhaps the changeover to the Euro, but they will hardly offer their users the competitive advantages that a modern business system can provide. I therefore expect to see strong general demand continuing well into the next century.

Moreover, restructuring, deregulation and privatization that are increasing the demand for business systems are under way in many of IFS' operating areas. One example is the electricity market, where a rapid transformation is under way throughout the world - with new players, new modes of distribution and new trading places. We already hold a strong

position in the energy market as well as in other markets with similar trends. Our base, the Nordic Region, is one of the world regions in which the transformation is taking place most rapidly. The Nordic companies, many of which are our customers, are imposing high demands. We have good prospects for continuing to grow more rapidly than the market in general in the future.

Technology shift

IFS is in the forefront when it comes to applying object- and component-technology. All parts of IFS Applications employing the new technology were completed during the year. This development project, which was started at the end of 1994, comprises - in addition to the visible parts of the system - the entire architecture and method of development. The

first customer installations were made in the beginning of 1996. At the end of 1997 all parts of the new IFS Applications were in operation at customer

sites. I am highly pleased with the results. We have achieved significantly improved quality and efficiency in our product development. The product has been very well received and contributed to our increased sales, despite the fact that the full effects were not felt until the latter part of the year. Our success was further confirmed by the selection of IFS Applications as the "business system of the year" in Norway.

The component technology offers distinct advantages for our customers. It gives them a system that is faster and simpler to install, and which gives

them greater freedom of action. Component technology also offers greater freedom to change the system over the course of time, with respect to both technology and support for new business processes. How? Each component has a distinct function. The manner in which this function is performed does not affect other components. We and our customers are thereby equipped to deal with major complications in connections with changes in technology. Let me cite one example. As we all know, Microsoft, Sun and others are engaged in a power struggle to establish the "right" standard for Java software. The outcome of the battle will be of marginal importance to IFS. While Java is certainly an important component in our architecture, it is only a component. Changing from one version of Java to another involves limited work for us and our customers.

Organization

In order to utilize the Group's management resources more effectively and become more efficient in the fields of technical support, marketing and quality assurance, IFS' sales and service companies were organized in the following areas: The Nordic Region, EMEA (Europe, Middle East, Africa), C&EE (Central and Eastern Europe), America, Asia and Japan.

Investments in the marketing and sales organization in the U.S. began to yield results during the latter part of the year. As a result of the improvement in the U.S. and a number of large orders received in the acquired operations in Brazil, the percentage of Group sales in the Americas increased from 6% to 11%.

The Nordic operations reported good profitability, with earnings of SEK 45 M. With nearly 600 employees, IFS Nordic is the strongest supplier for NT and UNIX in the area. In Central and Eastern Europe, where IFS is continuing to expand, the in-

crease in sales amounted to 70%. In Western Europe, IFS UK was established as a support hub in London, and Eurinfo SA in France, with slightly more than 100 employees, was acquired during the year. Our partner operations in Greece, Saudi Arabia and Turkey were strengthened and important contracts were received in these markets during the year.

The Asian operations were restructured in 1997 in order to support our business partners in the region more efficiently. Our cooperation with NEC in Japan was strengthened. IFS Japan in Tokyo is the support hub for Japan and IFS Singapore handles business in the rest of Asia. Important orders were received in India, Hong Kong, Japan, Malaysia and Indonesia.

Outlook for 1998

IFS Applications gives our customers greater freedom of action by permitting more rapid installations and by supporting higher rates of change and longer life of the system. Our product, our business model and our employees provide the foundation for our expansion. IFS will continue to show strong growth in 1998. We are beginning to achieve the advantages of scale that are sought. This factor, together with an increased focus on growth in our earnings, is expected to yield improved results in 1998.

I want to conclude by thanking all employees for their fine efforts during the year. Your involvement has provided the foundation for our success - and this is promising for the future.



BENGT NILSSON
PRESIDENT



History has taught us not to become trapped in rigid systems.

Set your business free

New technologies and new values in recent years have changed competitive conditions and created new opportunities in business. A company's ability to adapt its organization and operations to the external environment rapidly, and at a reasonable cost, can be critical for its profitability – and existence.

IFS Applications is based on a technology that offers our customers greater flexibility and freedom of action than other business systems. Our basic promise to customers can be expressed in one word:

Freedom.

Our customers become free:

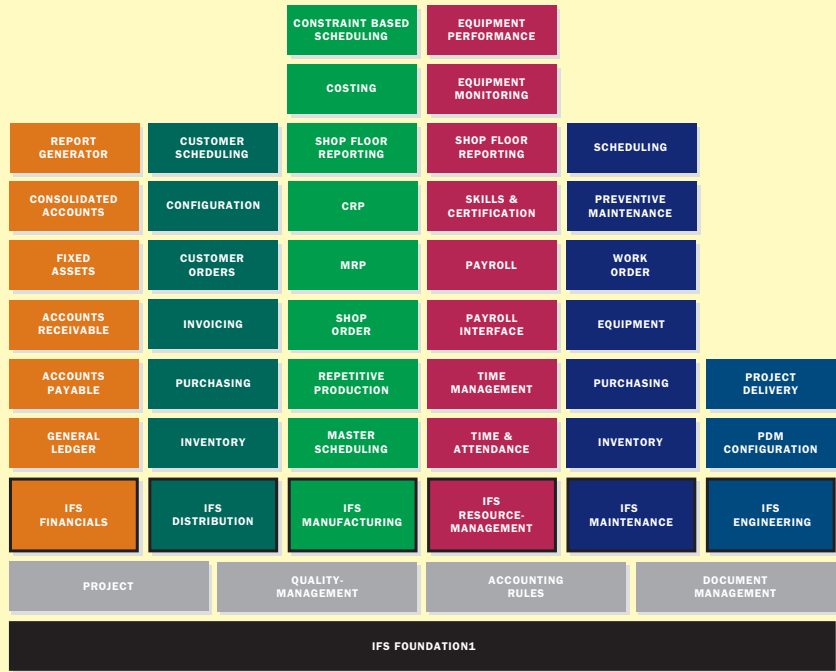
- To shape their business systems to meet their specific requirements.
- To change their way of doing business and take advantage of new opportunities as they arise.
- To utilize new technologies in IT without major upgrading.

“Freedom” is the concept that is to give us a clearly visible and strong position in our market. We communicate our position in the sentence:

Set your business free.

This is our long-term strategy for both product development and marketing. We will continue to work with technologies and system content as a means of increasing our lead.

Components are everything



There are three reasons why IFS can offer companies greater freedom to adapt and change than other suppliers of business systems.

The first is that we have progressed further when it comes to using the most flexible technologies that facilitate rapid changes. Our product is based solely on components in the form of some 40 standardized business modules that can be combined in various ways, plus a technical architecture with easily changeable parts.

Reason number two is our rapid implementations. They are made possible due to the component-based architecture that permits step-by-step installation, plus our comprehensive support methods.

The third reason is that the customers – with minimal expenditures – can change the system to conform with their wishes and conditions in the business environment throughout the life of the system.

Applications

The 40 business modules in IFS Applications can be combined to form standard solutions or industry-specific solutions.

Each of the standard solutions supports a specific part of a company's operations: finance, manufacturing, distribution, etc. The systems can be used separately or combined.

Each standard solution and industry-specific solution is a complete information system in itself – a stand-alone product that we are marketing in competition with the best systems in its field. Standard solutions and industry-specific solutions are in many cases only a foundation for the solution that we ultimately supply. The solution for an individual customer often consists of a selection of standard business modules adapted to the customer's requirements.

Decision-making is made easier by means of an advanced report-generator that is fully adapted to supply financial information. Among other features, the system offers unlimited search possibilities and complete tracking capability throughout the transaction flow,

from operational systems to the general ledger, or the reverse.

Distribution

IFS Distribution is a comprehensive system for handling products in all parts of the supply chain, from procurement and manufacturing to delivery and invoicing of orders. The system is based on a proactive rather than a reactive

approach; this helps to anticipate a company's needs, making it possible to address them promptly.

Advanced questioning functions support decision-making within the system's various business processes. For example, the choice of a supplier is made easier since the system user can analyze the quality and delivery reliability of companies.



"IFS Applications gives us complete control."
TOR WILLY AUSTERSLÅTT, NETCOM GSM, NORWAY.

Standard systems

Financials

IFS Financials is a comprehensive solution that tracks all financial processes and makes the information available to all authorized users. It supports the entire accounting process, from budgeting to follow-up. The accounting can be performed at various levels - project, plant or group level, for example.

Manufacturing

IFS Manufacturing offers a total overview of a product's life cycle. The system supports the entire manufacturing process, from design and development to warehousing, deliveries and after sales service.

The user obtains effective support for planning at the strategic, tactical and operating levels and is better able to optimize the manufacturing process in

Maintenance

With IFS Maintenance a company can boost its utilization of production capacity by increasing the availability of a plant and the reliability of plant operations.

The system comprises the administration and the planning of the total maintenance operations. It includes functions such as graphical scheduling, fully integrated document management and cradle-to-grave component tracking.

Human Resources

IFS Resource Management handles most of the functions involved in administrating human resources. The system covers such requirements as time-recording and payroll in both large and small organizations, regardless of the industry, the work method employed, or the geographical distribution of operations. A number of advanced tools for personnel administration are also offered.

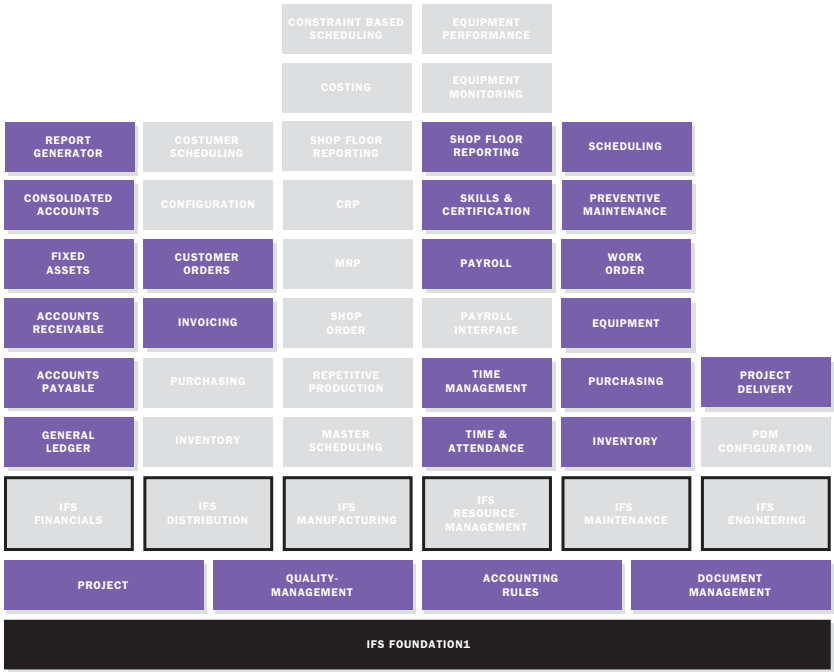
Engineering

IFS Engineering is the link that unifies a company’s design and manufacturing processes through the integration of CAD and supply chain systems. The solution comprises the various phases – technical, administrative and financial – of the design and development process.

Industry-specific systems

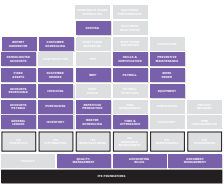
Utility

IFS Utility is designed primarily for companies that produce and distribute power. The system contains functions for administration of maintenance and materials, financial routines and document-processing. Customer-related projects that include the development of modules for customer care and billing are under way. IFS Utility can be combined with IFS Service Management for privatized operations and maintenance units.

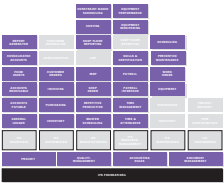


Selection of components for IFS Utility

Repetitive/Automotive manufacturing

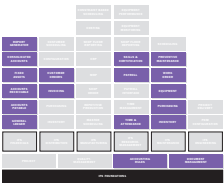


IFS Repetitive was developed primarily for suppliers to the automotive and electronics industries. These industries are characterized by rate-based manufacturing, close cooperation with large customers, a high degree of EDI-integration, large volumes and a focus on the entire supply chain. IFS Repetitive is based on IFS Manufacturing and IFS Distribution and uses a number of special modules to enhance the integration of customer and supplier.



Forest products

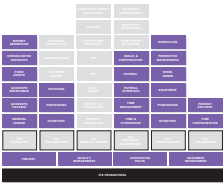
IFS Forest is designed for pulp and paper mills, manufacturers and converters of packaging, producers of flooring and other producers of building materials based on wood raw material. The system contains the greater part of the business modules, plus industry-specific additions used mainly in manufacturing planning and process control. The maintenance system occupies a prominent position since the forest products industry is capital-intensive and imposes high demands on the maintenance organization.



Service and Outsourcing

It is becoming increasingly common for companies and organizations in both the public and private sectors to concentrate on their core businesses, while support operations are assigned more distinct business responsibilities or are sold and become independent companies.

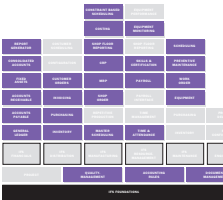
Operations and maintenance services are among those that are often spun off. The IFS Service Management system contains functional capabilities dealing with the service organization’s structure, production and control. It is based on our maintenance system in combination with other IFS Applications business modules such as Customer Orders and Invoicing as well as IFS Financials.



Telecommunications

IFS Telecom is designed for operators of fixed-wire and cellular services. The system supports both the build-up and subsequent maintenance of infrastructure. Control during the build-up phase is focused on project and cost control, configuration and the supply of materials.

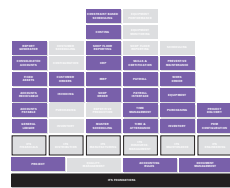
Data from the build-up phase provides complete documentation of the network and its components. This documentation serves as the foundation for the operations and maintenance phase in which the system supports service orders, the handling of war-ranties, the supply of spare parts, and the financial follow-up. IFS Telecom can be combined with IFS Service Management for use in privatized service organizations and those that are being converted to corporate form.



Batch-oriented process industries

The IFS Batch Process system is our system for use in a number of industries such as the chemical, steel and food industries. Batch Process manufacturing differs from a continuous

industry, for example, in that manufacturing is generally focused on the manufacturing of many different versions of products in different operations. The plants are generally small and production planning must solve specific problems such as sequencing (from light to dark colors). In addition to traditional ERP functions, the system supports the handling of prescriptions, quality follow-ups, sequencing, balancing, tracking and environmental and safety information.



Project-oriented manufacturing

IFS Complex Manufacturing supports three important pro-

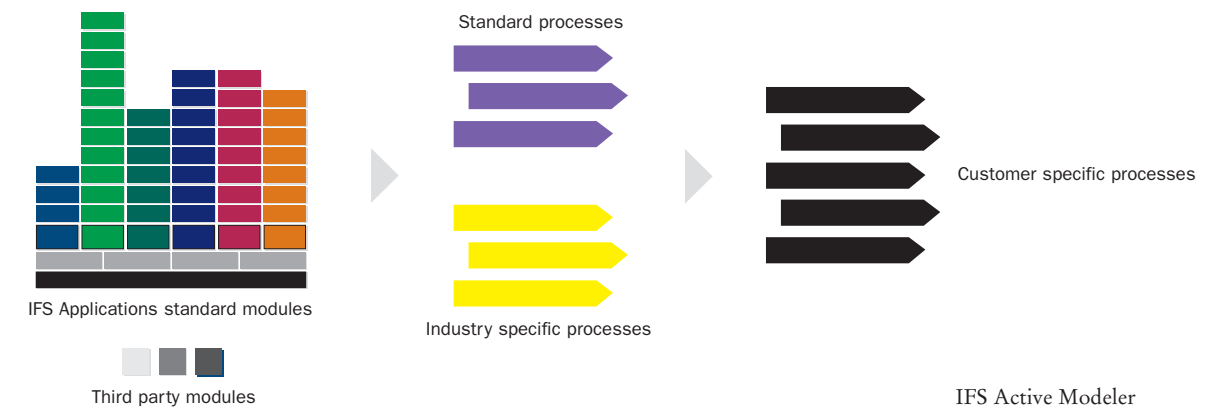
cesses that are characteristic of a project-oriented company: engineering and design, project-oriented development and manufacturing, and after sales service.

The products are generally engineered to order – manufactured in small series with specific variations or configurations for a given customer. IFS Complex Manufacturing supports the entire life cycle – including offering, design, procurement, manufacturing or assembly, testing, delivery and support in an integrated flow.



“IFS Applications is a very open system which makes it possible for us to interface with the design system and other applications in Kværner Oil & Gas.”

TOM QVISTGAARD, KVAERNER OIL & GAS, NORWAY.



IFS Active Modeler documents standard processes in IFS Applications as well as in the customer's business processes. The set-up of standard modules, and their performance, are then configured so that the delivered system supports the customer's needs and work method. Because roles and responsibilities are defined, each user obtains the precise set-up of routines and work flows that he or she should have.

The customer receives a detailed documentation of his/her system, which thereby becomes easier to understand and manage. Active Modeler is more than a drafting tool; it is built on a data base, which makes it possible to define and analyze the other important elements, including business objectives, roles, work instructions, responsibilities and measurements of efficiency.

Smooth installation with Active Enterprise

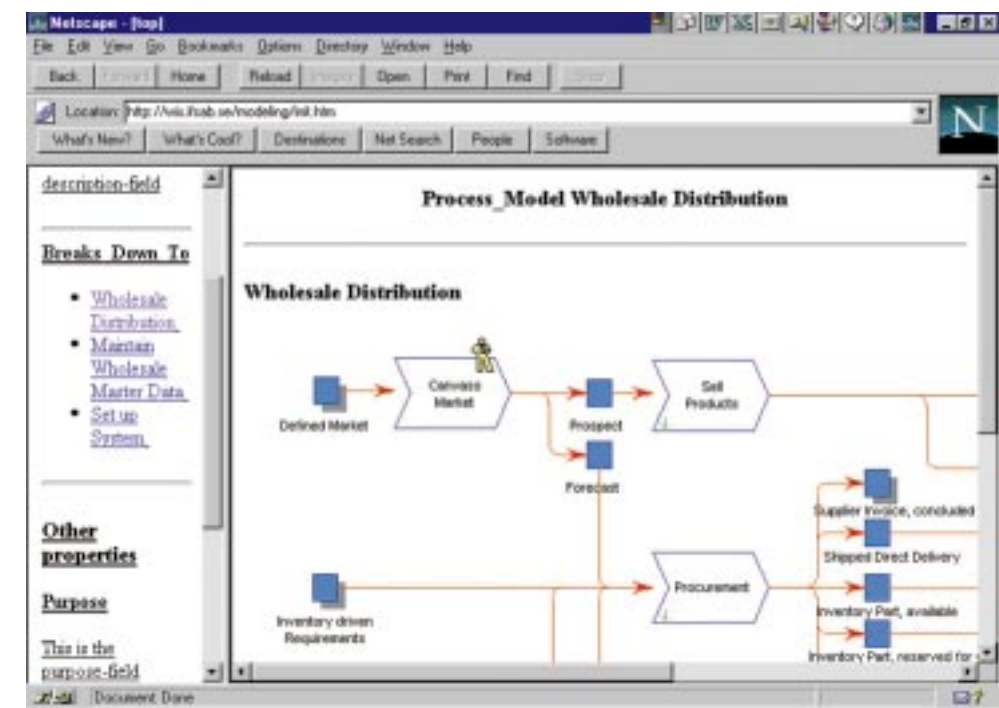
We have three important tasks when we install a business system:

1. The customer's requirements must be identified and the system must be configured to these requirements in the best possible way.
2. The implementation period must be short so that the system can become operational and profitable as rapidly as possible.
3. We must be able to offer good delivery capacity through the expertise and experience of employees and partners.

Moreover, following start-up of the system, our customers must be able to change and modernize the system actively and in a cost-effective manner throughout its entire life. IFS Active Enterprise is the collective name for our tools and methods that are used to support installations.

Process modeling

IFS Active Modeler is our tool for using business-process models as a dynamic part of IFS Applications. This involves linking and configuring standard components in the system to handle defined business processes.



Web presentation process modeling

Technology and architecture

One of the strengths of process modeling is that the customer obtains a standardized graphic description of its method of working. IFS Active Modeler also makes it possible to make models available in Web format, providing immediate access via the company's intranet, for example.

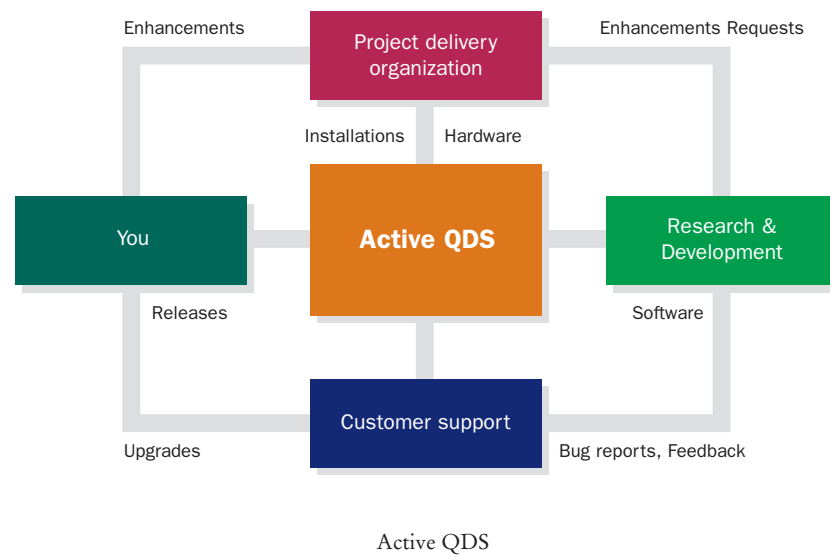
With the support provided by IFS Active Modeler, we can shorten the time involved in the selling process, in adapting a system, and in training customer employees and starting up the system. There is another important aspect of the word "Active". The tool is used not only to facilitate start-ups, but during operations as well. The changes that occur over time are documented continuously and drive the reconfiguration of the customer's system without major upgrading.

Support of methodology and quality assurance

Rapid installation of a business system shortens the period required to pay off the investment. We use our own method, IFS Active Implementation, which supports an installation from the very beginning until we hand the system over to the customer.

Active Implementation makes it possible for us to always implement IFS Applications in the same manner. This methodical way of working creates routines that reduce the amount of time required for a project while improving the quality. And it makes it easier to take on new partners and train new employees.

IFS Active Enterprise also includes Active QDS (Quality and Distribution System), our quality-control system, as well as Active Link, our message-processing system. All installations are documented in Active QDS: components, versions of IFS Applications, and customer-specific additions and integration.



The IFS Active Link system is used to record and follow-up fault reports, thereby helping to assure quality. It is based on message-processing, with the customer's help desk or system manager as the first recipient. Anything that cannot be handled at that level is routed to our delivery organization. Problems attributable to standard products are forwarded to IFS Research and Development.



Active Link

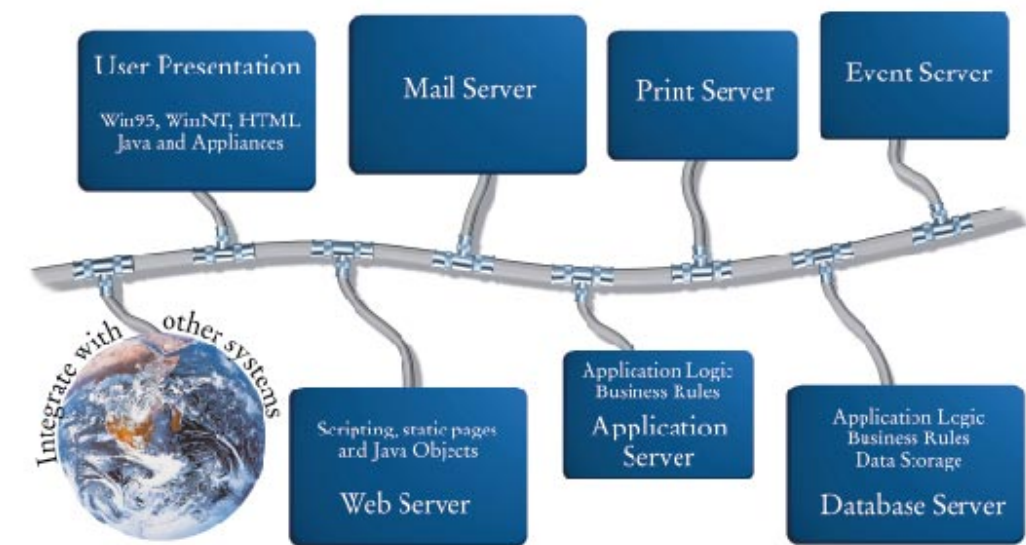
We decided from the beginning to base IFS Applications on open platforms. This means that our customers are largely free to select the computers and other equipment they want to use.

Because an open platform is employed, other system solutions and technical possibilities offered by many suppliers can be easily integrated with the customer's business system.

In recent years many customers have begun to impose increasingly higher demands on their business systems, requiring that they have a well-conceived, modern architecture. There has been increased appreciation of a factor that industry analysts have discussed for a long time: the cost of changing old technologies is excessively high, and the changes take too long.

There are frequent references in our industry to object orientation and we have made use of this concept, although our primary inspiration perhaps derives from industrial companies like Scania, the truck manufacturer. Using a limited number of basic components with well-defined interfaces, Scania is producing a large number of truck models. This highly developed component concept offers substantial advantages by simplifying and speeding up both design work and manufacturing itself.

As a result of utilizing these concepts, IFS Applications today consists of more than 40 standardized



Architecture

Components in the form of modules and objects

The new generation of business systems employs a technical architecture that is based on components.

business modules that can be assembled and installed in a number of pre-defined combinations or – in the case of customers who so desire – freely. Each module consists in turn of a number of smaller interactive parts: business objects. This "objectifying" of the

system now offers major benefits for our customers as well as in our internal product development, due mainly to the high rate of change that can be maintained.

The standardized components also offer substantial advantages in terms of higher quality and a better overview of systems. This ensures efficient maintenance of the system, rapid and reliable implementation, and efficient transfer of knowledge.

We started the development of IFS Applications employing object-oriented technology as early as 1994. The first systems in this generation were placed in operation in a number of customer companies in the winter of 1996. The entire project was completed in the summer of 1997.

Based on this object-oriented architecture, IFS has a lead over most of the major system suppliers. While many of our international competitors have certainly begun to change over to object technology, these projects will take a few more years. We are now concentrating on further refining IFS Applications in order to maintain our lead.

Efficient tools and standardized product development

The development environment we use to build IFS Applications has been designated IFS Foundation1, or simply F1. F1 consists largely of a selection of tools from such leading suppliers as Rational Software, Oracle, Microsoft and Platinum Technologies. This strategy enables us to benefit from the substantial amounts these leading toolmakers are investing in product development. We have combined

these tools in F1 and have created a development environment that supports all stages of the development of advanced business systems. The development cycle that starts with process design and object-modeling and ends with the physical creation of the system's technical components – business objects – is naturally supported effectively, and there is also support for such other important operations as rapid installation in the customer's premises and translations to other languages.

F1 plays a substantial role in the efficiency of our product development and is also a key factor in the efficient handling of maintenance, modifications and upgrading once the application has been placed in service by the customer. Some of the basic concepts underlying F1 include treating software development like any advanced modular manufacturing process. This has resulted in far-reaching standardization of work methods and design, which has been of critical importance in reducing development times and in our ability to distribute development work to various teams throughout the world.

IFS' standardized working method and tools are helping us to achieve high quality through reuse of tested components; they are also a factor in making the user interface similar in all IFS Applications systems. As a result, a user who has mastered the basic functions in the user interface is able to navigate and find information in all IFS Applications modules. With F1 and the object-oriented architecture it supports, we can more easily utilize – in new contexts – product investments that have been made earlier.



Freedom knows no boundaries

We have divided our organization into six geographical areas, with a number of regional offices in each area. One regional office in each of the areas is designated as the support hub and assigned principal responsibility for the area.

Management personnel with many years of experience with IFS Applications are stationed in all hubs. Comprehensive knowledge of our targeted industries is also available in the hubs.

The responsibility for customer relations and customers' installations normally rests with the regional offices, so that we can be as close as possible

to customers. But customers whose operations are spread over a number of countries, are linked to the support hub best able to serve them.

With our decentralized organization, we are able to sell, install and maintain IFS Applications throughout the world. Thus international companies can install the system wherever they are operating.



Product development throughout the world

We regard product development as an industrial process. Our product is based on components, with each component having a distinct function and a clear interface. Basic development and refinement of the components in the product can accordingly be distributed geographically. In this manner we obtain benefits in the form of lower costs or better access to expertise.

The advantage of the international organization is also that we can develop our product based on market information received directly from all parts of the world. Conversely, it is easier for the product developers to transfer technology – and knowledge of products – to our sales companies and partners.

Our employees in the R&D unit in the United States offer one example. They have participated in the development of IFS Applications since they became part of IFS in September 1996. They now constitute a knowledge bank that provides fine support for our American sales organization. In addition, through their contacts, they are providing all segments of IFS Research & Development with information on needs and the trend of development

work in the important American market.

We conduct product development programs in Sweden, Norway, Poland, the United States, Sri Lanka and Indonesia.

Long-term relations with customers and business partners

Long-term relations with customers are profitable.

They result in follow-up business and supplementary orders. We have two principal strategies in this area.

First and foremost, there is our organization, with independent regional offices. This organization creates the conditions for initiating and cultivating close relationships with customers and local business partners. In addition, we participate to a large extent in connection with the installation

and maintenance of systems as a means of promoting these relationships.

Like our customer-relations program, our business partner program is also focused long-term. We are working with a small number of selected partners, and allocate substantial resources to train them and ensure the quality of their operations.



"IFS Applications supports all our global offices."
RICK UNDERWOOD,
CATERPILLAR TRANSMISSION
BUSINESS UNIT, USA.

Personal freedom, with responsibility

Our emphasis on attempting to develop long-term relationships with customers is reflected in our employee relations policy. To achieve the high growth and long-term profitability that we are seeking, we must be able to recruit and retain skilled employees. We have been successful to date, aided by a formula that comprises equal parts of influence and personal development.



"I left IFS to work with IT for the European Council in Strasbourg for two years, but now I'm back."

CECILIA FORSLUND, SYSTEM DESIGNER.

Small groups with a high degree of autonomy

The component concept that is the cornerstone of IFS Applications is reflected in the way we work: in small groups. This is no coincidence. An organization of this type is made easier by – and is suited for – the modular build-up of our product.

The groups consist of about 10 persons and include both experienced employees and newcomers. The newcomers are assigned mentors who help them to quickly find their way and who provide

work support. Each group and individual employee has a high degree of autonomy, freedom of action and responsibility in their respective areas.

We also seek to stimulate and involve employees by providing the greatest possible exchange of information within the company. Everything we produce and publish is made available to all employees throughout the world via our intranet.

For new employees, we first have an introductory program and then each employee is allowed to develop a personal training program that is gradually broadened. After a period at IFS, each employee

can specialize in some area. There are also great opportunities to work in one of our offices outside Sweden for shorter or longer periods. An international exchange program was started during 1997. Work outside Sweden offers opportunities to develop both personally and professionally and also helps to spread expertise within IFS.

and maintaining expertise. Technicians want challenges; they want to work with new technologies and learn new things. They are able to do so at IFS.

Successful companies are attractive

The manner in which IFS is performing commercially and how clearly defined the Company's position is, are important factors in attracting and retaining skilled employees. Everyone wants to be on a winning team. IFS is growing rapidly. Our position is clear and we are strengthening it continuously.

Technicians want to work on the cutting edge

The high technical level of the Company is perhaps our strongest attraction when it comes to recruiting





Operations in 1997

Set your business free

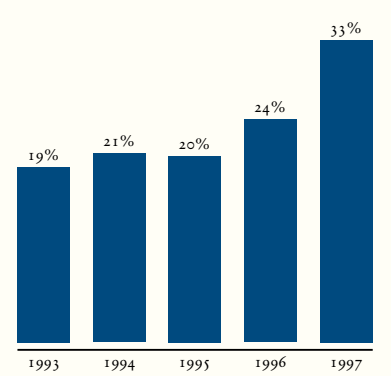
1997 Operations

Group sales increased by 77%, to SEK 632 M, in 1997. The strong rise in sales was attributable to increased demand for IFS Applications, which were launched entirely in object-oriented technology in 1997, and the IFS Group’s expansion internationally. Four acquisitions, of which three were outside Sweden, were made during the year. (See development of business, by area.) Acquisitions in Brazil, Denmark, France and Sweden contributed 17% of the Group’s sales, calculated from the dates of acquisition. If sales of the acquired companies had been reported beginning in January 1, 1997, the increase would have amounted to 97%. Sales in markets outside Sweden accounted for 52% (40%) of the total.

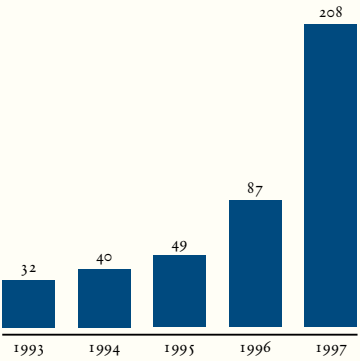
The greater part of the Group’s sales consist of consulting revenues related to IFS Applications. Consulting revenues accounted for 54% (66%) of Group billings. License revenue, including revenue from maintenance contracts, increased by 139% (76%), to SEK 208 M (87). License revenue, calculated as a percentage of total sales, is continuing to increase and amounted to 33% (24%) in 1997. We are

working to increase the percentage of revenue derived from licensing.

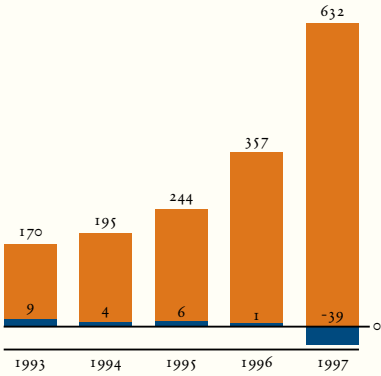
Our marketing expansion and investments in product development are costly and difficult to combine with good profitability over the short term. Since September 1996 we have more than doubled the number of markets in which the Group is active. IFS currently has representation in 27 markets through subsidiaries, jointly owned companies or business partners. The costs of the rapid international expansion were not fully offset by comparable revenues in 1997. The Group incurred a loss of SEK 39 M for the year.



License revenues as percentage of net sales



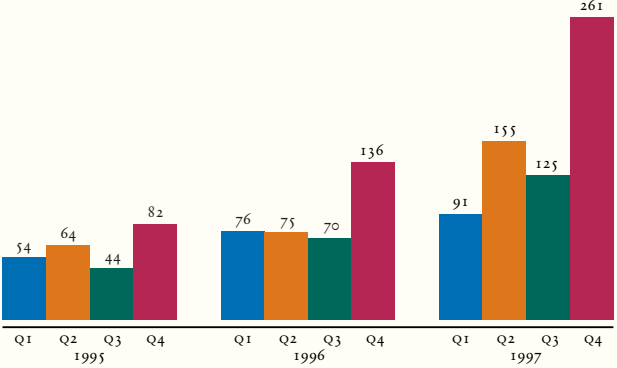
License revenues per year (SEK M)



Net sales (SEK M)
Earnings after financial items (SEK M)

Seasonal variations in sales

Sales of business systems vary sharply during the year. Group revenues are largest during the fourth quarter since customers normally budget their IT-investments on a calendar-year basis. Procurement projects generally begin in the early part of the year and companies approve and implement their IT investments in the third and fourth quarter. The IFS Group reported a net profit, after financial items, of SEK 26 M (21) in the fourth quarter of 1997. Sales in the quarter amounted to SEK 261 M, compared with SEK 135 M in the year-earlier period, an increase of 92%.



Net sales per quarter (SEK M)

Personnel

The number of employees in the IFS Group increased by 377, or 62%, in 1997, not counting employees in acquired companies. Underlying this increase, there is a comprehensive program of recruiting and training. Most of the new employees have academic degrees. They are recruited directly from universities, as well as from industry and competing companies. Based on the technical level of our operations and the opportunities to work in a company that is expanding rapidly internationally, IFS today is an attractive employer. Employee turnover during the year amounted to slightly more than 7%.

Personnel	
NEW HIRES	377
INCREASE IN NUMBER OF EMPLOYEES BY HIRING	62,0%
EMPLOYEE TURNOVER	7,4%
PERCENTAGE OF WOMEN EMPLOYEES	27,0%

The market for business systems in 1997

The market for business systems has grown sharply in recent years. According to observers, it grew by approximately 40%, to slightly more than SEK 80 billion. This figure pertains to sales of licenses and services by companies in the “first stage” – sales made

directly by the developers of business systems. The 20 largest suppliers account for 80% of the market.

The total market, including independent consulting firms, is estimated to be worth at least SEK 160 billion. The continuing strong growth in the

market is due primarily to changing conditions and prospects for companies in an increasingly competitive market resulting from greater internationalization. Companies are being forced to improve the efficiency of their operations and to raise the quality of their products and services. The special problems arising in connection with the new millennium, adaptation to the European Monetary Union (EMU) and the on-going deregulation and restructuring in many areas are additional driving forces in the market for business systems.

Business systems are based on different technical environments, called platforms. The most common technical platforms are AS/400 (21% share of the market) and UNIX and Windows NT (75% share of the market). The open business systems based on UNIX and Windows are taking shares from those based on AS/400. Observers believe that the portion of the market held by Windows NT will increase sharply in the next few years at the expense of UNIX and AS/400.

The open systems involve standardization that makes it possible to move software from one computer to another and use the same software in computers made by different hardware suppliers. This contrasts with closed systems such as the AS/400 in which the software is closely connected with specific hardware.

Another distinct trend is that the customers are becoming increasingly knowledgeable. As a result, it is more and more difficult to sell systems based solely on the argument that they are functionally correct if they prove to be based on old technology or technology that has been barely modernized.

Competitors

The market for business systems is fragmented and is dominated by about 10 large international companies which, with the exception of SAP and Oracle, the market leaders, have sales ranging between SEK 800 M and SEK 5.6 billion. Niche oriented, as well as smaller, often local suppliers, account for the remaining portion of the market. Since IFS’ product is a full-coverage business system that can handle all company functions, IFS faces competition from niche-oriented suppliers as well as from local suppliers in various markets.

Our main competitors in the Nordic market are SAP, Baan and Intenia. IFS also competes to a lesser degree with local companies and with other international companies that have minor operations in the Nordic countries. IFS’ principal competitor in Eastern Europe is SAP; this company, together with Baan, Oracle and suppliers of software for AS/400 systems, also constitute the main competition in the rest of Europe. SAP, Baan, Peoplesoft, J.D. Edwards and QAD, along with a number of local suppliers, are the main competitors in the American market. Oracle and SAP are our leading competitors in Asia.

Most of the ERP suppliers who are active internationally have begun a changeover to object-oriented technology that is expected to be completed within the next three years. IFS is in the forefront where practical application of object-oriented and component-technology is concerned.

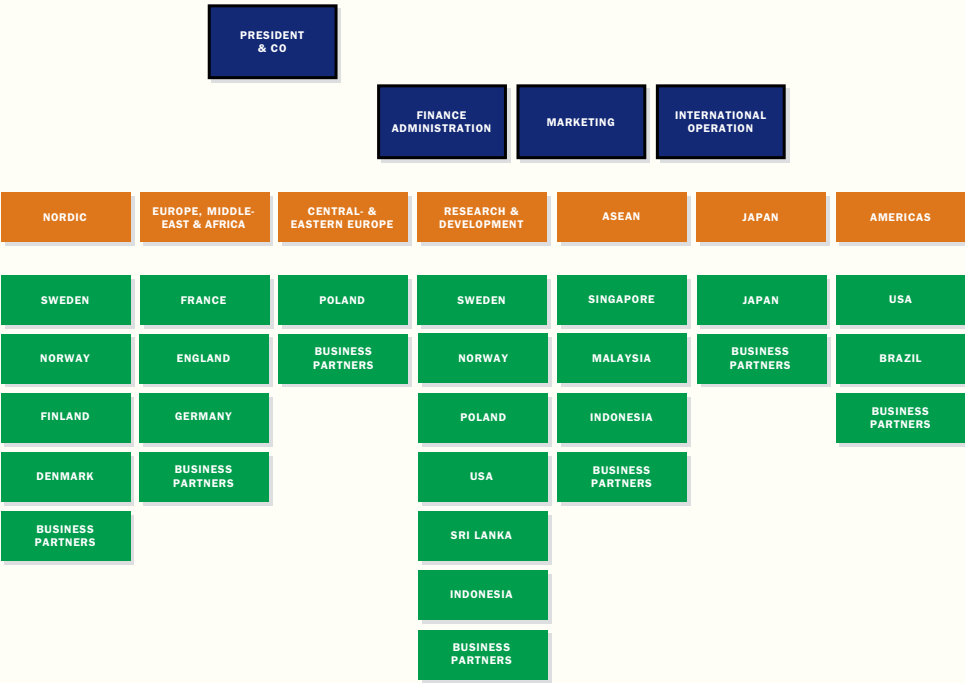
Organisation

IFS’ operations are organized in a Parent Company, a R&D company and a sales and service organization. The Parent Company, Industrial & Financial Systems, IFS AB, has its head office in Linköping, Sweden, and functions as a service company for subsidiaries and associated companies in such areas as finance, business development and management questions. The Parent Company also supports the sales organization with marketing and selling strategies, and coordinates training and support activities. IFS Research & Development AB is responsible for the Group’s product development.

IFS’ products and services are sold through the

international sales and service organization consisting of 12 wholly or jointly owned subsidiaries and 24 business partners. Earlier, the units in each country reported directly to the Parent Company, but in 1997 we changed the organization by dividing it into six geographical areas. There are a number of regional offices in each area.

One regional office in each area is designated as a support hub, which means that it has the main responsibility for operations in the area. In this way IFS is better able to utilize the Group’s management resources and achieve greater efficiency in the areas of technical support, marketing and quality assurance.





1. Tucson
2. London
3. Linköping
4. Warsaw
5. Singapore
6. Tokyo

Business development, by area

During 1997 we strengthened our position as one of the Nordic Region's leading suppliers of business systems. Sales in the Region increased by 55%, and we secured more than 50 new customer contracts, not counting the new customers we obtained through the acquisitions of Procon AS in Denmark and Sof-twind AB in Sweden.

The acquisitions provided us with a larger customer base and greater selling and delivery capacity in the two markets. The larger customer base and increased investments in marketing, along with the listing of IFS shares on SBI, have increased the awareness of IFS and interest in the Group. Notable large contracts received during the year include assignments from Bofors, Ericsson, Mobilix, Norwegian Air Force, The Peterson Group and Timberjack.

IFS Nordic Region reported good earnings and serves as a model of how the business should be conducted in a mature market. Delegated decision-making and an organization with few levels of management help to keep employee turnover below 6%. IFS Nordic Region today has 13 regional offices with more than 550 employees who work exclusively with IFS Applications. Mandator (Sweden), Karelcomp (Finland) and ABB Industrial Systems (Sweden) are new partners who joined IFS during the year.

The Nordic

SALES (SEK M)	470
INCREASE IN SALES	55%
NUMBER OF OFFICES	13
NUMBER OF EMPLOYEES, DECEMBER 31 1997	593

Strong expansion in Western Europe

IFS EMEA comprises Western Europe (excluding the Nordic Region), the Middle East and Africa. Activity in the region is dominated by the operations in Western Europe, where we expanded strongly in 1997.

Our British subsidiary began operations at the beginning of the year and thereby strengthened our presence in Great Britain. IFS UK also serves as the support hub providing technical and commercial support to IFS partners throughout the area. We also established a subsidiary in Germany at the same time. An office was opened in Eindhoven, Holland in January 1998.

We also increased IFS' presence in Southern Europe through the acquisition in the autumn of a 51% interest in Eurinfo SA, a French software company. The Group thereby obtained a strong base for establishing operations in other Southern European countries. New partners were acquired in Greece, Turkey and Saudi Arabia. During the year we received strategically important contracts from Akzo Nobel, Modus Media International, Rover and Halwani Brothers, among other companies.

EMEA

1997 SALES (SEK M)	46
1996 SALES (SEK M)	2
NUMBER OF OFFICES	7
NUMBER OF EMPLOYEES, DECEMBER 31 1997	143

Poland – bridgehead to Central and Eastern Europe

The rapid economic growth in Central and Eastern Europe continued during 1997. In Poland, where

we have our largest operations, a new Government that is friendly to reform and privatization took office during the year.

IFS Poland, which was established in 1992, is today the leading player in the Polish market for business systems. It has operations in four locations in the country and increased its sales by 70% in 1997. There is increasing demand from the market for industry-specific systems in the fields of energy, distribution and paper manufacturing. Operations in Russia, the Czech Republic and Hungary are conducted via partners.

The Poznan Energy Works and the Intercell and Stalprodukt companies are examples of new customers.

Central- and Eastern Europe

1997 SALES (SEK M)	32
INCREASE IN SALES	70%
NUMBER OF OFFICES	4
NUMBER OF EMPLOYEES, DECEMBER 31 1997	105

Focused marketing in America

IFS America comprises North and South America. The North American operations, which had been acquired a year earlier, were restructured during 1997. As a result, we now have an efficient sales and service organization with offices in three locations in the United States. Service capacity in the U.S. played a decisive role in a number of the contracts involving worldwide installations that we were awarded during the year.

In South America in 1997, we acquired 50% of the business of our former distributor, Methodus Ltda, which has offices in three locations in the country.

Our growth plans in the U.S. exceed what we can handle through new hiring. The partnership strategy has been adapted to deal with this situation and we are now conducting an aggressive program to increase the number of business partners.

We are concentrating our marketing in America on the manufacturing and maintenance segments of the market as well as on the industries served by the IFS Utility and IFS Complex Manufacturing solutions. Notable large contracts signed during the year included orders from Caterpillar, Los Alamos National Laboratories, Modus Media, Nielsen Bus and Reebok.

America	
1997 SALES (SEK M)	70
INCREASE IN SALES	233 %
NUMBER OF OFFICES	6
NUMBER OF EMPLOYEES, DECEMBER 31 1997	122

More partners in Asia and Japan

Operations in Asia and Japan in 1997 were concentrated on building up IFS’ network of business partners. We adapted IFS Applications for use in a

num-ber of the markets where we had taken over partners and customers in 1996 in connection with the acquisi-tion in the United States. There are sup-port hubs in Singapore and Tokyo. During the au-tumn, as a consequence of the reorganization to focus more on operating through business partners in Asia, we sold our majority interest in IFS Malay-sia to our local partner.

IFS Indonesia, a partnership in which we have a 25% interest, has sold IFS Applications in Indonesia since 1995. The company, which has a service organ-ization of approximately 60 persons at its disposal, serves as a resource pool for our activities in Asia.

The currency crisis in Southeast Asia during the second half of the year slowed investing in a number of markets - and this also had a negative impact on IFS. New customers during the year in-cluded Sampoerna in Indonesia, Mutiara Telecom in Malaysia and Ireda in India.

Asia and Japan	
1997 SALES (SEK M)	8
INCREASE IN SALES	142 %
NUMBER OF OFFICES	3
NUMBER OF EMPLOYEES, DECEMBER 31 1997	13

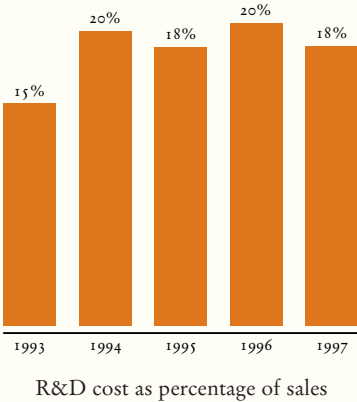
Product development

We began the development of IFS Applications based on object-oriented technology in 1994. The first systems in the new generation were placed in service by a number of customers as early as the winter of 1996. The project was fully completed during the first half of 1997, followed by an international launch

in the third quarter. This marked a milestone; all mo-dules had thereby been developed in object-oriented technology.

By the end of the year we had the new version of all our standard solutions in operation at customer sites.

The continuing research and development program accounts for a large part of the Group’s operating costs. IFS has invested a total of SEK 297 M in R&D during the past five years. To date, capitalized development costs amounted to SEK 58 M at December 31 1997.



Introduction of industry-specific systems

During 1997 we began to package and market a num-ber of systems for specific industries and business processes, based on the standardized business modules. This program will be intensified during 1998. The focus on industry-specific systems is also creating opportunities for increased partnerships with industry specialists in such fields as process control, pulp and paper, energy, service management and telecommu-nications. Seven areas have been assigned priority.

IFS Repetitive

IFS Repetitive was developed primarily for suppliers to the automotive and electronic industries. We be-lieve that the market will grow substantially since many large companies are increasingly sharpening

their focus on – and developing – their core businesses, or streamlining manufacturing in product specific plants. This may be exemplified by the recent sale of in-house manufacturing units by Ericsson and by the automotive industry’s assigning of responsibility to its suppliers.

Contracts 1997 from Nolato Mobile (Sweden), Rover (England), Sensor (Norway), Via-systems (Sweden), among other companies.

IFS Forest

IFS Forest is designed to be used in pulp and paper mills, by manufacturers and converters in the pack-aging industry, and by flooring manufacturers and other producers of building materials based on wood raw material.

The market is dominated by a small number of suppliers that specialize in the forest products industry and by customer developed systems. We therefore believe that there is room for a general ERP supplier who is allied with suppliers of specialized systems for production planning and process control.



“IFS Applications is a product that supports both our work systems and the people. It gives them real-time information that helps them satisfy the customers whether they are internal or external.”

TIM HOWELL, INTERNATIONAL PAPER/MASONITE, IRELAND.

We have a large customer base comprising of more than 40 installations. Our customers include strong Nordic companies that impose strict requirements. The fact that many of the world's leading suppliers of equipment for the forest products industry are based in Sweden and Finland is another advantage. It offers good opportunities to develop alliances. Contracts in 1997 from AssiDomän (Sweden), Intercell SA (Poland) and the Peterson Group (Norway and Sweden), among other companies.

IFS Utility

IFS Utility is designed primarily for producers and distributors of power and operators of treatment plants and sewage plants.

The market potential is substantial, due to the fact that the utility industry throughout the world is changing. We have strong customers, and Scandinavia is among the regions that have made the most progress in privatization and deregulation. Our competitive position is favorable since there are only a few other global suppliers that are offering full coverage business systems for the utility industry. Contracts in 1997 from Ignalina Nuclear Power (Lithuania), Gullspång (Sweden), Oskarhamn Nuclear Power (Sweden) and Zespol Electrciepl. Poznan (Poland), among other companies.

IFS Service Management

It is becoming increasingly common for companies and organizations in both the public and private sectors to concentrate on their core businesses, while support operations are assigned more distinct business responsibilities or are sold and become independent companies.

Privatization and deregulation provide us with rapidly growing groups of potential customers in the fields of mass transit, telecommunications, municipal services, national defense and energy.

Contracts in 1997 from BPA Service (Sweden), Locum Drift (Sweden) and SAS Ground Equipment (Sweden, Norway and Denmark) among other customers.

IFS Telecom

IFS Telecom is designed for operators of fixed-wire and cellular services. The market in all parts of the world is growing rapidly as a consequence of deregulation and the addition of new operators. Many of these operators have concentrated primarily on establishing networks quickly and attracting subscribers. As competition increases, operation and maintenance activities – which control the quality of telecom services – become increasingly important. In addition, many of the large national telecommunications companies are being restructured, which often results in outsourcing of service and maintenance. This is stimulating the demand for service-management systems. Contracts in 1997 from Cosmote (Greece), Mobilix (Denmark) and Mutiara Telecom (Malaysia).

IFS Batch Process

IFS Batch Process is our industry-specific system for use in a large number of industries such as the chemical, steel and food industries. The market is large, and many global ERP suppliers are offering systems for process manufacturing companies. However, most of the systems are focused on manufacturing by means of continuous processes; we therefore believe that there is room for a supplier that specializes in the batch process segment.

Contracts in 1997 from Akzo Nobel Inks (Finland and Sweden), Becker Acroma (England and the U.S.) and Casco Products (Sweden, Finland and Demark), among other companies.

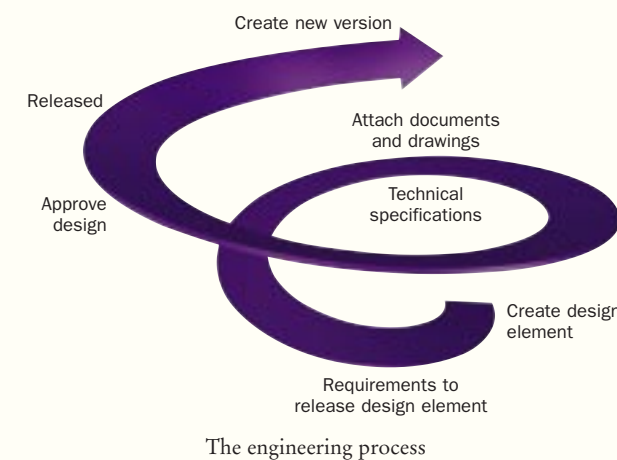
IFS Complex Manufacturing

IFS Complex Manufacturing supports three important processes that are characteristic of a project-oriented company: engineering and design, project-based development and manufacturing, and after-sales service.

IFS is one of the few suppliers that is able to provide its own standard solution for the entire flow of manufacturing: Product Data Management (PDM), ERP, and Maintenance. Contracts in 1997 from Bofors (Sweden), Kamewa (Sweden), Los Alamos National Laboratories (U.S.), and Timberjack (Sweden, Finland, U.S. and Canada), among other customers.

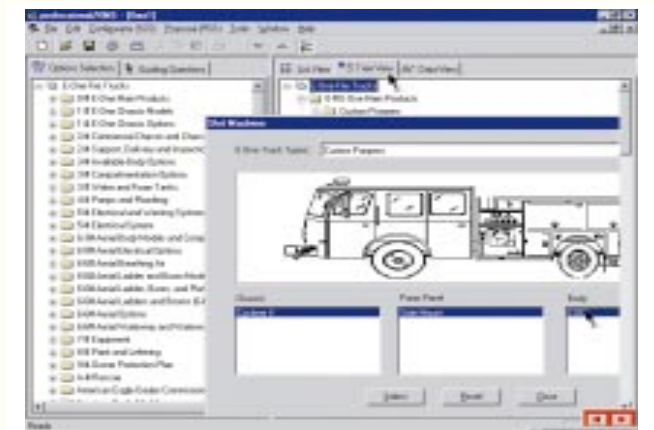
New functions and modules

The latest version of IFS Applications contains many functional improvements, such as improved processes



in the Engineering field and the IFS Complex Manufacturing industry specific system. Another enhancement is improved support of the business processes that are required if the customer is to be able to create efficient value chains together with other players. Improvements have been made in “make-to-order,” warehousing and transport processes, among others.

A number of new business modules were developed in 1997. We introduced the Financial Ledger module in IFS Financials as well as new modules for skills planning, personnel planning and project administration in IFS Resource Management. During the year we started the project for the IFS “Advanced Planning and Scheduling” module. This module contains basic functions for “in-memory constraint



IFS Sales Configurator

based planning”. The module is being made available to the first customers during the second quarter of 1998. We also started to launch IFS Sales Configurator that will be shipped in the third quarter 1998.

We introduced the first Web solutions in 1997. This development is being intensified during 1998 and we will be launching more innovations that are based on the Internet, the Web, Java, mobile telephony

and other types of equipment. Our users will be able to choose among a number of alternatives to communicate with IFS Applications in addition to the more traditional Windows clients. Simpler installation and maintenance is one advantage offered by this approach; costs are reduced since the users have direct access to the functions via mobile telephones and Web browsers.

The introduction of Web clients is an example of a modest investment that is having a substantial impact. We are taking advantage of the fact that we

have standardized interfaces on all existing business objects; as a result, only new screens have to be built, while all of the laborious work of building business logic can be fully reused.

Rapid installations and Process modeling

Due to the flexibility of IFS Applications we have long been able to fill the needs of many individual industries with our standard application. The packaged industry-specific systems that have been launched are designed to further reduce the time required for installation and training.

IFS Active Modeler - our tool for using business process models as a dynamic part of IFS Applications - were presented at the 1997 Users' Conference. This tool is an important instrument in the continuing work of developing industry-specific systems and more efficient implementation procedures. Development work in 1998 is being focused on increasing the support for direct configuration of the business system based on the process models. IFS Active Modeler is also being included as a standard component in IFS Applications in 1998.

One of our most important tasks is to continue to support our customers in changing their operations in a world that is changing at an ever-faster pace. To do this, it is also important to further reduce the need to customize the system, and to further shorten the time required for upgrading. Where technology is concerned, we will work to protect customers from ending up in "IT lock-in", and we will help them to benefit fully from new technologies.

1997 Annual Report



Examples of different user interfaces

Administration Report

The Board of Directors of Industrial and Financial Systems, IFS AB (publ), registration no. 556122-0996, submits the following report for 1997. Unless otherwise stated, all amounts are in SEK million. Figures within parentheses refer to preceding year.

Operations

The Group's net sales amounted to SEK 632 (357) million, of which SEK 208 (87) million, pertains to license sales, SEK 344 (237) million consulting operations and SEK 80 (33) million to other revenues.

Acquisitions and sales

- The following were acquired during the year:
- 100% of the shares in Softwind AB, Värnamo. The company had 50 employees at the time of acquisition.
 - 75% of the shares in Pro:Con A/S, Denmark. The company had 65 employees at the time of acquisition.
 - 51% of the shares in Euroinfo SA, France. The company had 108 employees at the time of acquisition.
 - 50% of the operations in Methodus Ltda., Brazil, with 45 employees.

IFS' shareholding in IFS Malaysia declined during the year from 68% to 25%. The share sales had a positive effect on the Group's earnings of SEK 4.7 million.

Earnings and financial position

The Group's loss after net financial items amounted to SEK 39 (profit: 1) million and the loss after taxes to SEK 37 (3) million. The main reason for the loss is the company's rapid international expansion which resulted

in additional costs. Other reasons for the earnings trend include the intensified market efforts in the U.S., about SEK 10 million, and about SEK 10 million attributable to lower earnings than anticipated in the newly acquired Danish company Pro:Con due to a delayed start of IFS Applications sales than estimated.

Product development

IFS Applications was launched in 1997 in its entirety in object-oriented technology, marking the conclusion of the last phase in the technology shift initiated in 1994. During 1998, projects to further reduce implementation and training times through the use of business process models will be prioritised.

In addition to development operations in Sweden, IFS' development company, IFS R&D AB, has an affiliate in the U.S. A development department was started in Sri Lanka during the autumn. Costs for product development amounted to SEK 117 million during the year, of which SEK 35 million was capitalised. Amortisation of capitalised development costs amounted to SEK 13 million.

Investments

Gross investments in machinery and equipment during the period amounted to SEK 79 (23) million. Investments in goodwill resulting from company acquisitions amounted to SEK 69 (12) million.

Financing and liquidity

A new issue of 6 250 000 Series B shares was implemented during the year resulting in proceeds of SEK 223 million after deducting issue costs. The issue was proceeded by a 30:1 share split.

Group liquid funds at 31 December 1997 amounted to SEK 31 (9) million. In addition, the Group has unutilised credit facilities of SEK 19 (10) million. Equity/assets ratio was 48% (44).

The IFS share as listed during the year by Stockholms Börsinformation (SBI) and a listing of the share on the Stockholm Stock Exchange is planned in 1998.

Proposed disposition of earnings

The following profits are available to the Annual General Meeting:

-Retained earnings	2 275 982.27
-Profit for the year	6 427 792.01
Total (SEK)	8 703 774.28

The Board of Directors proposes that the company's retained earnings be carried forward.

The Group's accumulated loss in accordance with the consolidated balance sheet amounts to SEK 36.6 million. Appropriations to restricted reserves are proposed with SEK 0.3 million.

Company's anticipated future development

The company has decided to structure the Group's sales and delivery companies into regions as of 1998. This measures is being taken to better utilise the Group's management resources, while at the same time higher efficiency in such areas as technical support, marketing and quality assurance can be provided.

IFS is expected to report strong growth in 1998. Beneficial economies of scale and an increased focus on the Group's earnings development are expected to result in improved earnings in 1998.

The Board of Directors intends to recommend the Annual General Meeting to implement a new issue during 1998 or 1999. Issue proceeds will be used for continued expansion and company acquisitions.

Income statement	Note	1997	1996	1997	1996
		GROUP		PARENT COMPANY	
License revenue		208.2	87.1	2.1	0.0
Consulting revenue		344.0	237.4	2.2	0.0
Other		79.4	32.8	16.9	19.1
Net sales	1, 2	631.6	357.3	21.2	19.1
Change in inventory of work on contract		-8.0	-3.7	-	-
Capitalised work for own use	3	25.9	24.4	-	-
Other operating income		1.5	1.9	0.7	1.9
Total operating income		651.0	379.9	21.9	21.0
Operating expenses					
External costs		263.3	143.3	55.1	21.2
Personnel costs	4, 5, 6	384.6	208.5	11.7	7.7
Depreciation/amortisation of tangible and intangible assets	11, 12	39.3	22.3	2.0	0.5
Other operating expenses		1.5	0.5	1.5	1.5
Total operating expenses		688.7	374.6	70.3	30.9
OPERATING PROFIT/LOSS		-37.7	5.3	-48.4	-9.9
Result from financial investments					
Result from participations in subsidiaries	7	4.7	-	-1.7	1.4
Result from participations in associated companies	8	-0.2	-	-	-
Other interest income and similar profit/loss items	9	10.0	2.9	15.9	1.4
Interest expense and similar profit/loss items		-16.2	-7.2	-7.7	-3.8
Total result from financial investments		-1.7	-4.3	6.5	-1.0
PROFIT/LOSS AFTER FINANCIAL ITEMS		-39.4	1.0	-41.9	-10.9
Appropriations					
Group contribution received		-	-	53.3	12.0
Group contribution paid		-	-	-5.0	-
PROFIT/LOSS BEFORE TAXES		-39.4	1.0	6.4	1.1
Taxes on profit/loss for the year	10	-0.7	-4.4	-	-
Minority interest in result for the year		2.7	0.5	-	-
PROFIT/LOSS FOR THE YEAR		-37.4	-2.9	6.4	1.1

Balance sheet	Note	31 Dec. 1997	31 Dec. 1996	31 Dec. 1997	31 Dec. 1996
		GROUP		PARENT COMPANY	
ASSETS					
FIXED ASSETS					
Intangible fixed assets	11				
Capitalised expenditures for R&D		57.5	42.1	-	-
Product rights		17.5	5.5	-	-
Software		7.6	4.8	0.1	-
Goodwill		76.5	13.6	2.0	-
Total intangible fixed assets		159.1	66.0	2.1	-
Tangible assets	12, 13, 14				
Buildings and land		30.4	9.5	9.3	9.5
Machinery and equipment		96.6	31.3	35.3	0.8
Advance payments for tangible assets		10.2	2.4	-	-
Total tangible fixed assets		137.2	43.2	44.6	10.3
Financial fixed assets					
Participations in subsidiaries	15	-	-	111.3	39.3
Participations in associated companies	16	11.9	6.0	6.6	6.0
Receivables from subsidiaries		-	-	44.3	7.2
Receivables from associated companies		4.7	0.0	4.7	-
Other securities held as fixed assets		1.2	0.0	0.6	-
Other long-term receivables	17	16.2	1.0	1.6	0.2
Total financial fixed assets		34.0	7.0	169.1	52.7
TOTAL FIXED ASSETS		330.3	116.2	215.8	63.0
CURRENT ASSETS					
Inventories, etc					
Finished products and goods for resale		4.9	3.1	0.6	0.1
Work on contract	18	2.1	3.4	-	-
Total inventories, etc.		7.0	6.5	0.6	0.1
Current receivables					
Accounts receivable - trade		195.4	136.7	2.0	0.2
Receivables from subsidiaries		-	-	171.3	97.2
Receivables from associated companies		3.3	0.0	1.4	0.0
Tax receivables		3.1	-	1.6	0.0
Other receivables		19.1	18.6	0.9	14.0
Prepaid expenses and accrued income	19	98.0	12.3	7.8	2.6
Total current receivables		318.9	167.6	185.0	114.0
Cash and bank balances		30.5	8.7	1.7	1.0
TOTAL CURRENT ASSETS		356.4	182.8	187.3	115.1
TOTAL ASSETS		686.7	299.0	403.1	178.1

Balance sheet	Note	31 Dec. 1997	31 Dec. 1996	31 Dec. 1997	31 Dec. 1996
		GROUP		PARENT COMPANY	
SHAREHOLDERS EQUITY	20				
Restricted equity					
Share capital (25,176,100 shares at par value SEK 5)		125.9	6.3	125.9	6.3
Restricted reserves		230.0	127.0	219.3	116.4
Total restricted equity		355.9	133.3	345.2	122.7
Unrestricted shareholders equity					
Unrestricted reserves		0.8	1.8	2.3	1.2
Profit/loss for year		-37.4	-2.9	6.4	1.1
Total unrestricted equity		-36.6	-1.1	8.7	2.3
TOTAL SHAREHOLDERS EQUITY		319.3	132.2	353.9	125.0
MINORITY INTEREST		10.5	0.1	-	-
UNTAXED RESERVES	21	-	-	0.5	0.5
PROVISIONS					
Provisions for taxes		7.4	5.2	-	-
Other provisions		0.4	0.0	-	-
TOTAL PROVISIONS		7.8	5.2	-	-
LONG-TERM LIABILITIES					
Liabilities to credit institutions	22, 23	103.5	51.7	8.9	36.2
Other liabilities		17.9	0.4	8.0	-
TOTAL LONG-TERM LIABILITIES		121.4	52.1	16.9	36.2
CURRENT LIABILITIES					
Liabilities to credit institutionst		3.6	0.0	-	-
Advance payments from customers		2.1	0.0	-	-
Accounts payable - trade		54.0	31.2	12.7	3.9
Liabilities to subsidiaries		-	-	12.5	8.2
Liabilities to associated companies		0.1	0.0	0.0	-
Tax liabilities		-	2.5	-	-
Other current liabilities		70.1	21.8	1.9	1.7
Accrued expenses and prepaid income	24	97.8	53.9	4.7	2.6
TOTAL CURRENT LIABILITIES		227.7	109.4	31.8	16.4
TOTAL EQUITY AND LIABILITIES		686.7	299.0	403.1	178.
MEMORANDUM ITEMS					
Pledged assets	25	203.9	108.0	44.2	26.4
Contingent liabilities	26	10.0	10.1	119.5	40.6

Statement of changes in financial position	1997	1996	1997	1996
	GROUP		PARENT COMPANY	
CURRENT OPERATIONS				
Operating profit/loss	-37.7	5.3	-48.4	-9.9
Depreciation	39.3	22.3	2.0	0.4
Change in Minority interest	2.7	0.5	-	-
Group contribution received	-	-	53.3	12.0
Group contribution paid	-	-	5.0	-
Funds generated through current operations before interest paid and income taxes	4.3	28.1	1.9	2.5
Dividend on shares in subsidiaries	-	-	-	1.4
Interest received	10.0	2.9	15.9	1.4
Interest paid	-16.2	-7.2	-7.7	-3.8
Income taxes	-0.7	-4.4	-	-
Funds generated through current operations before change in working capital	-2.6	19.4	10.1	1.5
Change in working capital				
Increase/decrease in inventories	-0.5	7.3	-0.5	-0.1
Increase in current receivables	-151.3	-80.3	-71.0	-97.7
Increase in current liabilities	118.3	2.8	15.4	0.1
Funds generated through current operations	-36.1	-50.8	-46.0	-96.2
INVESTMENT OPERATIONS				
Acquisition of subsidiaries, net	-	-	-73.7	-24.4
Acquisition of other securities, net	-1.2	0.6	-0.6	-
Acquisition of tangible fixed assets, net	-102.9	-21.6	-36.6	-1.1
Increase in advances pertaining to tangible fixed assets	-7.8	-2.4	-	-
Acquisition of intangible fixed assets, net	-116.4	-42.2	-2.3	0.0
Funds applied in investment operations	-228.3	-65.6	-113.2	-25.5
FINANCING OPERATIONS				
New issue	222.5	117.5	222.5	117.5
Increase in long-term receivables	-19.9	-0.7	-43.3	-0.3
Loans assumed	71.9	46.7	8.0	36.2
Amortisation of debt	0.0	-39.5	-27.3	-30.0
Change in minority interest	10.4	-0.5	-	-
Translation differences	1.3	-0.2	-	-
Dividends paid	-	-2.5	-	-2.5
Funds supplied from financing operations	286.2	120.8	159.9	120.9
Increase/decrease in liquid funds	21.8	4.4	0.7	-0.8
Liquid funds at beginning of the year	8.7	4.3	1.0	1.8
Liquid funds at year-end	30.5	8.7	1.7	1.0

Notes to the financial statements

Accounting principles

Amounts in SEK million, unless otherwise stated. The annual report has been revised as a result of new legislation in Sweden governing annual reports in limited liability companies (Annual Accounts Act: 1995:1554).

The Group accounts are prepared in accordance with generally accepted accounting principles, whereby the Group applies the recommendations of the Swedish Financial Accounting Standards Council.

Consolidation principles

In addition to the Parent Company, the consolidated accounts include all subsidiaries. Subsidiaries are all companies in which the Group owns an interest and directly or indirectly holds a voting majority, or through agreements has controlling influence.

In subsidiaries in which there is a minority interest, and where shareholders' equity is negative, the Group has not posted any minority receivable, since there is no binding commitment that the minority must cover capital deficits. Negative minority interests amount to SEK 2.6 million.

Intra-Group transactions are eliminated.

The consolidated accounts are prepared in accordance with the purchase method, whereby consolidated shareholders' equity includes only that portion of the Group's share of the shareholders' equity in subsidiaries and associated companies accruing after acquisition.

Shares in associated companies, in which the Group's voting interest is at least 20% and not more than 50%,

are reported in accordance with the equity method. The Group's share in earnings after tax is reported in the item Result from participations in associated companies in the income statement. Capital participations in associated companies are posted at the Group's share in the company's shareholders' equity after adjustment for goodwill values not amortised.

Participation in other companies is shown at the lower of acquisition value and the actual value.

Goodwill

Group goodwill is amortised based on individual assessment of the economic lifetime.

Translation of accounts in consolidating foreign companies

The so-called current method is applied when translating the income statements and balance sheets of foreign subsidiaries to Swedish kronor. Balance sheet items are translated at the year-end rate and all items in the income statement are translated at the average rate for the year. Translation differences are credited/debited directly to shareholders' equity.

Deferred tax in untaxed reserves

The Group reports deferred taxes pertaining to the differences between the book value and tax-able value of the assets and liabilities. Appropriations and untaxed reserves are not reported in the consolidated accounts. Since such items arise in the separate companies they are reported in the consolidated accounts taking into account the deferred tax. The earnings effect after tax is reported in the income statement as part of the profit for

the year and in the balance sheet in restricted shareholders' equity.

A tax rate of 28% is used in the Swedish companies. The current tax rate in each country is applied for the Group's foreign subsidiaries.

Leasing

In reporting leasing agreements, the Group applies recommendation No. 6 of the Swedish Financial Accounting Standards Council. Most of the leasing agreements are considered to be operational leasing, which means that leasing fees are expensed during the leasing period. In cases where leasing contracts are considered to be financial leasing, these are reported as acquisition of tangible fixed assets and as liabilities. Depreciation is applied in the same manner as if the company owned the assets. (see below under tangible fixed assets). In financial leasing, current leasing fees are divided into an interest portion, which is expensed, and an amortisation portion.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are at year-end exchange rates. Exchange differences are divided into operational and financial. The exchange differences reported in operations relate mainly to accounts receivables and accounts payable. The financial exchange differences relate to financial assets and liabilities.

Revenue accounting

License revenue is reported when the customer has gained access to IFS software. This principle is new for the year. Previously, the principle of recognising

license revenue was at the time of invoicing, which normally was divided into three occasions.

Maintenance revenues are the fees IFS customers pay to receive the right to be updated with new versions of IFS Applications. These fees do not include consulting expenses for installation. IFS annualise these fees over the lifetime of the contract.

Costs for research and development

IFS works continually with a number of product development projects. Most costs for product development are personnel costs. In addition to personnel costs, certain indirect costs arise such as for premises, travel and office overheads. Indirect costs do not include, for example, amortisation of capitalised product development costs and general administration costs. A minor portion of product development work is carried out by contracted consultants.

A project is initiated with the preparation of the demand specifications. There after a model and in many cases a prototype of the product is created. The model and prototype form the decision documentation for the development projects that will result in a commercial product or a product intended to be used in proprietary development work. The costs arising through and including the development of a model/prototype are reported on a current basis against earnings.

The basis for capitalisation of development costs are the costs incurred in the development project after a model/prototype is developed.

Development costs involve a certain amount of technical and commercial uncertainty. Considering this uncertainty, only 40% of the total cost included in the amount forming the basis for capitalisation is capitalised.

Capitalised development costs are depreciated during an economic lifetime assessed individually for each development project, however, not more than five years. An assessment is made continually to determine whether previously capitalised expenditures are valid and write-downs are made to the extent necessary.

Inventories

Inventories are valued in accordance with the first-in first-out (FIFO) method. Valuation is at the lower of acquisition cost and market, which means that the obsolescence risk is taken into account.

Work in progress

Work in progress has been valued at the lower of acquisition cost or market. Acquisition value is calculated as direct costs plus reasonable mark-ups for indirect costs.

Tangible fixed assets

Tangible assets are reported at acquisition cost. Depreciation according to plan is based on the fixed asset's acquisition value. Depreciation is straight-line, based on the estimated economic lifetime of the assets. The following depreciation periods are applied for the different types of assets:

Buildings	2%
Equipment and computers	20%
Aircraft	5%

Intangible fixed assets

Amortisation is straight-line and is based on the estimated economic lifetimes of the assets. The following amortisation periods are applied for the different types of assets:

Goodwill	10%
Acquired product rights	10%
Software	20%
Capitalised development costs	20%

Receivables/liabilities

Receivables and liabilities are reported in the amount expected to be realised.

EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Revenue recognition

It is estimated that the change in accounting principle regarding recognition of license revenue affected earnings for the year positively by SEK 10 million. The comparable figure in 1996 was not adjusted to reflect the new principle.

Costs for research and development

In conjunction with the change in the principle for costs for research and development, prepaid costs for product development of SEK 9.6 million were expensed in 1997. The comparable figure in 1996 was adjusted so that this amount is shown in the balance sheet as capitalised expenses for development work. In the 1997 income statement, the costs reduced the item capitalised expenses for research and development, see Note 3 and 11.

Note 1 Net sales distributed by geographical area

	1997	1996	1997	1996
	Group		Parent Company	
Nordic region	469.8	302.5	14.2	18.0
Western Europe and Middle East (EMEA)	45.8	2.0	3.8	0.0
Central and Eastern Europe	31.7	18.7	0.5	0.2
North and South America	69.9	20.8	0.9	0.1
Asia	8.0	3.3	1.2	0.1
Other	6.4	10.0	0.6	0.7
Total	631.6	357.3	21.2	19.1

Note 2 Purchases and sales between Group companies

In the Parent Company, 36% (0%) of purchases during the year and 75% (94%) of sales pertain to own subsidiaries.

Note 3 Research and development work

	1997	1996	1997	1996
	Group		Parent Company	
Capitalised expenditures for development work	35.5	24.4	-	-
Prepaid costs for product development	-9.6	-	-	-
Total	25.9	24.4	-	-

Costs for product development amounted to SEK 117 (72) million, of which SEK 35 million was capitalised. Depreciation of capitalised expenses amounted to SEK 13 (7) million. In conjunction with the change in accounting for costs in development work, prepaid costs for product development of SEK 9.6 million was expensed in 1997.

Note 4 Wages, salaries, other remunerations and social costs

	1997	1996	1997	1996
	Group		Parent Company	
Wages, salaries and remuneration	284.1	149.8	7.7	3.6
Social expenses	69.1	42.4	2.4	1.4
Pension costs	14.3	9.4	0.7	0.5
Other personnel costs	17.1	6.9	0.9	2.2
Total	384.6	208.5	11.7	7.7

SEK 0.1 (0.1) million of the Parent Company's pension costs pertain to the Board and Managing Director. The corresponding amount for the Group is SEK 1.2 (0.7) million.

Wages, salaries and other remunerations by country and between Board members, others and employees

	1997	1996		
	Board and and MD	Other employees	Board and MD	Other employees
Parent Company				
Sweden	1.0	6.6	2.2	1.4
Subsidiaries in Sweden	4.3	132.5	2.9	83.7
Subsidiaries abroad				
Norway	0.8	39.2	0.7	31.4
Finland	0.8	4.2	0.5	3.2
Denmark	1.4	24.5	1.2	2.6
Germany	1.0	3.3	-	-
England	1.0	7.0	-	-
France	0.2	7.7	-	-
Poland	0.7	7.3	0.3	4.3
USA	1.2	32.0	0.8	12.9
Brazil	0.1	1.4	-	-
Singapore	0.0	1.4	-	-
Malaysia	0.5	0.7	0.6	1.1
Japan	1.0	2.3	-	-
Subsidiaries abroad, total	8.7	131.0	4.1	55.5
Group total	14.0	270.1	9.2	140.6

Note 5 Remunerations to senior executives

The fees to the Board during the year amounted to SEK 0.2 million.

The Group Chief Executive received salary and other benefits amounting to SEK 0.8 million. In the event of notification, 12 months applies for the Managing Director from the Company and six months from the Managing Director.

No pension benefits in addition to normal pension schemes is paid.

For other senior executives, the notification period is between 6 and 12 months from the company and 6 months from the senior executive.

The current pension insurance schemes conform with the rules applied within the SAF/PTK union area.

Note 6 Average number of employees per country	1997	1996	1997	1996
	Group		Parent Company	
Sweden	450	316	23	9
of whom, women	116	81	10	3
Norway	104	80	-	-
Finland	15	12	-	-
Denmark	66	8	-	-
Germany	7	-	-	-
England	17	-	-	-
France	27	-	-	-
Poland	75	46	-	-
USA	61	39	-	-
Brazil	10	-	-	-
Japan	6	-	-	-
Singapore	6	-	-	-
Malaysia	8	7	-	-
Total outside Sweden	402	192	-	-
of whom, women	119	47	-	-
Totalt	852	508	23	9
of whom, women	235	128	10	3

Note 7 Result from participations in subsidiaries	1997	1996	1997	1996
	Group		Parent Company	
Dividends	-	-	-	1.4
Capital gain on sale of IFS Malaysia	4.7	-	-1.7	-
Total	4.7	-	-1.7	1.4

Note 8 Result from participations in associated companiesg	1997	1996	1997	1996
	Group		Parent Company	
Write-downs	-0.2	-	-	-
Total	-0.2	-	-	-

Note 9 Other interest income and similar profit/loss items	1997	1996	1997	1996
	Group		Parent Company	
Interest	2.6	1.5	9.4	1.0
Exchange differences	4.4	1.4	3.5	0.4
Income from personnel warrants 1)	3.0	-	3.0	-
Total	10.0	2.9	15.9	1.4

1) 600 000 warrants at SEK 5 each, with entitlement from 1 July 1997 through 30 June 2000 to subscribe for one Series B share in IFS at a subscription price of SEK 80.00. The aim of the issue is to offer company employees opportunity to acquire warrants and thereby become partowners of the parent company.

Note 10 Taxes on profit/loss for the year	1997	1996	1997	1996
	Group		Parent Company	
Paid	1.1	3.5	-	-
Deferred	-0.4	0.9	-	-
Total	0.7	4.4	-	-

Note 11 Intangible fixed assets

Group	Capitalised expenditures- for R&D	Product rights	- Software	Goodwill	Total
ACCUMULATED ACQUISITION VALUE					
Opening balance	68,9	11.8	6.2	14.5	101.4
Accumulated acquisition value in acquired companies	-	1.4	1.4	-	2.8
Purchases	37,8	12.5	4.2	69.0	123.5
Sales/disposals	-9,6	-	-	-1.7	-11.3
Exchange difference during the year	-	-	-0.1	1.7	1.6
Closing balance	97,1	25.7	11.7	83.5	218.0
ACCUMULATED DEPRECIATION					
Opening balance	-26,8	-6.3	-1.4	-0.9	-35.4
Accumulated depreciation in acquired companies	-	-0.2	-1.0	-	-1.2
Depreciation during the year	-12,8	-1.7	-1.7	-6.4	-22.6
Sales/disposals	-	-	-	0.3	0.3
Closing balance	-39,6	-8.2	-4.1	-7.0	-58.9
Total	57,5	17.5	7.6	76.5	159.1

Parent Company	Data- program	Goodwill	Total
ACCUMULATED ACQUISITION VALUE			
Opening balance	0.0	0.0	0.0
Purchases	0.1	2.2	2.3
Closing balance	0.1	2.2	2.3
ACCUMULATED DEPRECIATION			
Opening balance	0.0	0.0	0.0
Depreciation during the year	-	-0.2	-0.2
Closing balance	0.0	-0.2	-0.2
Total	0.1	2.0	2.1

In conjunction, with the changes in reporting of costs for development work, prepaid expenses for product development of SEK 9.6 million were expensed in 1997.

Note 12 Tangible fixed assets

Group	Buildings and land	Machinery	Equipment & computers	Advance Payments	Total
ACCUMULATED ACQUISITION VALUE					
Opening balance	10.4	-	52.4	2.4	65.2
Accumulated acquisition value in acquired companies	22.5	-	31.6	-	54.1
Purchases	1.3	34.7	33.0	10.2	79.2
Sales/disposals	-0.1	-	-4.0	-2.4	-6.5
Exchange difference during the year	-	-	-0.2	-	-0.2
Closing balance	34.1	34.7	112.8	10.2	191.8
ACCUMULATED DEPRECIATION					
Opening balance	-0.9	-	-21.1	-	-22.0
Accumulated depreciation in acquired companies	-2.2	-	-15.5	-	-17.7
Depreciation during the year	-0.6	-1.3	-14.8	-	-16.7
Sales/disposals	-	-	1.8	-	1.8
Translation differences during the year	-	-	-	-	-
Closing balance	-3.7	-1.3	-49.6	-	-54.6
Total	30.4	33.4	63.2	10.2	137.2
Parent Company	Buildings and land	Machinery	Equipment & computers		Total
Accumulated acquisition value					
Opening balance	10.3	-	2.3		12.6
Purchases	-	34.7	1.6		36.3
Sales/disposals	-	-	-0.5		-0.5
Closing balance	10.3	34.7	3.4		48.4
ACCUMULATED DEPRECIATION					
Opening balance	-0.8	-	-1.6		-2.4
Depreciation during the year	-0.2	-1.3	-0.2		-1.7
Sales/disposals	-	-	0.3		0.3
Closing balance	-1.0	-1.3	-1.5		-3.8
Total	9.3	33.4	1.9		44.6

Note 13 Future leasing arrangements

In addition to the assets above, equipment and cars are leased by the Company. The remaining rental payments for these amount to SEK 38.5 (18.6) million and are distributed in future years as follows:					
1998: 14.8	1999: 11.5	2000: 7.4	2001: 3.9	2002: 0.9	

Note 14 Tax values

The tax values for the Swedish properties amounts to SEK 4.1 (1.8) million. In addition, the Company owns an office building in France.

Note 15 Participations in subsidiaries	Org. no.	Reg. office	No. of shares	Capital/ votes, %	Book value
Operating companies					
Softwind AB	556279-8370	Värnamo*	7 470	100	42.0
IFS Softwind Data AB	556139-5541	Värnamo*	7 500	100	-
Softwind Holding AB	556284-4554	Värnamo*	1 000	100	-
IFS Inc.		USA	5 000 000	100	19.2
Eurinfo SA		France	22 950	51	14.2
SCI le Chateau		France	100	100	-
Eurinfo GmbH		Germany	100	100	-
IFS Poland Sp.z.o.o		Poland	26 189	100	7.6
IFS Norge AS		Norway	2 200	100	6.6
IFS Sverige AB	556211-7720	Linköping*	3 000	100	4.8
IFS Brazil		Brazil		50	4.7
IFS Research & Development AB	556209-6528	Linköping*	1 000	100	2.5
IFS UK Ltd		England	200 000	100	2.5
IFS Deutschland GmbH		Germany	2	100	2.2
IFS Solutions Asia Pacific Pte Ltd		Singapore		100	1.5
TAU Teknisk Analysutveckling AB	556248-4856	Linköping*	1 000	100	1.3
IFS International Flight Service AB	556160-2938	Linköping*	10 000	100	1.0
IFS Japan Inc.		Japan	200	100	0.6
Torron System AB	556150-5735	Linköping*	20	100	0.1
IFS Industrial Systems Finland OY		Finland	21 942	95.4	0.0
IFS Danmark A/S		Denmark	43	86	0.0
IFS Applications A/S		Denmark	2	75	-
Pro:Con A/S		Denmark	1	100	-
Access International AB	556530-9316	Tranås*	1	100	-
Dormant companies					
IFS Int Operations AB	556040-6042	Linköping*	2 400	100	0.3
IFS Svensk Idéutveckling AB	556150-5735	Linköping*	1 000	100	0.1
IFS Utvecklings AB	556221-7835	Linköping*	1 000	100	0.1
Total book value in the Parent Company					111.3
*Sweden					

Note 16 Participations in associated companies

	Org. no.	Reg. office	No. of participations	Capital/ votes, %	Book value in Parent Company	Book value in Group
Directly owned						
Elsidor KB, Jönköping	916523-2126	Sweden	1/3	33.3%	6.0	6.0
IFS Malaysia Sdn Bhd		Malaysia	250 000	25.0%	0.6	0.4
Indirectly owned						
PT Versa Torron Sistekindo/ PT Versa Citra Piranti		Indonesia		25.0%	-	5.4
Eurinfo Mediterranee, Frankrike		France	847	33.9%	-	0.1
Total					6.6	11.9

Note 17 Other long-term receivables	Deposits	Accounts receivable	Other financial fixed assets	Total
Group				
Opening balance	0.5	-	0.5	1.0
Changes during the year	1.8	10.2	3.2	15.2
Closing balance	2.3	10.2	3.7	16.2
Parent Company				
Opening balance	-	-	0.2	0.2
Changes during the year	-	-	1.4	1.4
Closing balance	-	-	1.6	1.6

Note 18 Work on contract	1997	1996	1997	1996
	Group		Parent Company	
Costs incurred	5.6	3.4	-	-
Invoiced partial sum	-3.5	0.0	-	-
Total	2.1	3.4	-	-

Note 19 Prepaid expenses and accrued income	1997	1996	1997	1996
	Group		Parent Company	
Prepaid rents	5.5	4.5	1.8	1.8
Other prepaid expenses	19.2	4.9	6.0	0.3
Accrued income	73.3	2.9	0.0	0.5
Total	98.0	12.3	7.8	2.6

Note 20	Change in shareholders' equity	Share capital	Restricted reserves	Unrestricted reserves
Group				
	Amount at 1 January	6.3	127.0	-1.1
	Bonus issue	88.3	-88.3	-
	New issue, gross	31.3	206.3	-
	Less issue costs at new issue	-	-15.0	-
	Change in translation difference	-	-	1.9
	Net loss 1997	-	-	-37.4
	Amount at 31 December	125.9	230.0	-36.6
		Share capital	Premium reserve	Statutory reserve
				Carried forward
Parent Company				
	Amount at 1 January	6.3	115.9	0.5
	Bonus issue	88.3	-88.3	
	New issue, gross	31.3	206.2	
	Less issue costs at new issue		-15.0	
	Net loss 1997			6.4
	Amount at 31 December	125.9	218.8	0.5
				8.7

Note 21 Untaxed reserves	1997	1996
	Parent Company	
Accumulated difference between booked depreciation and depreciation according to plan	0.4	0.4
Tax allocation reserve	0.1	0.1
Total	0.5	0.5

Note 22 Long-term liabilities	1997	1996	1997	1996
The long-term liabilities falling due for payment later than five years after year-end are shown below				
	Group		Parent Company	
Liabilities to credit institutions	2.1	-	-	-

Note 23 Liabilities to credit institutions	1997	1996	1997	1996
	Group		Parent Company	
Credit facilities	60.3	51.7	8.9	36.2
Other loans	43.2	-	-	-
Total	103.5	51.7	8.9	36.2
Committed lines of credit	79.7	61.9	15.0	40.0
Unutilized credit	19.4	10.2	6.1	3.8

Note 24 Accrued expenses and prepaid income	1997	1996	1997	1996
	Group		Parent Company	
Accrued vacation allowances	33.5	16.1	1.9	0.8
Accrued social fees	6.5	3.3	0.3	0.1
Accrued payroll expenses	4.6	2.5	0.1	0.1
Other accrued expenses	12.3	7.5	0.5	1.5
Annualised maintenance revenue	22.5	16.2	-	-
Other prepaid income	18.4	8.3	1.9	0.1
Total	97.8	53.9	4.7	2.6

Note 25 Pledged collateral	1997	1996	1997	1996
	Group		Parent Company	
Blocked bank accounts	6.2	-	-	-
Pertaining to long-term liabilities to credit institutions				
Real estate mortgages	24.0	5.6	-	5.6
Tenant-owners right	-	2.0	-	2.0
Chattel mortgages	118.4	50.7	4.0	2.0
Participations in limited partnership	6.0	6.0	6.0	6.0
Pledged accounts receivables	13.9	8.5	-	-
Shares in subsidiaries	35.4	35.2	34.2	10.8
Total	203.9	108.0	44.2	26.4

Note 26 Contingent liabilities	1997	1996	1997	1996
	Group		Parent Company	
Sureties, external	10.0	10.1	10.0	10.0
General surety for subsidiaries	-	-	39.2	20.7
Parent Company guarantees	-	-	20.7	0.5
Subordinated guarantees for benefit of subsidiaries	-	-	49.6	9.4
Total	10.0	10.1	119.5	40.6

LINKÖPING 30 MARCH 1998

Jan Danielson
CHAIRMAN

Bengt Nilsson
MANAGING DIRECTOR

Terje Vangbo

Manni Svensson

Lars Karlsson

Rolf Erichs

OUR AUDIT REPORT WAS SUBMITTED ON 31 MARCH 1998

Monica Ramseyer
AUTHORISED PUBLIC ACCOUNTANT

Håkan Thörnholm
AUTHORISED PUBLIC ACCOUNTANT

Auditors’ Report

To the general meeting of the shareholders of Industrial and Financial Systems, IFS AB (publ)
Registered Number 556122-0996

We have audited the parent company and the consolidated financial statements, the accounts and the administration of the board of directors and the managing director of Industrial and Financial Systems, IFS AB (publ) for 1997. 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 financial statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 financial statements.

We examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any board member or the managing director or whether they have in some 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. In our opinion, the parent company and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act, and, consequently we recommend

that the income statements and the balance sheets of the Parent Company and the Group be adopted, and

that the profit of the Parent Company be dealt with in accordance with the proposal in the Administration Report.

In our opinion, the board members and the managing director have not committed any act or been guilty of any omission, which could give rise to any liability to the Company. We therefore recommend

that the members of the board of directors and the managing director be discharged from liability for the financial year.

LINKÖPING, 31 MARCH 1998

Monica Ramseyer
AUTHORISED PUBLIC ACCOUNTANT

Håkan Thörnholm
AUTHORISED PUBLIC ACCOUNTANT

The IFS share

At 31 December 1997, the share capital in IFS Industrial & Financial Systems, IFS AB (publ), amounted to SEK 125.8 million, distributed among 6 621 300 A shares, 14 654 800 B shares and 3 900 000 C shares. The par value is SEK 5. A shares carry ten votes while B and C shares carry one vote each at General Meetings of Shareholders. All shares carry equal rights to dividends.

During 1997 a new issue of 6,250,000 Series B shares was implemented . The subscription price was SEK 38 per share, corresponding to a total of SEK 237.5 million. After deducting issue expenses, the company’s shareholders’ equity increased by SEK 222.5 million. The new issue was proceeded by a 30:1 split.

IFS B- and C-shares were listed on the Stockholms Börsinformation (SBI) list as of 30 June 1997. During the year 6.8 million shares at a value of SEK 322 million

were traded. The total market value of the IFS shares outstanding was SEK 1.611 million at 31 March 1998.

Dividend policy

The objective of the Board of Directors is to sustain a high pace of international expansion in the years immediately ahead. The board considers that it is highly important that this growth occurs while retaining financial balance. IFS’ policy is that liquidity will be applied to fund the Group’s growth. Accordingly, the Board of IFS does not intend to propose a dividend on shares in the near future.

IFS shareholders

The ownership structure in IFS is shown below. The information was provided by VPC as of 31 December 1997 and is updated with all known changes thereafter.

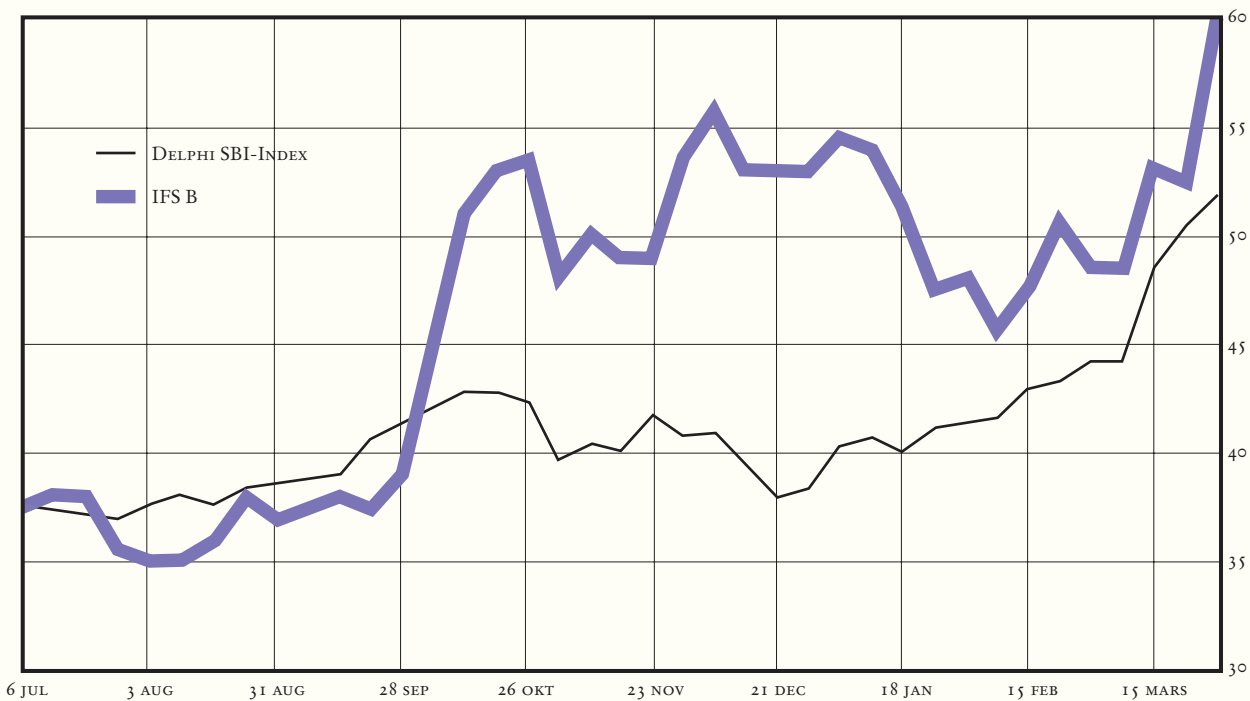
Shareholder	A shares	B shares	C shares	% of capital	% of votes
Bengt Nilsson, with companies	1 394 310	767 130	-	8.6	17.3
Chase Manhattan Bank	-	1 460 100	486 000	7.7	2.3
Union Bank	-	1 027 000	-	4.1	1.2
Fidelity FD-Europe	-	539 700	438 750	3.9	1.1
Lars Karlsson	653 430	224 580	-	3.5	8.0
Heinz Kopfinger	609 690	208 260	-	3.2	7.4
Northern Trust Co	-	-	810 000	3.2	1.0
State Street Bank and Trust	-	400 000	264 000	2.6	0.8
SE-Bankens Teknologifond	-	311 000	300 000	2.4	0.7
Johan Linder	468 510	132 850	-	2.4	5.7
Manni Svensson	507 660	62 670	-	2.3	6.1
Ulf Stern	342 900	209 100	-	2.2	4.3
Martin Graap	337 260	110 000	-	1.8	4.1
Deutsche Bank	-	-	391 300	1.6	0.5
Other	2 307 540	9 202 410	1 209 950	50.5	39.5
Total	6 621 300	14 654 800	3 900 000	100.0	100.0

Board of Directors, senior executives and auditors

Distribution of shares	No. of shares	% of shares	No. of shareholders	% of shareholders
1-1000	1 086 025	4	2 409	80
1001-10 000	1 217 613	5	422	14
10 001-100 000	4 327 264	17	123	4
100 001	18 545 198	74	48	2
Total	25 176 100	100	3 002	100

Per-share data	
Earnings per share	
After standard tax (28%)	-1.05
After full tax (paid tax)	-1.48
Shareholders' equity per share (including minority interest)	13.10
Number of shares (thousands)	25 176

IFS share trend in 1997 compared with SBI index



Source: Delphi Economics.



Board of directors, from the left: Manni Svensson, Jan Danielson, Rolf Erichs, Bengt Nilsson, Terje Vangbo och Lars Karlsson.

Board of Directors

Jan Danielson (1935), Chairman. Formerly member of Volvo Group Management. IFS Board member since 1997. Other board memberships: Nordfalks AB, A-Banan Projekt AB, Ekman AB and Kockums AB. IFS shares held: 0.

Rolf Erichs (1946). Formerly Vice President-Information, Saab-Scania AB, IFS Board member since 1997. Other board memberships: Erichs Communication AB. IFS shares held: 550 Series B.

Lars Karlsson (1948). President of Meson Capital AB. IFS Board member since 1983. Other board memberships: Arnek Annonsbyrå AB, Svensk Mäklarsamverkan AB and Linktech AB. IFS shares held: 653 430 Series A and 224 580 Series B.

Bengt Nilsson (1955). President of IFS AB and Group Chief Executive Officer. IFS Board member since 1983. Other board memberships: BLN Förvaltnings AB, Nocom AB and Linktech AB. IFS shares held: 1 394 310 Series A and 767 130 Series B.

Five-year summary 1993-1997

Manni Svensson, (1955). Marketing Director. IFS Board Member since 1997 (and during the period of 1983-1992). IFS shares held: 507 660 Series A and 62 670 Series B.

Terje Vangbo (1953). President, IFS Norway AS. IFS Board Chairman, 1992-1997. Other board memberships: EB Infoplan AS, EB Telenet AS and GCR Computer Services Ltd. IFS shares held: 181 800 Series A and 111 300 Series B.

Daniel Johannesson (1943). Resigned from the Board in 1998 due to new position as General Director of the Swedish Rail Administration.

SENIOR EXECUTIVES

Bengt Nilsson (1955). President and Chief Executive Officer. Employed since 1983.

Michael Hallén (1964). President of IFS R&D. Employed since 1994. IFS shares held: 15 000 Series A and 40 000 Series B.

Sverker Lundberg (1954) Chief Financial Officer. Employed since 1994. IFS shares held: 11 520 Series A and 43 780 Series B.

Terje Vangbo (1953). President, IFS Norway AS. Employed since 1991.

Jan Moodh (1961). President, IFS Sverige AB. Employed since 1985. IFS shares held: 21 000 Series A and 18 000 Series B.

Manni Svensson (1955). Marketing Director. Employed since 1983.

Rolf Erichs (1946). Information Director. Involved since 1997.

Ulf Annas (1950). Director New Markets Development. Employed since 1985. IFS shares held: 19 110 Series A and 75 810 Series B.

Auditors

Håkan Thörnholm (1941). Authorised Public Accountant. Öhrlings Coopers & Lybrand AB. Auditor in IFS since 1984.

Monica Ramseyer (1952). Authorised Public Accountant. Ernst & Young AB. Auditor in IFS since 1997.

Deputy Auditors

Dick Svensson (1954). Authorised Public Accountant. Öhrlings Coopers & Lybrand AB. Deputy auditor since 1997.

Anders Wiger (1951). Authorised Public Accountant. Ernst & Young AB. Deputy auditor since 1997.

Extract from income statement (SEK million)	1993	1994	1995	1996	1997
Net sales	170	195	244	357	632
Operating revenue	174	209	260	380	651
Operating expenses	-150	-189	-228	-353	-649
Profit before depreciation	24	20	32	27	2
Depreciation	-9	-11	-13	-22	-39
Operating profit/loss	15	9	19	5	-37
Net financial items	-6	-5	-13	-4	-2
Profit/loss after net financial items	9	4	6	1	-39
Taxes	-1	-3	-4	-4	-1
Minority interest	0	-1	0	0	3
Profit/loss for the year	8	0	2	-3	-37

Extract from balance sheet (SEK million)	1993	1994	1995	1996	1997
Intangible assets	18	25	30	66	159
Other fixed assets	23	26	32	50	171
Accounts receivable	45	56	74	137	195
Other current assets	38	35	37	37	131
Liquid funds	2	8	4	9	31
Total assets	126	150	177	299	687
Shareholders' equity	18	16	19	132	319
Minority interest	2	3	1	0	10
Long-term, non-interest-bearing liabilities	2	3	4	6	26
Interest-bearing liabilities	43	40	64	52	107
Accounts payable	21	29	33	31	54
Other current, non-interest-bearing liabilities	40	59	56	78	171
Total equity and liabilities	126	150	177	299	687

Key data	1993	1994	1995	1996	1997
Net sales growth, %	39.7	14.8	25.6	46.2	76.8
Net sales outside Sweden, %	29.9	34.3	31.8	40.0	52.0
Gross margin, %	13.9	10.3	13.2	7.7	0.3
Operating margin, %	8.8	4.4	7.7	1.5	-5.9
Profit margin, %	5.4	2.0	2.5	0.3	-6.2
Return on capital employed, %	28.1	18.0	27.3	6.1	NEG
Return on shareholders' equity, %	55.8	2.6	13.1	NEG	NEG
Total assets, SEK million	126	150	177	299	687
Equity/assets ratio, %	16	12	11	44	48
Liquidity, times	1.3	1.0	1.1	1.7	1.6
Net debt/equity ratio, times	2.1	1.7	3.0	0.3	0.2
Percentage of risk capital	17.8	14.7	13.7	46.0	49.0
Interest coverage ratio, times	2.4	1.5	1.5	1.1	NEG
Net investments in fixed assets, SEK million	7.1	20.3	24.7	64.1	255.4
Total product development, SEK million	25	38	45	72	117
of which, capitalised, SEK million	1	13	10	25	35
Average number of employees	212	256	344	508	852
Sales per employee, SEK 000s	800	760	710	703	741
Average number of shares outstanding, millions	14.1	14.1	14.1	16.5	22.1

Data per share	1993	1994	1995	1996	1997
Profit after full tax, SEK	0.56	0.03	0.16	-0.15	-1.48
Dividend, SEK	0.03	-	0.18	-	-
Shareholders' equity, SEK	1.29	1.13	1.36	6.99	13.10
Market price/shareholders' equity	-	-	-	5.4	4.1
Market price/sales	-	-	-	2.0	2.2

Definitions

Gross margin. Operating profit before depreciation as a percentage of net sales.	Interest coverage ratio. Profit after net financial items plus interest expense as a percentage of interest expense.
Operating margin. Operating profit as a percentage of sales.	Average number of employees. Average number of full-year employees.
Profit margin. Profit before tax and minority interest as a percentage of sales.	Profit per share. Net profit as shown in income statement divided by number of shares outstanding at year-end.
Return on capital employed. Profit after net financial items plus financial expense as a percentage of average capital employed. Capital employed is defined as total assets less non-interest-bearing liabilities and deferred tax liability.	Shareholders' equity per share. Shareholders' equity divided by number of shares outstanding at year-end.
Return on shareholders' equity. Net profit as shown in the income statement as a percentage of average shareholders' equity.	Market price/shareholders' equity per share. Price per share at year-end as percentage of shareholders' equity per share. In calculating this key figure for 1996, the market price is set at SEK 38, which was the introduction price established in listing on the SBI-List in June 1997.
Equity/assets ratio. Shareholders' equity, including minority interest, at year-end as a percentage of total assets.	Market price/sales per share. Price per share at year-end as percentage of net sales per share. In calculating this key figure for 1996, the market price is set at SEK 38, which was the introduction price established in listing on the SBI-List in June 1997.
Liquidity. Current assets in relation to current liabilities	Average number of shares. Average number of shares 1993-1997 are adjusted for split 30:1 in 1997.
Net debt/equity ratio. Interest-bearing liabilities at year-end, less liquid funds, as a percentage of shareholders' equity including minority interest.	
Percentage of risk capital. Sum of shareholders' equity, including minority interest and deferred tax liability, as a percentage of total assets.	

Glossary

Architecture. Architecture decries the manner in which the hardware, system software and applications software integrate to achieve a desired result.

Business systems. Business systems or Enterprise Resource Planning (ERP) software is developed to manage the flow of information, products and resources within the entire business operations. The business system includes program for sales and logistics, financial control, material and produc-tion control and personnel administration.

Client/server system. A system consisting of work stations (clients) and one or more central units connected in a network. Commonly shared information is normally sto-red and processed in the central unit, while the local work stations process and display the information for the user.

EDI. The abbreviation for Electronic Data Interchange. A standardised electronic data exchange of structured information between computers regardless of platform, operating system, type of data, information system, time and method of communication.

Enterprise Resource Planning (ERP). ERP is a method of planning that comprises all business processes and covers all functions from contact with suppliers to maintenance of delivered products.

HTML. The abbreviation for Hyper Text Markup Language, a description language for structuring information, especially on the Internet.

Internet. A global communications network consisting of a large number of local networks that are linked together. See also www.

Intranet. A private “Internet” used only within a company or other type of organisation.

Java. A program language developed especially to create

small, efficient programs for use in networks. Java is also a programming language for building software programs that do not have to be "pre-installed" in a client computer and which are not transmitted over the network until the client has to use them.

Material Requirements Planning (MRP). Planning approach which focuses on production materials and inventory planning.

Module. A functional, separated section of a system

Object-oriented technology. Object-oriented technology is used to develop programs in which the software is built up from many small parts (objects) which contain both data and processing functions. The objects are made in such a way that they can be used in a number of different contexts, resulting in higher efficiency and quality.

Operating system. A system that controls and manages a computer's basic functions. Windows NT and Unix are examples of operating systems.

Platform. A technical data environment – the environ-ment and other attributes of an applications system in the form of operating system, database manager, etc. Most applications are developed for used with a specific plat-form. Substantial changes are normally required to enable such applications to also function in other technical environments.

UNIX. A standardised operating system that is often associ-ated with open systems. Various “dialects” are available.

Windows NT. A standardised operating system often linked with open systems.

WWW. World Wide Web, often referred to simply as “the web.” It is a collection of HTML and other documents, files, images, etc. in servers throughout the world. This material is accessible in the Internet through the use of

IFS Industrial & Financial Systems

WORLD HEADQUARTERS IFS Industrial & Financial Systems Teknikringen 5 S-583 30 Linköping Sweden Tel +46 13 20 15 00 Fax +46 13 20 15 01 e-mail info@ifsab.se www.ifsab.com		
BRAZIL Joinville Porto Alegre São Paolo	Tel +55 47 433 4154 Tel +55 51 231 4999 Tel +55 11 5506 1522	Fax +55 47 433 4154 Fax +55 51 231 4888 Fax +55 11 5506 0938
DENMARK Copenhagen Vejde	Tel +45 43 28 89 00 Tel +45 76 40 82 20	Fax +45 43 28 89 01 Fax +45 76 40 82 21
FINLAND Tampere Turku	Tel +358 3 389 01 02 Tel +358 2 511 05 11	Fax +358 3 389 01 05 Fax +358 2 511 05 12
FRANCE Mulhouse Nantes Paris Strasbourg	Tel +33 3 89 50 72 72 Tel +33 2 40 92 03 68 Tel +33 1 40 86 59 28 Tel +33 3 88 75 55 45	Fax +33 3 89 50 54 00 Fax +33 2 28 03 02 61 Fax +33 1 47 90 34 13 Fax +33 3 88 22 35 16
GERMANY Aachen	Tel +49 241 963 1710	Fax +49 241 963 1711
INDONESIA Jakarta	Tel +62 21 392 7000	Fax +62 21 392 7001
JAPAN Tokyo	Tel +81 3 3201 1101	Fax +81 3 3201 1109
MALAYSIA Kuala Lumpur	Tel +60 3 758 10 10	Fax +60 3 758 30 30
NETHERLANDS Eindhoven	Tel +31 40 292 3292	Fax +31 40 292 3299
NORWAY Oslo Stavanger	Tel +47 66 90 73 00 Tel +47 51 81 72 00	Fax +47 66 90 73 01 Fax +47 51 81 72 01
POLAND Cracow Gdansk Poznan Warsaw	Tel +48 12 423 18 28 Tel +48 58 345 29 64 Tel +48 61 851 92 55 Tel +48 22 608 46 00	Fax +48 12 421 45 29 Fax +48 58 345 29 67 Fax +48 61 851 96 50 Fax +48 22 608 46 01
SINGAPORE Singapore	Tel +65 22 77 100	Fax +65 22 77 101
SWEDEN Gothenburg Karlstad Linköping Malmö Stockholm Uppsala Värnamo	Tel +46 31 709 39 00 Tel +46 54 14 38 00 Tel +46 13 20 15 00 Tel +46 40 671 61 00 Tel +46 8 799 27 00 Tel +46 18 56 14 00 Tel +46 370 69 98 00	Fax +46 31 709 39 01 Fax +46 54 14 38 01 Fax +46 13 20 15 01 Fax +46 40 671 61 01 Fax +46 8 799 27 01 Fax +46 18 56 14 01 Fax +46 370 69 98 40
THAILAND Bangkok	Tel +66 2 238 2781	Fax +66 2 238 2782
TURKEY Istanbul	Tel +90 212 231 7805	Fax +90 212 296 1951
UNITED KINGDOM London	Tel +44 1494 42 89 00	Fax +44 1494 42 89 01
NORTH AMERICA Chicago, IL Raleigh, NC Tucson, AZ Toll Free Information	Tel +1 847 995 9600 Tel +1 919 786 4400 Tel +1 520 512 2000 Tel 1 888 437 4968	Fax +1 847 995 9607 Fax +1 919 786 4401 Fax +1 520 512 2001

Partners and Associated Companies

CZECH REPUBLIC

APP Systems Tel +420 5 4119 1543 Fax +420 5 4119 1502

GREECE

Brain Ware S.A. Tel +30 1 748 65 90 Fax +30 1 779 65 93

HONG KONG

Armitage Tel +852 2950 0388 Fax +852 2950 9698

HUNGARY

INNOVOTECHNIK Tel +36 1 250 5218 Fax +36 1 367 1390

IQ Soft Tel +36 1 251 5949 Fax +36 1 220 5598

INDIA

IIS Infotech Tel +91 11 692 9502 Fax +91 11 682 4694

Tata Consultancy Services Tel +91 22 202 4828 Fax +91 22 287 5501

INDONESIA

Versa Torron Sistekindo Tel +62 21 314 6476 Fax +62 21 314 8539

ISRAEL

Tadiran Information Systems Tel +972 3 531 3558 Fax +972 3 531 3629

JAPAN

CSK Corporation Tel +81 3 5956 9386 Fax +81 3 5956 9381

NEC Corporation Tel +81 3 3798 6269 Fax +81 3 3798 9881

JORDAN

C.E.B. Tel +962 6 551 8115 Fax +962 6 552 0574

JMMS Tel +962 6 553 5341 Fax +962 6 551 5342

RUSSIA

COMPEK Systems Tel +7 095 247 98 51 Fax +7 095 291 65 28

Ecocomplex Tel +7 812 108 31 09 Fax +7 812 293 70 71

FORS Information Systems Tel +7 095 973 40 80 Fax +7 095 251 10 73

SAUDI ARABIA

ITS Tel +966 2 691 5777 Fax +966 2 683 3632

SOUTH KOREA

Hyundai Information Technologies Tel +82 2 3466 4195 Fax +82 2 3466 4436

SRI LANKA

Informatics Tel +94 1 587 918 Fax +94 1 589 729

THAILAND

BLM Tel +66 2 645 20 82 Fax +66 2 645 20 83

Uniphicc Tel +66 2 931 30 50 Fax +66 2 931 21 51

Universal Communication Systems Tel +66 2 236 02 08 Fax +66 2 236 48 46

UNITED KINGDOM

Inbis Group Tel +44 1772 698 005 Fax +44 1772 697 668

Issued by IFS Global Marketing

Concept & Produktion: Arnek Annonsbyrå AB

Photography: John Foxx Images, NPS Bildbyrå, Pressens Bild, Jonas Sällberg, Göran Uhlin

Reproduction: Lithoteknik AB, Motala, Sweden Printing: Nova Print AB, Linköping, Sweden

Printed on: Silverblade mat paper 150 g. The paper has been granted the Nordic "Swan"

eco-label, guaranteeing optimum environmental-friendliness. Lic. nr 304 013/014.



INDUSTRIAL & FINANCIAL SYSTEMS

Set your business free.

