

# Interim Report

## January – June 2004

### International sales increases, weak demand in Sweden

#### January – June 2004

- Earnings after financial items amounted to SEK -21m (-33). The Swedish operations affected the earnings with SEK -39m.
- Net profit amounted to SEK -20m (-32).
- Earnings per share amounted to SEK -0.25 (-0.40).
- Total revenue amounted to SEK 1 131m (1 151).
- The professional services margin increased by 2 percentage points to 20%.

#### April – June 2004

- Earnings after financial items amounted to SEK -30m (-34).
- Net profit amounted to SEK -24m (-31).
- Earnings per share amounted to SEK -0.30 (-0.39).
- Total revenue amounted to SEK 549m (569).
- Acquisition in the USA.
- An action program in the Swedish operation has been initiated to reduce annual costs of SEK 20m from 2005 and onwards.

#### Full-year forecast

- The full-year forecast of improved positive earnings after financial items for 2004 remains unchanged.

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

» Our interim report shows improved results, and contains both positive and negative aspects. During the quarter, we increased international licence sales in Europe and our overall professional service revenue. At the same time, weak development of our Swedish operations has had a negative impact on IBS earnings for the period. During the second quarter, we have initiated an action program that will increase the efficiency and profitability in the Swedish market.«

16 July, 2004

# IBS' Interim Report, January-June 2004

## The market

During the second quarter, there has been a gradual improvement in the investment climate for business software within most of the countries in which IBS operates.

In conjunction with a general improvement in the economy, it has been possible to detect a growing need for IT investments in most countries. This is reflected in a growing demand for professional services and the initiated procurement of new or extended business software investments.

However, a broad-based recovery in the demand for new business software is still pending. Market recovery has progressed furthest in the USA, Australia and Asia. A number of European markets have also displayed an improved investment climates. However, the development in Sweden has been weak.

## First six months, 2004

Earnings after financial items improved by SEK 12m compared with the corresponding period last year and amounted to SEK -21m (-33). Significant improvements in results have been achieved during the first six months in the USA, Australia and the UK. IBS' operations in Sweden have affected earnings by SEK -39m during the period. Software licence sales were particularly lower than expected.

Under the management of Kjell Nilson, who entered the position as new Managing Director and Area Manager for the Swedish operations, an action plan was implemented during the second quarter to reduce staff, improve the overall efficiency and to review the office organisation. These measures will reduce costs by an annual amount of SEK 20m from 2005 and onwards. The sales organisation has also been strengthened to facilitate increased sales to new and existing customers.

Total revenue during the first half of 2004 amounted to SEK 1 131m, which is a decrease of 2% compared with the same period last year. Total operating costs have at the same time decreased by 2%.

The number of employees has decreased by 49, compared with the figures for the same period last year, to 1 921 as of 30 June 2004.

## Second quarter 2004

IBS Group earnings after financial items during the second quarter improved by SEK 4m, compared with the corresponding period last year, and amounted to SEK -30m (-34). The improvement is primarily a consequence of increased professional services margin.

	2004	2003	Δ
Professional services revenue, SEKm	320	309	4%
Margin	19%	16%	3

Professional services revenue increased despite the average number of consultants dropping by 4% over the period.

This resulted in a 3 percentage points improvement in the professional services margin to 19% (see figure 1).

	2004	2003	Δ
Software licences revenue, SEKm	105	115	-9%
Margin	85%	86%	-1

Software licence sales over the period were SEK 10m (9%) lower than in the corresponding period last year. The decrease is mainly attributable to operations in Sweden, whereas the rest of Europe increased its business software revenue.

	2004	2003	Δ
Hardware and other revenue, SEKm	124	145	-14%
Margin	22%	18%	4

Hardware and other revenue decreased by 14%, due primarily to many customers delaying investments in new servers, pending the launch of new models from IBM. IBS predicts that hardware sales will increase in the second half-year period. One positive aspect is the fact that the margin increased by 4 percentage points to 22%.

	2004	2003	Δ
Total revenue, SEKm	549	569	-4%

Despite increased professional services revenue, total revenue for the quarter decreased as a result of lower licence and hardware revenue.

	2004	2003	Δ
Operating costs, SEKm	-205	-208	-1%

During the second quarter, IBS has continued to reduce operating costs by 1% in relation to the same period last year.

## Development per region

**Sweden:** The Swedish operations has had weak development during the quarter. An action program was started during the quarter to reduce costs by an annual amount of SEK 20m from 2005 and onwards.

**Other Nordic countries:** Developments in Denmark have been positive. A number of important new customer agreements have been entered into during the period. Operations in Norway have continued to develop in a positive way during the second quarter. In Finland, hardware sales have been influenced in a negative way pending the launch of IBM's new eServer i5.

**Rest of Europe:** Most IBS companies in Europe have had positive development during the second quarter. Altogether, IBS has increased its licence sales and professional services revenue within the region.

*Rest of the world:* The market has continued to improve in the USA, Australia and Asia, which has resulted in greater revenue and an increase in profit.

New customer agreements have been entered into with customers such as Belfa, Boc Edwards, Bradford Community Housing Trust, Bullivant, Conad, Franchini, Mazak, Mrs Fields, Miele Hungary, R98, Stentor Music and Transelectro.

### **Acquisition in the USA**

During the second quarter, IBS completed its acquisition of the supply chain management organisation within Janis Group Inc. with some 30 employees. The operations are profitable and provide an increased geographical presence on the American East Coast.

### **Mission and software**

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' business software ASW has been specially developed for efficient supply chain management, managing customer relations, logistics, demand-driven manufacturing and financial control. During the second quarter, IBS launched new ASW modules for after-sales service and electronic invoicing.

IBS Pharma, a special version of ASW that focuses on the needs of pharmaceutical distributors, has continued to show positive development. A number of IBS Pharma sales cases are expected to be concluded during the third and fourth quarters.

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 such as Carmen, Roland, Scribona, Marranchino and Audifar.

IBS Virtual Enterprise software has continued to attract the interest of companies seeking to increase efficiency and coordinate their group procurement. This solution is used by Cramo, which has gained major benefits in terms of efficiency and improved customer service.

During the second quarter, Mark Cockings was appointed Vice President IBS Global Software. The efficiency of IBS business software development will improve as a result of stepped-up outsourcing to low-cost countries. The aim is to streamline development of IBS' business software while maintaining the same level of investment.

IBS' strategy is to further strengthen its market position in the area of supply chain management and other selected market segments. The strategy also includes the acquisition of companies with complementary customer bases and competence within this area.

### **Liquidity and financial position**

The Group's financial position was further strengthened during the second quarter of 2004. The equity to total assets ratio increased from 36% to 42% and liquidity increased to 107% (106%).

The cash flow from operating activities amounted to SEK 48m (77) and the cash flow after investments was SEK -22m (10).

Liquid assets including short-term investments amounted as of 30 June to SEK 117m (170). In addition, there were unused credit facilities of SEK 82m (106).

On 30 June, the Group had interest-bearing liabilities totalling SEK 241m (240). Excluding debts to leasing companies, the corresponding figure is SEK 200m (191).

### **Investments**

Group investments in equipment amounted to SEK 20m (24).

Capitalised development costs for products to be launched within twelve months exceeded depreciation by SEK 7m (6).

### **Tax**

The tax item in the Income Statement amounting to SEK 2m (2) consists of SEK -4m (-5) in current tax and SEK 6m (7) in deferred tax. Tax paid during the period amounts to SEK 16m (21).

### **Exchange rates**

During the first six months, the Swedish krona strengthened its position 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 higher, but that the impact on the 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 June amounted to 1 921, which is a decrease of 49 compared with the same time last year. Since year-end 2003/2004, the number of employees has decreased by 42.

### **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 cases are also important parts of Parent Company operations.

Total revenue amounted to SEK 85m (87) and the earnings after financial items was SEK 31m (-1). The earnings include dividends from subsidiaries of SEK 42m (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 June, 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, of which some 2.9 million warrants 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 6.96.

### 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 for the past 12 months

IBS' earnings after financial items, based on a rolling 12-month period, improved by SEK 72m compared with the corresponding period last year and amounted to SEK 30m (-42 excluding restructuring costs) (see figure 2).

### Full-year forecast

IBS' recurring seasonal variations will also affect the second half of 2004 with negative earnings for the third quarter and positive earnings for the fourth quarter.

The full-year forecast of improved positive earnings after financial items for 2004 remains unchanged.

### Outlook for 2005 and beyond

Many companies today see an increased need to improve their competitiveness through better information systems.

During 2005 and 2006, we expect an increase in the demand for new business software within IBS' market focus.

Through continued specialisation and strengthened sales concepts, IBS shall increase its long-term market shares. The market will increasingly be governed by the demands of top management focusing on IT investments that improve business processes and results.

### IBS stops publishing printed Interim Reports

Beginning with this Interim Report for the period January – June, IBS will stop publishing printed interim reports. The reports will, as before, be published on the company's website, [www.ibs.net](http://www.ibs.net).

### Information plan

- The report for the period January – September will be published on 27 October 2004.
- The year-end report for the full-year 2004 will be published on 10 February 2005.

Solna 16 July 2004  
Magnus Wastenson  
CEO

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

*Any questions concerning this report will be answered by:*

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# Consolidated income statement

SEK million	2004 Apr-June	2003 Apr-June	04/03 %	2004 Jan-June	2003 Jan-June	04/03 %	Last 12 months	2003 Full Year
<i>Revenue</i>								
Software licences	104.6	115.4	-9%	226.8	243.3	-7%	515.6	532.1
Professional services	320.4	309.0	4%	644.9	635.1	2%	1 248.3	1 238.5
Hardware and other revenue	124.2	144.9	-14%	259.0	272.4	-5%	616.7	630.1
<b>Total revenue</b>	<b>549.2</b>	<b>569.3</b>	<b>-4%</b>	<b>1 130.7</b>	<b>1 150.8</b>	<b>-2%</b>	<b>2 380.6</b>	<b>2 400.7</b>
<i>Cost of revenue</i>								
Software licences	-15.4	-15.9	-3%	-27.3	-27.4	0%	-62.7	-62.8
Professional services	-261.1	-259.9	0%	-516.0	-523.4	-1%	-1 004.2	-1 011.6
Hardware and other costs	-97.2	-118.4	-18%	-207.8	-222.7	-7%	-492.5	-507.4
<b>Total cost of revenue</b>	<b>-373.7</b>	<b>-394.2</b>	<b>-5%</b>	<b>-751.1</b>	<b>-773.5</b>	<b>-3%</b>	<b>-1 559.4</b>	<b>-1 581.8</b>
<b>Gross profit</b>	<b>175.5</b>	<b>175.1</b>	<b>0%</b>	<b>379.6</b>	<b>377.3</b>	<b>1%</b>	<b>821.2</b>	<b>818.9</b>
Product development costs	-56.2	-58.1	-3%	-111.2	-114.7	-3%	-216.8	-220.3
Sales and marketing costs	-72.1	-73.3	-2%	-138.9	-141.6	-2%	-282.6	-285.3
General and administrative costs	-76.5	-76.1	1%	-147.1	-149.8	-2%	-283.9	-286.6
<b>Total operating costs</b>	<b>-204.8</b>	<b>-207.5</b>	<b>-1%</b>	<b>-397.2</b>	<b>-406.1</b>	<b>-2%</b>	<b>-783.3</b>	<b>-792.2</b>
<b>Operating profit</b>	<b>-29.3</b>	<b>-32.4</b>		<b>-17.6</b>	<b>-28.8</b>		<b>37.9</b>	<b>26.7</b>
<i>Financial items</i>								
Interest income	0.8	1.0		1.7	2.1		5.1	5.5
Interest expenses	-2.4	-2.0		-5.6	-5.9		-13.2	-13.5
Other financial items	1.3	-0.4		0.1	-0.6		0.4	-0.3
<b>Earnings after financial items</b>	<b>-29.6</b>	<b>-33.8</b>		<b>-21.4</b>	<b>-33.2</b>		<b>30.2</b>	<b>18.4</b>
Tax	5.7	2.9		1.5	1.5		25.0	25.0
Minority holdings	0.0	-0.3		0.1	-0.2		-0.5	-0.8
<b>Net profit for the period</b>	<b>-23.9</b>	<b>-31.2</b>		<b>-19.8</b>	<b>-31.9</b>		<b>54.7</b>	<b>42.6</b>
Earnings per share (SEK)	-0.30	-0.39		-0.25	-0.40		0.69	0.54
Earnings per share after dilution (SEK)	-0.29	-0.39		-0.24	-0.40		0.68	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)	81 027	79 608		81 178	79 608		80 924	80 122

Segment analysis, Jan-June	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	26.4	42.6	15.5	21.7	168.9	150.7	15.9	28.3	0.0	0.0	226.8	243.3
Professional services	187.6	187.1	110.3	117.7	288.3	293.2	58.7	37.0	0.0	0.0	644.9	635.1
Hardware and other revenue	83.6	106.8	25.6	44.5	131.7	112.2	15.5	9.0	2.6	0.0	259.0	272.4
	297.6	336.5	151.4	183.9	588.9	556.1	90.2	74.3	2.6	0.0	1 130.7	1 150.8
Inter-segment revenue	-11.9	3.1	3.4	4.0	5.6	6.8	0.8	1.2	2.1	-15.1	0.0	0.0
Total revenue	285.6	339.6	154.8	187.9	594.6	562.9	91.0	75.5	4.7	-15.1	1 130.7	1 150.8
<b>Segment operating profit</b>	<b>-38.9</b>	<b>-12.6</b>	<b>-11.2</b>	<b>-7.1</b>	<b>10.3</b>	<b>-12.9</b>	<b>3.8</b>	<b>-1.5</b>	<b>18.4</b>	<b>5.3</b>	<b>-17.6</b>	<b>-28.8</b>
Unallocated expenses											0.0	0.0
Operating profit											-17.6	-28.8

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 June	2003 30 June	2003 31 Dec		2004 30 June	2003 30 June	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	132.9	105.5	116.7	Share capital	15.9	15.9	15.9
Goodwill	233.6	228.7	237.8	Restricted reserves	461.3	607.1	540.1
Acquired software	4.1	4.9	4.0		<b>477.2</b>	<b>623.0</b>	<b>556.0</b>
	<b>370.6</b>	<b>339.1</b>	<b>358.5</b>	<i>Non-restricted equity</i>			
<i>Tangible assets</i>				Non-restricted reserves	89.9	-108.3	-29.2
Equipment	62.7	74.8	77.3	Net profit for the period	-19.8	-31.9	42.6
Financial leasing contracts	40.3	47.3	46.5		<b>70.1</b>	<b>-140.2</b>	<b>13.4</b>
	<b>103.0</b>	<b>122.1</b>	<b>123.8</b>	<b>Total equity</b>	<b>547.3</b>	<b>482.8</b>	<b>569.4</b>
<i>Financial assets</i>				<b>Minority holdings</b>	<b>1.5</b>	<b>6.3</b>	<b>1.6</b>
Participations in associated companies	0.4	0.2	0.4	<b>Provisions</b>			
Other long-term receivables	11.2	16.9	10.7	Deferred tax	7.6	7.1	5.0
Deferred tax receivables	98.2	50.4	90.2	Reserve for project and guarantee costs	4.4	16.7	10.1
	<b>109.8</b>	<b>67.5</b>	<b>101.3</b>		<b>12.0</b>	<b>23.8</b>	<b>15.1</b>
<b>Total fixed assets</b>	<b>583.4</b>	<b>528.7</b>	<b>583.6</b>	<b>Liabilities</b>			
<b>Current assets</b>				<i>Long-term liabilities</i>			
<i>Inventories</i>	<b>5.3</b>	<b>3.3</b>	<b>6.5</b>	Liabilities to credit institutions	55.8	49.1	57.9
<i>Current receivables</i>				Other long-term liabilities	17.6	14.8	23.4
Accounts receivable	422.7	453.6	564.0		<b>73.4</b>	<b>63.9</b>	<b>81.3</b>
Tax receivables	17.5	30.2	8.7	<i>Current liabilities</i>			
Other receivables	13.7	20.8	20.0	Liabilities to credit institutions	185.3	191.3	190.0
Prepaid expenses and accrued income	159.0	138.7	105.3	Accounts payable	70.9	115.0	153.1
	<b>612.9</b>	<b>643.3</b>	<b>698.0</b>	Income tax liability	6.0	4.9	8.0
<i>Short-term investments</i>	44.2	35.3	20.0	Other current liabilities	56.8	93.3	83.9
<i>Cash and bank balances</i>	72.4	134.5	124.9	Accrued expenses and deferred income	365.0	363.8	330.6
	<b>116.6</b>	<b>169.8</b>	<b>144.9</b>		<b>684.0</b>	<b>768.3</b>	<b>765.6</b>
<b>Total current assets</b>	<b>734.8</b>	<b>816.4</b>	<b>849.4</b>	<b>Total liabilities</b>	<b>757.4</b>	<b>832.2</b>	<b>846.9</b>
<b>TOTAL ASSETS</b>	<b>1 318.2</b>	<b>1 345.1</b>	<b>1 433.0</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 318.2</b>	<b>1 345.1</b>	<b>1 433.0</b>

## Change in Group equity

SEK million	2004 30 June	2003 30 June	2003 31 Dec
<b>Opening balance</b>	<b>569.4</b>	<b>517.8</b>	<b>517.8</b>
Warrants	-	-	6.3
Net profit for the period	-19.8	-31.9	42.6
Translation differences for the period	-2.3	-3.1	2.7
<b>Closing balance</b>	<b>547.3</b>	<b>482.8</b>	<b>569.4</b>

## Changes in pledged assets and contingent liabilities

SEK million	2004 31 June	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	89.0	81.4	7.6
<i>Contingent liabilities</i>			
Other contingent liabilities	15.8	15.6	0.2

# Consolidated cash flow analysis

SEK million	2004 Apr-June	2003 Apr-June	2004 Jan-June	2003 Jan-June	Last 12 months	2003 Full year
<i>Operating activities</i>						
Earnings after financial items	-29.6	-33.6	-21.4	-33.1	30.1	18.4
Adjustments to reconcile earnings after financial items to cash	31.5	30.1	61.3	64.3	122.7	125.7
Tax paid	-0.8	-7.7	-15.7	-21.4	-11.8	-17.5
<b>Cash flow from operating activities before changes in working capital</b>	<b>1.1</b>	<b>-11.2</b>	<b>24.2</b>	<b>9.8</b>	<b>141.0</b>	<b>126.6</b>
<i>Changes in working capital</i>						
Inventories	-0.5	1.8	1.2	1.9	-2.0	-1.3
Operating assets	8.8	11.9	100.5	224.0	14.6	138.1
Operating liabilities	-25.0	-16.5	-77.9	-158.6	-64.5	-145.2
<b>Cash flow from operating activities</b>	<b>-15.6</b>	<b>-14.0</b>	<b>48.0</b>	<b>77.1</b>	<b>89.1</b>	<b>118.2</b>
<i>Investing activities</i>						
Acquisition of subsidiaries and operations	-7.5	-	-10.0	-5.7	-12.3	-8.0
Change, intangible assets	-19.3	-16.2	-39.0	-34.4	-79.5	-74.9
Change, tangible assets	-8.7	-8.3	-20.1	-23.9	-46.3	-50.1
Change, financial assets	-0.6	-0.3	-0.8	-3.5	6.1	3.4
<b>Cash flow from investing activities</b>	<b>-36.1</b>	<b>-24.8</b>	<b>-69.9</b>	<b>-67.5</b>	<b>-132.0</b>	<b>-129.6</b>
<i>Financing activities</i>						
Warrants	-	-	-	-	6.3	6.3
Net change, loans	15.7	35.4	-10.0	-7.6	-11.7	-9.3
<b>Cash flow from financing activities</b>	<b>15.7</b>	<b>35.4</b>	<b>-10.0</b>	<b>-7.6</b>	<b>-5.4</b>	<b>-3.0</b>
<b>Cash flow for the period</b>	<b>-36.0</b>	<b>-3.4</b>	<b>-31.9</b>	<b>2.0</b>	<b>-48.3</b>	<b>-14.4</b>
<b>Liquid assets, beginning of period</b>	<b>155.1</b>	<b>174.3</b>	<b>144.9</b>	<b>169.3</b>	<b>169.8</b>	<b>169.3</b>
<i>Translation differences in liquid assets</i>	-2.5	-1.1	3.6	-1.5	-4.9	-10.0
<b>Liquid assets, end of period</b>	<b>116.6</b>	<b>169.8</b>	<b>116.6</b>	<b>169.8</b>	<b>116.6</b>	<b>144.9</b>

## Key figures and data per share

Key figures	2004 Apr-June	2003 Apr-June	2004 Jan-June	2003 Jan-June	Last 12 months	2003 Full year
Average number of employees	1 917	1 977	1 923	1 983	1 933	1 963
Revenue per employee (SEK thousand)	286	288	588	580	1 231	1 223
Value added per employee (SEK thousand)	157	153	330	320	680	669
Operating margin %	-5.3	-5.7	-1.6	-2.5	1.6	1.1
Capital turnover ratio	0.4	0.4	0.8	0.8	1.8	1.6
Return on total capital %	-2.1	-2.3	-1.3	-1.9	3.1	2.1
Return on capital employed %	-3.6	-4.2	-2.2	-3.6	5.3	4.0
Return on equity %	-4.2	-6.2	-3.5	-6.4	10.2	7.8
Ratio of risk capital %	42	37	42	37	42	40
Liquidity %	107	106	107	106	107	110
Equity to total assets ratio %	42	36	42	36	42	40
Interest cost cover ratio	-48	-10	-5	-5	4	2
DSO (Days of sales outstanding)	56	57	62	72	54	55
<b>Key figures per share</b>						
Earnings	-0.30	-0.39	-0.25	-0.40	0.69	0.54
Earnings after dilution	-0.29	-0.39	-0.24	-0.40	0.68	0.53
Adjusted equity	6.87	6.06	6.87	6.06	6.87	7.15
Adjusted equity after dilution	6.99	6.06	7.00	6.06	7.01	7.35
Cash flow from operating activities	-0.20	-0.18	0.60	0.97	1.12	1.48
Cash flow from operating activities after dilution	-0.19	-0.18	0.59	0.97	1.10	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)	81 027	79 608	81 178	79 608	80 924	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	5 000	9 000	5 000	9 000	9 000
Average share price	13.77	5.33	15.37	4.88	12.86	8.27

# Analysis

	2 <sup>nd</sup> Quarter			Jan-June		
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%	-10%	-4%	-3%	-10%	-4%
Acquisitions/disposals	1%	-2%	0%	0%	-1%	0%
Price and efficiency change	-1%	7%	5%	2%	4%	8%
<b>Growth rate, internally influenced</b>	<b>-4%</b>	<b>-5%</b>	<b>1%</b>	<b>-1%</b>	<b>-7%</b>	<b>4%</b>
Influence of exchange rate fluctuation	0%	-3%	0%	-1%	-3%	1%
<b>Total growth rate</b>	<b>-4%</b>	<b>-8%</b>	<b>1%</b>	<b>-2%</b>	<b>-10%</b>	<b>5%</b>
Gross profit per revenue stream (SEK million)						
	2004	2003	2002	2004	2003	2002
Software licences	89	100	94	200	216	225
Professional services	60	49	66	129	112	146
Hardware and other revenue	27	26	35	51	49	59
<b>Total</b>	<b>176</b>	<b>175</b>	<b>195</b>	<b>380</b>	<b>377</b>	<b>430</b>
Gross margin in % per revenue stream						
	2004	2003	2002	2004	2003	2002
Software licences	85%	86%	85%	88%	89%	88%
Professional services	19%	16%	19%	20%	18%	21%
Hardware and other revenue	22%	18%	21%	20%	18%	19%
<b>Total</b>	<b>32%</b>	<b>31%</b>	<b>31%</b>	<b>34%</b>	<b>33%</b>	<b>34%</b>
Type of revenue in % of total revenue						
	2004	2003	2002	2004	2003	2002
Software licences	19%	20%	18%	20%	21%	20%
Professional services	58%	54%	55%	57%	55%	56%
Hardware and other revenue	23%	26%	27%	23%	24%	24%
<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	10%	10%	10%	10%	10%	10%
Sales and marketing costs	13%	13%	16%	12%	12%	14%
General and administrative costs	14%	13%	15%	13%	13%	14%
<b>Total</b>	<b>37%</b>	<b>36%</b>	<b>41%</b>	<b>35%</b>	<b>35%</b>	<b>38%</b>
Depreciation (SEK million)						
	2004	2003	2002	2004	2003	2002
Goodwill	-8	-7	-8	-15	-14	-15
Capitalised product development costs	-12	-13	-12	-24	-25	-24
Equipment, financial leasing and software	-14	-10	-13	-29	-28	-31
<b>Total</b>	<b>-34</b>	<b>-30</b>	<b>-33</b>	<b>-68</b>	<b>-67</b>	<b>-70</b>

## Outcome per quarter

SEK million	2001 Q3	2001 Q4	2002 Q1	2002 Q2	2002 Q3*	2002 Q4*	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Q2
Software licences	95.6	184.2	145.4	109.9	95.2	192.9	127.9	115.4	95.7	193.1	122.2	104.6
Total revenue	566.7	841.6	656.8	621.5	503.4	735.4	581.5	569.3	521.4	728.5	581.5	549.2
Operating profit*	-39.4	74.7	-2.0	-59.5	-155.2	37.3	3.6	-32.4	-25.5	81.0	11.7	-29.3
Earnings after financial items*	-42.2	70.9	-5.4	-64.2	-157.3	28.1	0.6	-33.8	-26.3	77.8	8.2	-29.6

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

Figure 1

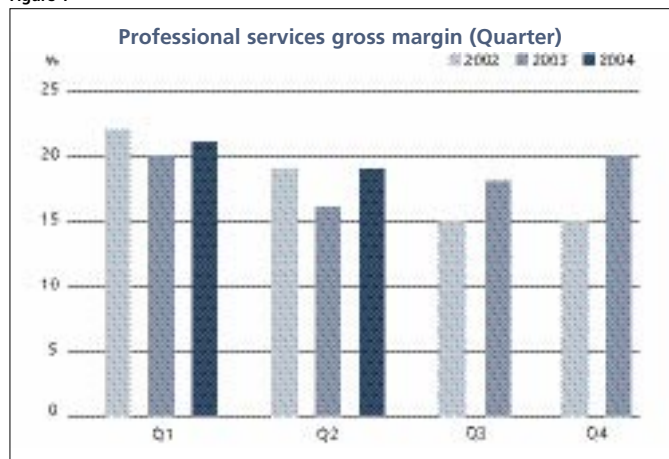


Figure 2



## 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.