

# Interim Report

## January – September 2004

### Specialisation attracts new customers

#### January – September 2004

- Earnings after financial items amounted to SEK -59m (-59).
- The professional services margin increased to 19% (18).
- Net profit amounted to SEK -48m (-56).
- Earnings per share amounted to SEK -0.61 (-0.70).
- Total revenue amounted to SEK 1 597m (1 672). The decrease is primarily a result of lower revenue on hardware and other items.

#### July – September 2004

- Earnings after financial items amounted to SEK -37m (-26).
- Total revenue amounted to SEK 467m (521).
- The decrease in hardware and other revenue affected the total revenue and earnings for the quarter by SEK -56m and SEK -11m respectively.
- New international software contracts in specialised industries have been made with Rexel, Maxell, Chaid Neme and other companies.
- New business partner agreements signed in China and Russia.
- Earnings from the Swedish operations improved during the third quarter compared with the previous year.

#### Full-year forecast

- The full-year forecast of improved positive earnings after financial items for 2004, compared to SEK 18m for the same period last year, remains unchanged.

MAGNUS WASTENSON, CEO FOR IBS, COMMENTS  
ON THE THIRD QUARTER, 2004:

»We report licence revenues and a professional services margin on a par with the previous year, but significantly lower hardware sales due to the launch of new servers from IBM with an improved price-to-performance ratio. The third quarter is always a seasonally weak period. Results for the Swedish operations have improved in this quarter and measures to increase profitability are going according to plan. We forecast a strong finish for the year, with earnings in the fourth quarter in excess of last year's SEK 78m, and thus anticipate being able to report improved positive earnings for 2004 compared to the previous year.«

27 October, 2004

# IBS' Interim Report, January-September 2004

## The market

During the third quarter, the investment climate for business software has basically remained unchanged. A broad recovery in demand for new business systems is still pending. The willingness to invest is most pronounced in connection with industry specific software, integration and supply chain management. New customer agreements have been entered into with Maxell, Rexel, Chaid Neme, Brevia, Skil, Eurofit, Home Group, Ashfield Homes, Universal Photonics, FMC Distributors, Paris Business Products, Gunz Dental, MTA, Deka Markt, PinkRoccade, Basberg Papir, Svenskt Papper and other companies.

Despite the fact that a number of won deals cannot be booked as revenue until the fourth quarter, licence revenue remained unchanged compared with the previous year. During the third quarter, agreements have been made with new partners in China and Russia in order to give support to present and new customers in these major growth regions. The hardware market has suffered as a result of IBM's launching of new servers. Volumes have dropped as a consequence of an improved price-to-performance ratio at the same time as the margin has remained unchanged.

Competition has increased, particularly, in the market for small companies. IBS continues to focus on solutions for medium-sized and large companies within niche areas, where we judge we have a competitive advantage.

## January – September 2004

Earnings after financial items amounted to SEK -59m (-59). Substantial improvements in earnings have been achieved during the first nine months of the year in the USA, Australia, UK, Asia and other units. As previously reported, IBS has taken measures to increase its competitiveness in the Swedish market. IBS intends to advance its positions in Sweden by means of greater specialisation within sectors in which the company is already a market leader. During the third quarter, a decision was taken to increase efficiency which, in combination with measures already taken, will cut costs in 2005.

Total revenue during the first nine months of the year amounted to SEK 1 597m (1 672). Software licence revenue decreased by 5% during the period, but remained unchanged in the third quarter. The professional services margin increased to 19% (18). Hardware and other revenue decreased by 16%, which reduced the result by SEK -9m. At the same time, total operating costs were cut by 2%.

The number of staff on 30 September 2004 amounted to 1 899, which is a decrease of 41 employees compared with the same period last year.

## Third quarter 2004

IBS Group earnings after financial items during the third quarter amounted to SEK -37m (-26). The decrease in earnings is primarily due to a decrease in hardware and other revenue.

The third quarter is seasonally always a weak period in terms of earnings due to the holiday months and the fact that annual renewal fees are booked in the first and fourth quarters. A number of customer agreements have been delayed from the third to the fourth quarter. Other customer contracts that have already been sold will be delivered and taken up as revenue during the fourth quarter.

	2004	2003	Δ
Software licence revenue, SEKm	96	96	0%
Margin	81%	84%	- 3%

Software licence revenue during the quarter remained unchanged compared with the previous year and amounted to SEK 96m.

	2004	2003	Δ
Professional services revenue, SEKm	268	267	1%
Margin	18%	18%	0%

Professional services revenue increased and the professional services margin amounted to 18% (18).

	2004	2003	Δ
Hardware and other revenue, SEKm	103	159	-35%
Margin	19%	19%	0%

Hardware and other revenue decreased by 35%. The decrease is attributable to the fact that many customers postponed their purchases in connection with the launch by IBM of a new line of server models. The transition by customers to the new servers has taken longer than similar launches in the past, at the same time as the price-to-performance ratio has had a negative impact on sales volumes. The margin remained unchanged at 19%. We predict that hardware sales will increase in the fourth quarter compared with the previous year.

	2004	2003	Δ
Total revenue, SEKm	467	521	-11%

Total revenue decreased as a result of lower hardware and other revenue.

	2004	2003	Δ
Operating costs, SEKm	-181	-184	-1%

During the third quarter there was a decrease of 1% in operating costs compared with the same period last year.

## Development per region during the quarter

**Sweden:** The result of the Swedish operations improved by SEK 4m compared with the same period last year. Cost reduction measures will result in significantly lowered costs

in 2005 and beyond. These measures, combined with increased sales, will show marked improvements in results. IBS in Sweden will become more specialised and thus be able to increase profitability. There are signs of an improved market climate in Sweden for 2005.

*Other Nordic countries:* The positive trends in Denmark have continued, and new customer agreements have been entered into during the period. Operations in Norway have also developed in a positive direction, due partly to a major new contract with the industrial group Tess. In Finland, the market has been more cautious, which has resulted in a decrease in total revenue and earnings compared with the previous year.

*Rest of Europe:* Most of the IBS companies in Europe have experienced a positive trend during the third quarter. In August, IBS signed a European agreement with Rexel for installations with up to 3 000 users. Those countries that have shown the best development during the period are Italy, UK and Belgium.

*Rest of the world:* The competitiveness of IBS remains high in Australia, Asia and the USA, which has resulted in growing market shares and an increase in total revenue and profit. Altogether, IBS has increased its licence sales and professional services revenue within the region. In Colombia and Venezuela, an agreement has been entered into with the automotive group Chaid Nehme regarding distribution and production systems for 18 locations. In Australia, the pharmaceuticals company Sigma has implemented IBS Pharma in less than nine months. In Asia, a new agreement has been signed with Maxell for the use of IBS business software in China and Japan with some 1 000 users.

### **A leading position within supply chain management**

Most suppliers of business software originate from the manufacturing or financial application sector. At an early stage, IBS specialised in business software for sales and distribution companies, as well as demand-driven manufacturing companies.

This is well in line with the current trend towards giving customer relations and sales order management a focal position in business processes, at the same time as volume-oriented production is being increasingly relocated to low-price countries such as China, Mexico and the countries of Eastern Europe.

IBS intends to continue strengthening its position as a leading international supplier of business software and professional services within supply chain management and other selected market segments.

During the third quarter, IBS has among other things launched new business software for electronic invoicing. IBS Pharma, which is developed specially for pharmaceutical distributors, has enjoyed positive development with sales to, among others, American pharmaceuticals distributor – FMC Distributors. IBS is engaged in a number of sales

cases for IBS Pharma, which are expected to be concluded during the fourth quarter.

The market launch of IBS Integrator, a fast and cost-effective solution for program-to-program integration, has been successful with some 40 different integration projects for customers including Carmen, Roland, Scribona, Marranchinho and Audifar.

The efficiency of IBS software development will continue to improve through, among other ways, increased outsourcing to low-cost countries. Today, IBS has transferred some of its development to low-cost countries such as Portugal, Poland and India. Other countries being considered are China and Russia, where IBS has operations through partners.

### **Liquidity and financial position**

During the third quarter, the equity to total assets ratio increased from 37% to 40% while liquidity remained on a par with the previous year and amounted to 101% (102%).

The cash flow from operating activities during the first nine months of the year amounted to SEK 38m (90). The cash flow after investments was SEK -45m (-10).

Liquid assets including short-term investments amounted as of 30 September to SEK 133m (140). In addition, there were unused credit facilities of SEK 67m (91).

On 30 September, the Group had interest-bearing liabilities of SEK 283m (233). Excluding debts to leasing companies, the corresponding figure is SEK 250m (185).

### **Investments**

Group investments in equipment amounted during the first nine months of the year to SEK 23m (18).

### **Tax**

The tax item in the Income Statement for the period amounting to SEK 10m (4) consists of SEK -11m (-4) in current tax and SEK 21m (8) in deferred tax. Tax paid during the period amounts to SEK 18m (16).

### **Exchange rates**

During the first nine months of the year, the Swedish krona was weakened compared with the IBS Group currency basket by approximately 1%. This means that in fixed exchange rates, the revenue and costs increase will be one percentage point lower but that the impact on earnings is only marginal. IBS' exchange rate risk is limited in that almost all operative subsidiaries invoice in the same currency in which their costs are incurred. Major currency transactions are normally hedged.

### **Staff**

The number of employees as of 30 September amounted to 1 899, which is a decrease of 41 compared with the same time last year. Since year-end 2003, the number of employees has decreased by 33.

## Parent Company

The Parent Company manages and develops wholly or partly-owned operative subsidiaries and pursues comprehensive development of new applications and maintenance of the Group's business software solutions. Global marketing and sales support in international business cases is another important aspect of Parent Company operations.

Total Parent Company revenue during the period amounted to SEK 121m (129) and earnings after financial items to SEK 53m (-13). The earnings include dividends from subsidiaries of SEK 65m (9).

## The IBS share

The total number of shares amounts to 79.6 million. In addition, IBS has two warrants programmes. The first programme entitles holders to subscribe to one new B share over the period September 2004 to February 2005 for a strike price of SEK 65. On 30 September, some 2.4 million warrants had been subscribed to by the staff. IBS judges that no conversion will take place, which means there will be no dilution.

The second programme consists of 4 million warrants, some 2.9 million of which have been subscribed to by the staff. Each warrant entitles the holder, during May 2006, to purchase one new B share for SEK 7.66. IBS judges that the second warrants programme will be converted and consideration has been given to the dilution effect in accordance with Recommendation 18 of the Swedish Financial Accounting Standards Council. The present value of the strike price is SEK 7.05.

## Accounting principles

The Group adheres to recommendations made by the Swedish Financial Accounting Standards Council. The introduction of new recommendations for 2004 has had no effect on the earnings of previous years.

## IBS earnings over the past 12 months

IBS' earnings after financial items, based on a rolling 12-month period, have improved and amounted to SEK 19m (-8\*) compared with the corresponding period last year.

## Full-year forecast

The forecast remains unchanged with expected improved positive earnings after financial items for 2004 compared with SEK18m for the same period last year.

## Outlook for 2005 and beyond

During 2005 and 2006, the demand for business software within IBS' market focus is expected to increase. Through continued specialisation and strengthened sales concepts, we anticipate a long-term increase in our market shares within the area of supply chain management and specialised customer segments. IBS will supplement organic growth with a strategy that includes the selective acquisition of companies providing additional customers and competence. Altogether, this means we anticipate that IBS will show revenue growth and that profitability will continue to improve during 2005.

## Information plan

- The year-end report for the full-year 2004 will be published on 10 February 2005.

Solna, 27 October 2004

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*This report has not been subjected to special review by the company's auditors.*

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\*Excluding restructuring costs.

# Consolidated income statement

SEK million	2004 Jul-Sep	2003 Jul-Sep	04/03 %	2004 Jan-Sep	2003 Jan-Sep	04/03 %	Last 12 months	2003 Full Year
<i>Revenue</i>								
Software licences	95.9	95.7	0%	322.7	339.0	-5%	515.8	532.1
Professional services	268.1	266.7	1%	913.0	901.8	1%	1 249.7	1 238.5
Hardware and other revenue	102.6	159.0	-35%	361.6	431.4	-16%	560.3	630.1
<b>Total revenue</b>	<b>466.6</b>	<b>521.4</b>	<b>-11%</b>	<b>1 597.3</b>	<b>1 672.2</b>	<b>-4%</b>	<b>2 325.8</b>	<b>2 400.7</b>
<i>Cost of revenue</i>								
Software licences	-18.1	-15.2	19%	-45.4	-42.6	7%	-65.6	-62.8
Professional services	-220.0	-218.8	1%	-736.0	-742.2	-1%	-1 005.4	-1 011.6
Hardware and other costs	-83.5	-129.4	-35%	-291.3	-352.1	-17%	-446.6	-507.4
<b>Total cost of revenue</b>	<b>-321.6</b>	<b>-363.4</b>	<b>-12%</b>	<b>-1 072.7</b>	<b>-1 136.9</b>	<b>-6%</b>	<b>-1 517.6</b>	<b>-1 581.8</b>
<b>Gross profit</b>	<b>145.0</b>	<b>158.0</b>	<b>-8%</b>	<b>524.6</b>	<b>535.3</b>	<b>-2%</b>	<b>808.2</b>	<b>818.9</b>
Product development costs	-51.8	-48.8	6%	-163.0	-163.5	0%	-219.8	-220.3
Sales and marketing costs	-61.5	-70.8	-13%	-200.4	-212.4	-6%	-273.3	-285.3
General and administrative costs	-67.8	-63.9	6%	-214.9	-213.7	1%	-287.8	-286.6
<b>Total operating costs</b>	<b>-181.1</b>	<b>-183.5</b>	<b>-1%</b>	<b>-578.3</b>	<b>-589.6</b>	<b>-2%</b>	<b>-780.9</b>	<b>-792.2</b>
<b>Operating profit</b>	<b>-36.1</b>	<b>-25.5</b>		<b>-53.7</b>	<b>-54.3</b>		<b>27.3</b>	<b>26.7</b>
<i>Financial items</i>								
Interest income	0.8	0.9		2.5	3.0		5.0	5.5
Interest expenses	-2.0	-2.9		-7.6	-8.8		-12.3	-13.5
Other financial items	0.0	1.2		0.1	0.7		-0.9	-0.3
<b>Earnings after financial items</b>	<b>-37.3</b>	<b>-26.3</b>		<b>-58.7</b>	<b>-59.4</b>		<b>19.1</b>	<b>18.4</b>
Tax	8.5	2.2		10.0	3.7		31.3	25.0
Minority holdings	0.2	0.3		0.3	0.1		-0.6	-0.8
<b>Net profit for the period</b>	<b>-28.6</b>	<b>-23.8</b>		<b>-48.4</b>	<b>-55.6</b>		<b>49.8</b>	<b>42.6</b>
Earnings per share (SEK)	-0.36	-0.30		-0.61	-0.70		0.63	0.54
Earnings per share after dilution (SEK)	-0.36	-0.30		-0.60	-0.70		0.62	0.53
Average number of shares (thousand)	79 608	79 608		79 608	79 608		79 608	79 608
Average number of shares after dilution (thousand)	80 397	79 608		81 017	79 608		80 958	80 122

Segment analysis, Jan-Sep	Sweden		Other Nordic countries		Rest of Europe		Rest of the world		Parent comp. incl. group adjustments		Total	
SEK million	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Revenue from external customers												
Software licences	29.2	47.9	21.1	28.9	243.4	224.3	29.0	37.5	0.0	0.4	322.7	339.0
Professional services	251.7	260.1	152.4	162.9	413.9	419.5	94.9	58.7	0.1	0.7	913.0	901.8
Hardware and other revenue	106.9	136.5	35.6	56.5	191.8	219.5	24.7	18.9	2.6	0.0	361.6	431.4
	387.8	444.5	209.1	248.3	849.1	863.3	148.6	115.1	2.7	1.1	1 597.3	1 672.2
Inter-segment revenue	-9.8	4.3	3.9	7.9	6.8	9.6	1.2	1.4	-2.1	-23.2	0.0	0.0
Total revenue	378.0	448.8	213.0	256.2	855.9	872.9	149.8	116.5	0.6	-22.1	1 597.3	1 672.2
<b>Segment operating profit</b>	<b>-68.1</b>	<b>-46.0</b>	<b>-22.3</b>	<b>-15.3</b>	<b>12.0</b>	<b>-4.1</b>	<b>8.3</b>	<b>-3.4</b>	<b>16.5</b>	<b>14.5</b>	<b>-53.7</b>	<b>-54.3</b>
Unallocated expenses											0.0	0.0
Operating profit											-53.7	-54.3

The segment reporting is created in accordance with RR 25 (Swedish Fin. Accounting Standards Council). For IBS, the primary basis for segmentation is geographical area. The segmentation is based on IBS' organisation and the structure of the international reporting system. IBS' risks and opportunities are primarily impacted by the Group having operations in different countries. Internal pricing is based on market price. The segment results include items that are directly assignable or can be allocated to a segment in a reasonable and reliable way.

# Consolidated balance sheet

SEK million	2004 30 Sep	2003 30 Sep	2003 31 Dec		2004 30 Sep	2003 30 Sep	2003 31 Dec
<b>ASSETS</b>				<b>EQUITY AND LIABILITIES</b>			
<b>Fixed assets</b>				<b>Equity</b>			
<i>Intangible assets</i>				<i>Restricted equity</i>			
Capitalised product development costs	144.4	108.3	116.7	Share capital	15.9	15.9	15.9
Goodwill	221.7	222.5	237.8	Restricted reserves	477.5	622.1	540.1
Acquired software	4.1	4.4	4.0		<b>493.4</b>	<b>638.0</b>	<b>556.0</b>
	<b>370.2</b>	<b>335.2</b>	<b>358.5</b>	<i>Non-restricted equity</i>			
<i>Tangible assets</i>				Non-restricted reserves	69.1	-131.1	-29.2
Equipment	62.0	72.5	77.3	Net profit for the period	-48.4	-55.6	42.6
Financial leasing contracts	31.9	47.3	46.5		<b>20.7</b>	<b>-186.7</b>	<b>13.4</b>
	<b>93.9</b>	<b>119.8</b>	<b>123.8</b>	<b>Total equity</b>			
<i>Financial assets</i>					<b>514.1</b>	<b>451.3</b>	<b>569.4</b>
Participations in associated companies	0.4	0.4	0.4	<b>Minority holdings</b>			
Other long-term receivables	12.3	10.9	10.7		<b>1.3</b>	<b>3.7</b>	<b>1.6</b>
Deferred tax receivables	115.6	51.0	90.2	<b>Provisions</b>			
	<b>128.3</b>	<b>62.3</b>	<b>101.3</b>	Deferred tax	9.7	7.0	5.0
<b>Total fixed assets</b>				Reserve for project and guarantee costs	4.0	11.8	10.1
	<b>592.4</b>	<b>517.3</b>	<b>583.6</b>		<b>13.7</b>	<b>18.8</b>	<b>15.1</b>
<b>Current assets</b>				<b>Liabilities</b>			
<i>Inventories</i>				<i>Long-term liabilities</i>			
	<b>5.3</b>	<b>4.5</b>	<b>6.5</b>	Liabilities to credit institutions	58.0	48.9	57.9
<i>Current receivables</i>				Other long-term liabilities	17.4	14.2	23.4
Accounts receivable	382.1	361.0	564.0		<b>75.4</b>	<b>63.1</b>	<b>81.3</b>
Tax receivables	22.1	25.6	8.7	<i>Current liabilities</i>			
Other receivables	17.2	24.3	20.0	Liabilities to credit institutions	225.0	184.2	190.0
Prepaid expenses and accrued income	145.1	150.8	105.3	Accounts payable	58.6	113.6	153.1
	<b>566.5</b>	<b>561.7</b>	<b>698.0</b>	Income tax liability	12.5	1.4	8.0
<i>Short-term investments</i>				Other current liabilities	65.5	72.7	83.9
	47.9	29.3	20.0	Accrued expenses and deferred income	330.9	314.5	330.6
<i>Cash and bank balances</i>					<b>692.5</b>	<b>686.4</b>	<b>765.6</b>
	84.9	110.5	124.9	<b>Total liabilities</b>			
	<b>132.8</b>	<b>139.8</b>	<b>144.9</b>		<b>767.9</b>	<b>749.5</b>	<b>846.9</b>
<b>Total current assets</b>				<b>TOTAL EQUITY AND LIABILITIES</b>			
	<b>704.6</b>	<b>706.0</b>	<b>849.4</b>		<b>1 297.0</b>	<b>1 223.3</b>	<b>1 433.0</b>
<b>TOTAL ASSETS</b>							
	<b>1 297.0</b>	<b>1 223.3</b>	<b>1 433.0</b>				

## Change in Group equity

SEK million	2004 30 Sep	2003 30 Sep	2003 31 Dec
<b>Opening balance</b>	<b>569.4</b>	<b>517.8</b>	<b>517.8</b>
Warrants	-	4.9	6.3
Net profit for the period	-48.4	-55.6	42.6
Translation differences for the period	-6.9	-15.8	2.7
<b>Closing balance</b>	<b>514.1</b>	<b>451.3</b>	<b>569.4</b>

## Changes in pledged assets and contingent liabilities

SEK million	2004 31 Sep	2003 31 Dec	Change
<i>Pledged assets</i>			
Corporate mortgages	3.5	3.5	0.0
Pledged shares in subsidiaries	109.8	109.8	0.0
Assets charged with ownership reservation	46.7	81.4	-34.7
<i>Contingent liabilities</i>			
Other contingent liabilities	16.7	15.6	1.1



# Consolidated cash flow analysis

SEK million	2004 July-Sep	2003 July-Sep	2004 Jan-Sep	2003 Jan-Sep	Last 12 months	2003 Full year
<i>Operating activities</i>						
Earnings after financial items	-37.3	-26.3	-58.7	-59.4	19.1	18.4
Adjustments to reconcile earnings after financial items to cash	31.5	32.9	92.8	97.2	121.3	125.7
Tax paid	-2.4	5.8	-18.1	-15.6	-20.0	-17.5
<b>Cash flow from operating activities before changes in working capital</b>	<b>-8.2</b>	<b>12.4</b>	<b>16.0</b>	<b>22.2</b>	<b>120.4</b>	<b>126.6</b>
<i>Changes in working capital</i>						
Inventories	0.0	-1.2	1.2	0.7	-0.8	-1.3
Operating assets	41.5	64.7	142.0	288.7	-8.6	138.1
Operating liabilities	-43.2	-62.7	-121.1	-221.3	-45.0	-145.2
<b>Cash flow from operating activities</b>	<b>-9.9</b>	<b>13.2</b>	<b>38.1</b>	<b>90.3</b>	<b>66.0</b>	<b>118.2</b>
<i>Investing activities</i>						
Acquisition of subsidiaries and operations	-	-2.5	-10.0	-8.2	-9.8	-8.0
Change, intangible assets	-22.5	-20.0	-61.5	-54.4	-82.0	-74.9
Change, tangible assets	10.3	-15.0	-9.8	-38.9	-21.0	-50.1
Change, financial assets	-0.9	4.7	-1.7	-1.2	0.5	3.4
<b>Cash flow from investing activities</b>	<b>-13.1</b>	<b>-32.8</b>	<b>-83.0</b>	<b>-100.3</b>	<b>-112.3</b>	<b>-129.6</b>
<i>Financing activities</i>						
Warrants	-	4.9	-	4.9	1.4	6.3
Net change, loans	41.8	-5.1	31.8	-12.7	35.2	-9.3
<b>Cash flow from financing activities</b>	<b>41.8</b>	<b>-0.2</b>	<b>31.8</b>	<b>-7.8</b>	<b>36.6</b>	<b>-3.0</b>
<b>Cash flow for the period</b>	<b>18.8</b>	<b>-19.8</b>	<b>-13.1</b>	<b>-17.8</b>	<b>-9.7</b>	<b>-14.4</b>
<b>Liquid assets, beginning of period</b>	<b>116.6</b>	<b>169.8</b>	<b>144.9</b>	<b>169.3</b>	<b>139.8</b>	<b>169.3</b>
<i>Translation differences in liquid assets</i>	-2.6	-10.2	1.0	-11.7	2.7	-10.0
<b>Liquid assets, end of period</b>	<b>132.8</b>	<b>139.8</b>	<b>132.8</b>	<b>139.8</b>	<b>132.8</b>	<b>144.9</b>

## Key figures and data per share

Key figures	2004 July-Sep	2003 July-Sep	2004 Jan-Sep	2003 Jan-Sep	Last 12 months	2003 Full year
Average number of employees	1 913	1 955	1 919	1 973	1 923	1 963
Revenue per employee (SEK thousand)	244	267	832	848	1 210	1 223
Value added per employee (SEK thousand)	131	122	461	443	689	669
Operating margin %	-7.7	-4.9	-3.4	-3.2	1.2	1.1
Capital turnover ratio	0.4	0.4	1.2	1.2	1.7	1.6
Return on total capital %	-2.6	-1.8	-3.7	-3.6	2.3	2.1
Return on capital employed %	-4.2	-3.3	-6.3	-6.9	3.9	4.0
Return on equity %	-5.4	-5.1	-8.9	-11.4	9.0	7.8
Ratio of risk capital %	40	38	40	38	40	40
Liquidity %	101	102	101	102	101	110
Equity to total assets ratio %	40	37	40	37	40	40
Interest cost cover ratio	-9	-8	-7	-6	3	2
DSO (Days of sales outstanding)	61	56	63	68	56	55
<b>Key figures per share</b>						
Earnings	-0.36	-0.30	-0.61	-0.70	0.63	0.54
Earnings after dilution	-0.36	-0.30	-0.60	-0.70	0.62	0.53
Adjusted equity	6.46	5.67	6.46	5.67	6.46	7.15
Adjusted equity after dilution	6.65	5.67	6.60	5.67	6.60	7.35
Cash flow from operating activities	-0.12	0.17	0.48	1.13	0.83	1.48
Cash flow from operating activities after dilution	-0.12	0.17	0.47	1.13	0.82	1.48
<b>Share data</b>						
Average number of shares (thousand)	79 608	79 608	79 608	79 608	79 608	79 608
Average number of shares after dilution (thousand)	80 397	79 608	81 017	79 608	80 958	80 122
Total no. of shares (thousand)	79 608	79 608	79 608	79 608	79 608	79 608
Total no. of warrants (thousand)	9 000	7 181	9 000	7 181	9 000	9 000
Average share price	9.72	7.81	13.85	6.34	13.31	8.27

# Analysis

	3 <sup>rd</sup> Quarter				Jan-Sep	
Analysis of change in revenue between the years (%)						
	04/03	03/02	02/01	04/03	03/02	02/01
Volume increase (average no. of staff)	-4%	-9%	-4%	-3%	-10%	-4%
Acquisitions/disposals	2%	-1%	0%	1%	-1%	0%
Price and efficiency change	-12%	14%	-5%	-3%	7%	4%
<b>Growth rate, internally influenced</b>	<b>-14%</b>	<b>4%</b>	<b>-9%</b>	<b>-5%</b>	<b>-4%</b>	<b>0%</b>
Influence of exchange rate fluctuation	3%	0%	-2%	1%	-2%	0%
<b>Total growth rate</b>	<b>-11%</b>	<b>4%</b>	<b>-11%</b>	<b>-4%</b>	<b>-6%</b>	<b>0%</b>
Gross profit per revenue stream (SEK million)						
	2004	2003	2002	2004	2003	2002
Software licences	78	80	84	278	296	309
Professional services	48	48	41	177	160	192
Hardware and other revenue	19	30	27	70	79	86
<b>Total</b>	<b>145</b>	<b>158</b>	<b>152</b>	<b>525</b>	<b>535</b>	<b>587</b>
Gross margin in % per revenue stream						
	2004	2003	2002	2004	2003	2002
Software licences	81%	84%	88%	86%	87%	88%
Professional services	18%	18%	15%	19%	18%	19%
Hardware and other revenue	19%	19%	21%	19%	18%	20%
<b>Total</b>	<b>31%</b>	<b>30%</b>	<b>30%</b>	<b>33%</b>	<b>32%</b>	<b>33%</b>
Type of revenue in % of total revenue						
	2004	2003	2002	2004	2003	2002
Software licences	21%	18%	19%	20%	20%	20%
Professional services	57%	51%	55%	57%	54%	55%
Hardware and other revenue	22%	31%	26%	23%	26%	25%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Operating costs in % of revenue						
	2004	2003	2002	2004	2003	2002
Product development costs	11%	9%	11%	10%	10%	11%
Sales and marketing costs	13%	14%	18%	13%	12%	15%
General and administrative costs	15%	12%	13%	13%	13%	13%
Restructuring costs	-	-	19%	-	-	6%
<b>Total</b>	<b>39%</b>	<b>35%</b>	<b>61%</b>	<b>36%</b>	<b>35%</b>	<b>45%</b>
Depreciation (SEK million)						
	2004	2003	2002	2004	2003	2002
Goodwill	-7	-8	-8	-22	-22	-23
Capitalised product development costs	-12	-12	-12	-36	-36	-36
Equipment, financial leasing and software	-12	-15	-18	-41	-44	-50
<b>Total</b>	<b>-31</b>	<b>-35</b>	<b>-38</b>	<b>-99</b>	<b>-102</b>	<b>-109</b>

## Outcome per quarter

SEK million	2001 Q4	2002 Q1	2002 Q2	2002 Q3*	2002 Q4*	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Q2	2004 Q3
Software licences	184.2	145.4	109.9	95.2	192.9	127.9	115.4	95.7	193.1	122.2	104.6	95.9
Total revenue	841.6	656.8	621.5	503.4	735.4	581.5	569.3	521.4	728.5	581.5	549.2	466.6
Operating profit*	74.7	-2.0	-59.5	-155.2	37.3	3.6	-32.4	-25.5	81.0	11.7	-29.3	-36.1
Earnings after financial items*	70.9	-5.4	-64.2	-157.3	28.1	0.6	-33.8	-26.3	77.8	8.2	-29.6	-37.3

\* Including restructuring costs amounting to SEK million -97 (Q3 2002) and -24 (Q4 2002)

Figure 1

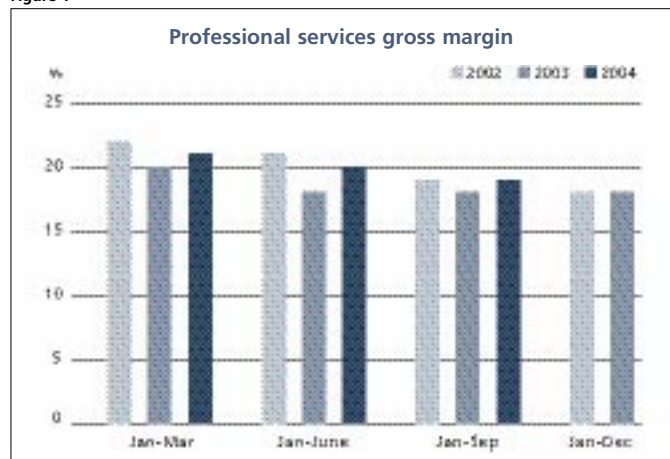
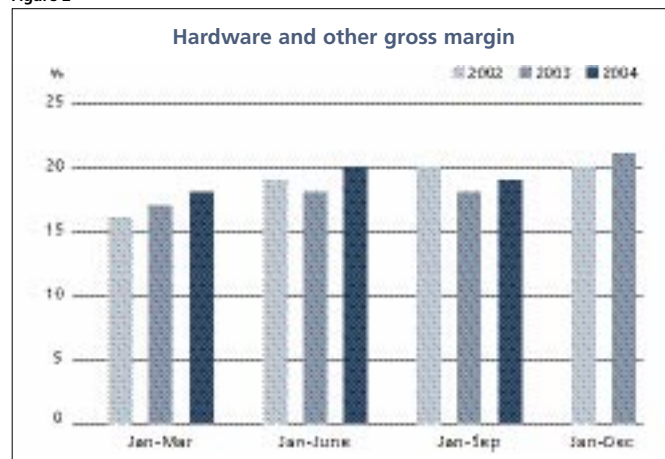


Figure 2





## IBS in brief

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

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

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

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