

IBS Year-end Report January - December 2010

After a weak performance in the first half-year, IBS initiated a full business review in the beginning of the second half-year which resulted in substantial actions on cost reductions and revenue generating programmes resulting in significantly improved performance.

JULY-DECEMBER 2010 (SECOND HALF-YEAR)

- Total revenue down to SEK 635,7 m (780,7), with professional services revenue down to SEK 343,9 m (404,3) and hardware and other revenue down to SEK 163,1 m (201,6)
- Total license revenue declined to SEK 128,7 m (174,8), where new license sales (“ILF”) declined to SEK 40,2 m (72,8) and renewal license sales (“RLF”) decreased to SEK 88,5 m (102,1)
- EBITDA* amounted to SEK 9,6 m (-11,1). The EBITDA result for the fourth quarter amounted to SEK 18,0 m
- Net earnings amounted to SEK -71,9 m (-349,0)
- Cash flow from operating activities for the second half-year improved to SEK -34,5 m (-44,4)

JANUARY-DECEMBER 2010 (FULL YEAR)

- Total revenue down to SEK 1 299,6 m (1 611,5), with professional services revenue down to SEK 749,0 m (881,9) and hardware and other revenue down to SEK 299,2 m (371,9)
- Total license revenue declined to SEK 251,4 m (357,7)
- EBITDA* amounted to SEK -62,4 m (16,2) including one-off costs relating to the strategic discussions amounting to SEK 22,7 m
- Net earnings amounted to SEK -192,4 m (-433,4)
- Cash flow from operating activities for the year improved to SEK -95,5 m (-99,3)
- New operational structure organized into three business units, Enterprise, Bookmaster and Iptor

Summary of January - December 2010	Q3 2010	Q4 2010	H2 2010	H2 2009	FY 2010	FY 2009
	Jul-Sep	Oct-Dec	Jul-Dec	Jul-Dec	Jan-Dec	Jan-Dec
Total revenue, SEK m	260	376	636	781	1 300	1 612
<i>New sales (ILF)</i>	<i>12</i>	<i>28</i>	<i>40</i>	<i>73</i>	<i>66</i>	<i>154</i>
<i>Renewal revenue (RLF)</i>	<i>45</i>	<i>44</i>	<i>89</i>	<i>102</i>	<i>185</i>	<i>204</i>
Software licenses, SEK m	57	72	129	175	251	358
Professional services revenue, SEK m	165	179	344	404	749	882
Hardware and other revenue, SEK m	38	125	163	202	299	372
Operating profit, SEK m	-54	-9	-63	-189	-196	-308
Earnings after financial items, SEK m	-55	-14	-69	-192	-214	-315
Net earnings, SEK m	-53	-19	-72	-349	-192	-433
EBITDA *	-8	18	10	-11	-62	16

* Earnings before interest, taxes, depreciation, amortization, restructuring costs and results from sale of subsidiaries

Comments to 2010

The first half year of 2010 was somewhat turbulent for IBS.

In February we divested two of our non-core businesses - Automotive and Consist. The Australia-based Automotive business provided ERP solutions for vehicle wholesalers and the Consist business which developed local Dutch software for financials and human resources.

In the beginning of the year IBS engaged in strategic discussions, which became widely known and caused customers to postpone license and services purchases, or select other vendors, pending the outcome of those negotiations.

We also changed the internal structure of the company from a functional organization into a business unit structure with three separate business units – Enterprise, Bookmaster and Iptor. The intent of the organisational change was to streamline the operations, improving focus on customers and clarify internal accountability on business results.

In the latter part of 2009 and the beginning of 2010 IBS invested in a number of new initiatives such as the launch of an ECM business within Iptor and the aggressive expansion of the sales and marketing organisation in North America. The combination of declining revenue and rising costs resulted in a poor first half-year financial performance.

The new management, which was appointed in May 2010, was mandated to turn the business to profitability, and initiated a review of the business to address the declining financial performance.

In July of 2010, IBS launched a restructuring and renewal program, including various cost reduction actions and revenue growth initiatives. The primary goals of the program were to restore IBS to profitability and lay a foundation for sustainable, profitable growth going forward. Powered by the commitment of IBS employees and loyal customers, the program enabled IBS to achieve a positive EBITDA for the fourth quarter and second half of 2010.

The restructuring program targeted inefficiencies and discretionary costs that would not compromise the long-term future of the company, and resulted in annual savings of approximately SEK 200 m. For example, sales and marketing reductions targeted costs that were not producing adequate returns such as ineffective marketing programs and sales organisation.

The renewal program included a variety of strategic and tactical revenue growth initiatives focused on building deeper relationships with customers and capturing market share by adding new customers. Client key account managers were appointed for every active customer to ensure their success and growing all revenue streams in their accounts. IBS launched sales and marketing campaigns around new major software releases in both Enterprise and Bookmaster, as well as campaigns for five individual products with growth potential. Services growth initiatives included global rollout of customer Health Checks, consulting engagements to understand the customer's current opportunities and how IBS can help them to achieve their goals, that have helped accelerate customer upgrade adoption – in the full year 2010 IBS signed 58 (7) upgrade deals. IBS has recently launched subscription-based, managed service cloud solution in EMEA and the Americas, which have been enthusiastically received by customers. For example, Iptor sold seven Power Cloud deals just in the last quarter.

These and other initiatives helped IBS to achieve 84 ILF transactions and build services backlog in the fourth quarter of 2010.

With a lower cost structure, enhanced focus on our customers and some promising revenue initiatives across all our business units, we feel confident that IBS is well positioned for future revenue growth and positive trend in the financial results. We further strengthened our financial flexibility by entering into a receivable factoring facility with Svea Ekonomi of SEK 100 million. The initial agreement covers the Nordic countries with an ambition to expand the facility into Northern Europe.

In mid-December IBS appointed a permanent CEO, Johan Berg, who has long and deep experience from the software industry. We are very fortunate that we have managed to recruit Johan to IBS. Johan started his position as CEO in IBS on 1 February.

Solna the 16th of February, 2011

Christian Paulsson,
Executive Vice President, Corporate Development and M&A

Significant events during the second half of the year

- The company generated an EBITDA result for the second half-year of SEK 9,6 m and for the fourth quarter of SEK 18,0 m
- IBS planned and implemented a restructuring program to reduce the cost base in the company
- IBS launched specific revenue campaigns within each of the business units
- Pallab Chatterjee and Gunnel Duveblad resigned from the board of directors
- Election of new board of directors and new chairman of the board, Vinit Bodas
- IBS secured a working capital facility of SEK 100 million through a factoring arrangement with Svea Ekonomi
- The EBITDA result substantially increased as a consequence of the revenue programs and cost reductions

Market Conditions

The market conditions for IBS and most software companies during the first half of the year were challenging due to the economic climate. This added to the customer uncertainty around the company's strategic discussions made new license sales challenging, which lingered into the latter part of the year. In the latter part of the year market conditions picked up and prospective customers started to engage in discussions to invest in new systems and upgrades.

Currently, the most significant opportunities for IBS lie in the installed customer base, with many long-term customers expressing interest in upgrading, acquiring additional modules and extending their IBS solutions to other business or geographies. Market conditions for both base customers and new prospects for 2011 appear more promising with the improving economy which is stimulating IT demand, on top of that improved financial results for IBS should restore customers and prospects confidence in our business.

Financial Overview

In February 2010 IBS announced the divestment of the car wholesaler products in Australia and the Dutch financials- and human resources software company Consist. The total revenue for the divested operations amounted to SEK 107,5 m for the second half year 2009, and SEK 207,7 m for the full year 2009. Details on the discontinued operations can be found on page 11 in this report. All 2009 numbers in this report have been adjusted to enable like-for-like comparisons.

Revenues

The total revenue for the group amounted to SEK 635,7 m (780,7) for the second half-year, and SEK 1 299,6 m (1 611,5) for the financial year 2010.

The second half-year showed a decrease in software license revenue to SEK 128,7 m (174,8). New sales decreased to SEK 40,2 m (72,8) and renewal revenue to SEK 88,5 m (102,1). For the full year 2010 the software license revenue amounted to SEK 251,4 m (357,7) of which new sales decreased to SEK 65,8 m (153,4) and renewal licenses decreased to SEK 185,6 m (204,3).

Revenue from professional services amounted to SEK 343,9 m (404,3) in the second half. The reductions in revenue was primarily due to fewer consultancy hours being billed as a consequence of fewer license contracts signed and lower number of billable consultants. The number of consultants has declined by 125

compared to the end of the same period in 2009. The professional services revenue totalled SEK 749,0 m (881,9) for the full year.

Hardware and other revenue for the period declined 19 % to SEK 163,1 m (201,6), for the full year the hardware and other revenue amounted to SEK 299,2 m (371,9). The major reasons for the decline in hardware sales were the continued loss of server market share for IBM's I Systems, and the higher performance to price ratio of newly launched Power I servers.

Operating expenses

Development costs during the second half-year decreased by 26,5 % and amounted to SEK 90,9 m (123,6). The size of the development organization has been right sized after the launch of the IBS Enterprise Version 7, as a consequence IBS significantly reduced the amount of contractors involved with development. The development costs amounted to SEK 198,3 m (233,2) for the full year.

The refocus, during the second half of 2010, on IBS' customer base from new logo sales have resulted in 14,5 % lower Sales & Marketing costs in the second-half year compared to the same period in 2009. The sales and marketing decreased to SEK 87,6 m (102,5) in the second-half year 2010, and decreased to 190,4 m (198,3) for the full year.

For the second half-year the general and administrative costs were down 22,6 % to SEK 55,6 m (71,8). The general and administrative costs were down 13,9% to 142,1 m (165,1) for the full year.

Overall the operating expenses, excluding restructuring costs, are down 21,4 % in the second half of the year to SEK 234,1 m (297,9) and for the full year the operating expenses are down by 11,0 % to SEK 530,8 m (596,6). As the restructuring was implemented during the second half of the year, we expect some further operational cost reductions to be realised in the 2011 income statement.

During 2010 IBS has incurred one-off costs of SEK 22,7 m which the company mainly incurred during the first half of the year as a consequence of the strategic discussions and the organisational restructuring from a functional organisation to a business unit organisation.

Profitability

The Group's overall gross profit margin in the second half-year increased to 29,5 % (27,1 %). The major reason for the increase in the gross profit margin was the larger proportion of high margin new license sales especially in the fourth quarter. The gross profit for the Group in 2010 declined slightly to 27,2 % (28,8 %), mainly as a consequence of the substantially lower new license sales in the first half of the year.

The profit margin for software licenses, in the second half-year, increased to 92,1 % (91,0 %) as a result of the increase in new license sales in the fourth quarter. Profit margin for software licenses slightly decreased for the full year to 90,7 % (92,0 %).

The professional services gross margin, for the second half-year, increased to 8,3 % (3,9 %), for the full year the margin increased slightly to 7,9 % (7,6 %). The margin is affected by less need for provisions for risks in projects compared to the same period last year.

Profit margin for hardware and other revenue, in the second half-year, increased to 24,7 % (18,3 %). For the full year the profit margin for hardware and other revenue increased to 22,2 % (18,2 %).

IBS' operating result ("EBIT") for the second half-year improved to SEK -62,7 m (-189,1), the result is burdened with SEK 18,7 m of restructuring costs as a consequence of the renewal and restructuring program launched in July 2010. The EBIT amounted to SEK -195,5 m (-308,4) for the full year.

Earnings after financial items amounted to SEK -69,1 m (-191,6) for the second half-year, and SEK -214,1 m (-315,2) for the full year.

Cash flow, investments and shareholders' equity

Cash and cash equivalents, including short-term investments, amounted to SEK 89,7 m (135,1) on December 31.

During the period, cash flow from operating activities amounted to SEK -34,5 m (-44,4). Cash flow from investing activities amounted to SEK -30,1 m (-36,6). For the full year the cash flow from operating activities amounted to SEK -95,5m (-99,3). The Group's investments in equipment during the period amounted to SEK 11,2 m (4,2), and for the full year SEK 14,6 m (8,9).

As of December 31, the shareholders' equity amounted to SEK 424,8 m (644,3) and the equity to total assets ratio was 37,7 % (41,3%). Liquidity amounted to 86 % (101 %).

The Group's interest-bearing debt decreased in the second half year by 57,1 % to SEK 51,9 m (121,0) on December 31. Since November 2010 IBS has a working capital factoring facility with Svea Ekonomi of maximum SEK 100 m, as at year end the facility was utilized at SEK 33,9 m (0).

Tax

Tax for the full year, as reported in the consolidated income statement, amounted to SEK -11,6 m (-89,7) and consisted of SEK -14,1 m (-3,7) in current tax expenses and SEK +2,5 m (-86,0) in deferred tax expenses. Tax paid during this period amounted to SEK -15,5 m (+6,1).

Currency

IBS' economic exposure to foreign currency is limited to the extent that operating subsidiaries have an approximate balance in revenue and expenses in the same currency.

During the year currency exchange rate effects have had an effect of decreasing revenues by approximately 5,2 % and costs by approximately 4,5 %. For the second half of the year the same effects are decreasing revenues by 1,6 % and costs by 1,4 %.

Other Information

Personnel

The number of employees (FTE's) on December 31 was 907 (1 338), a decrease of 431 employees or 32,2 % compared to last year. The decrease includes the impact of the divestment of the Automotive- and Consist business.

The number of professional services consultants was down 18 % to 553 (678).

Accounting principles

This year-end report was prepared in accordance with IAS 34 Interim Reporting and applicable parts of the Swedish Annual Accounts Act. The same accounting principles and calculation methods were applied

as in the most recent annual report for 2009. This means that the consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission. As of 1 January 2010, a number of new standards, amendments to existing standards (IFRS) and interpretations (IFRIC) have gone into effect. Overall, the management's assessment on the basis of current information is that these new or revised standards and interpretations will not have any significant impact on the Group's profit or financial position. For a description of these standards, see the most recently published annual report.

The Parent Company prepares its interim report according to the Swedish Annual Accounts Act and RFR 2.

Annual General Meeting

The Board of Directors invites shareholders to the Annual General Meeting, which will be held at 09:00 on the 27 of April 2011 in the company premises in Solna. Further information will be provided when the notice to the Annual General Meeting is sent out, which is expected in the end of March 2011.

Dividend

No dividend is proposed for the 2010 fiscal year.

Reporting dates

- The Annual Report 2010 will be published 1 April 2011.
- The first half-year report for 2011 will be published 25 August, 2011
- The year-end report 2011 will be published February 2012

Parent Company

The Parent Company, IBS AB, had 17 (21) employees, who have the overall management responsibility for the Group. The Parent Company's total revenue for the second half of 2010 amounted to SEK 204,8 m (40,8) and earnings after financial items amounted to SEK 124,1 m (-297,4). The Parent Company's total revenue, for the full year, amounted to SEK 208,6 m (91,5) and the earnings after financial items amounted to SEK 27,0 m (-310,0). Cash and cash equivalents at the end of the period amounted to SEK 31,3 m (39,8). The shareholders equity of the Parent Company amounted to SEK 871,3 m (836,8) at 31 December 2010.

Stock option program

On 15 January 2009, an Extraordinary General Meeting was held which resolved to adopt stock option based incentive programs for the Board of Directors, the CEO and certain senior executives and key employees. At the same time it was also resolved to issue 11 518 500 warrants, of which not more than 2 658 292 warrants may be used for hedging social security charges, to cover the incentive programs. The total dilution effect of the programs are approximately 8,3%.

As a consequence of new CEO and other management changes during 2010 the number of allocated stock options has decreased as a consequence of management departures. The return of stock options has had a positive effect of SEK 0,7 m on the reserved costs associated with the programme.

Related party transactions

No related party transactions were performed during the year.

Information on risks and uncertainty factors

IBS is affected by a number of external and internal factors, and has an on-going process to identify and address all existing risks. For more information about IBS' risks and uncertainty factors, please read the 2009 annual report pp 14-15 and note 21 pp 40-42.

Certified advisor

The company's certified advisor is Mangold Fondkommission AB.

Events after the close of the period

- New permanent CEO, Johan Berg, started his employment in February 2011
- Sale of local transport software "Cockpit" to Triona AB, as a continued step in focusing on the core ERP offering, effective as of 1 February 2011

This year-end report has not been subject to review by the Company's auditors.

IBS AB

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Solna, February 16, 2011

Vinit Bodas, Chairman of the Board

Christian Paulsson, Member of the Board

Ulf Eriksson, Member of the Board

Questions regarding this report will be answered by:

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Consolidated income statement

SEK million

	2010 July-Dec	2009 ** July-Dec	2010 Full Year	2009 ** Full Year
Revenue				
Software licenses	128,7	174,8	251,4	357,7
Professional services	343,9	404,3	749,0	881,9
Hardware and other revenue	163,1	201,6	299,2	371,9
Total revenue	635,7	780,7	1 299,6	1 611,5
Cost of revenue				
Software licenses	-10,2	-15,8	-23,5	-28,6
Professional services	-315,4	-388,7	-690,0	-814,5
Hardware and other costs	-122,8	-164,7	-232,9	-304,1
Total cost of revenue	-448,4	-569,2	-946,4	-1 147,2
Gross profit	187,3	211,5	353,2	464,3
Product development costs	-90,9	-123,6	-198,3	-233,2
Sales and marketing costs	-87,6	-102,5	-190,4	-198,3
General and administrative costs	-55,6	-71,8	-142,1	-165,1
Other operating income/costs *	2,8	-50,9	0,8	-48,2
Restructuring cost	-18,7	-51,8	-18,7	-127,9
Operating profit	-62,7	-189,1	-195,5	-308,4
Financial items				
Financial income	1,7	1,4	2,1	3,0
Financial expenses	-8,1	-3,9	-20,7	-9,8
Earnings after financial items	-69,1	-191,6	-214,1	-315,2
Tax	-7,5	-100,7	-11,6	-89,7
Net earnings for the period for remaining operations	-76,6	-292,3	-225,7	-404,9
Earnings from discontinued operations	4,7	-56,7	33,3	-28,5
Net earnings for the period	-71,9	-349,0	-192,4	-433,4
Net profit attributable to:				
Parent company shareholders	-71,9	-349,0	-192,4	-433,4
Minority	0,0	0,0	0,0	0,0
Earnings per share (SEK)	-0,58	-2,81	-1,55	-3,49
Earnings per share after dilution (SEK)	-0,58	-2,81	-1,55	-3,49
Total number of shares (thousand)	124 271	124 271	124 271	124 271
Total number of shares after dilution (thousand)	124 271	124 271	124 271	124 271
Average number of shares (thousand)	124 271	124 271	124 271	124 271
Average number of shares after dilution (thousand)	124 271	124 271	124 271	124 271

* Currency translation differences in operating receivables/liabilities, capital loss from sale of operations and impairment of goodwill

** 2009 are recalculated with net of discontinued operations.

Consolidated statement of comprehensive income

SEK million

	2010 July-Dec	2009 ** July-Dec	2010 Full Year	2009 ** Full Year
Net earnings for the period	-71,9	-349,0	-192,4	-433,4
<i>Other comprehensive income</i>				
Option program	-0,7		-0,7	
Translation differences for the period	-11,1	-3,4	-25,7	11,9
Other comprehensive income for the period	-11,8	-3,4	-26,4	11,9
Total comprehensive income for the period	-83,7	-352,4	-218,8	-421,5
Total comprehensive income attributable to:				
Parent company shareholders	-83,7	-352,4	-218,8	
Minority	0,0	0,0	0,0	

Outcome per quarter

SEK million	2008	2008	2008	2008	2009	2009	2009	2009 ⁷⁾	2010	2010	2010 ⁸⁾	2010
	Q1	Q2	Q3 ¹⁾	Q4 ²⁾	Q1 ³⁾	Q2 ⁴⁾	Q3 ⁵⁾	Q4 ⁶⁾	Q1	Q2	Q3	Q4
Software licenses	87,6	112,2	86,3	133,2	65,9	117,0	70,0	104,8	61,6	61,1	56,8	71,9
Total revenue	486,6	519,0	418,9	609,3	403,9	426,9	317,2	463,5	319,3	344,6	260,1	375,6
Operating profit	-52,2	-23,5	-94,8	-112,8	-71,7	16,0	-52,8	-199,9	-38,7	-94,1	-54,1	-8,6
Earnings after financial items	-60,5	-19,8	-92,5	-100,0	-74,8	14,8	-58,9	-196,4	-44,7	-100,3	-55,5	-13,6

¹⁾ Operating profit includes impairment of goodwill amounting to SEK -52,8 m.

²⁾ Operating profit includes restructuring costs amounting to SEK -169,6 m and loss from sale of subsidiaries amounting to SEK -8,5 m

³⁾ Operating profit includes restructuring costs amounting to SEK -62,6 m.

⁴⁾ Operating profit includes restructuring costs amounting to SEK -13,5 m.

⁵⁾ Operating profit includes restructuring costs amounting to SEK -14,6 m.

⁶⁾ Operating profit includes restructuring costs amounting to SEK -37,1 m, impairment of goodwill amounting to SEK -50,6 m and capital gain from sale of operations amounting to SEK 4,3 m.

⁷⁾ The quarters in 2009 are recalculated with net of discontinued operations.

⁸⁾ Operating profit includes restructuring costs amounting to SEK -18,7 m.

Reconciliation to EBITDA *

SEK million

	2010	2009	2010	2009
	July-Dec	July-Dec	Full year	Full year
Operating profit	-62,7	-189,2	-195,5	-308,4
<i>Reversals</i>				
Restructuring costs	18,7	51,8	18,7	127,9
Depreciation	10,8	14,4	23,6	31,8
Amortization	42,8	61,3	90,8	114,3
Impairment of goodwill	-	50,6	-	50,6
EBITDA	9,6	-11,1	-62,4	16,2

* EBITDA: earnings before interest, taxes, depreciation, amortization, restructuring costs and loss/gain from sale of subsidiaries.

Segment analysis Jan-Dec	Enterprise		Bookmaster		Iptor		Other (Consist and Automotive) discontinued		Group functions and adjustments		Less discontinued operations		Total remaining	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	SEK million													
Revenue from external customers	694,4	876,9	70,5	93,8	533,4	639,0	2,7	207,7	1,3	1,8	-2,7	-207,7	1 299,6	1 611,5
Revenue from other segments	8,0	3,1	4,4	0,4	13,0	18,4	0,0	0,6	-25,4	-21,9	0,0	-0,6	0,0	0,0
Total revenue	702,4	880,0	74,9	94,2	546,4	657,4	2,7	208,3	-24,1	-20,1	-2,7	-208,3	1 299,6	1 611,5
Segment operating profit	98,0	114,6	17,4	31,0	19,6	63,9	33,3	58,8	-330,5	-517,9	-33,3	-58,8	-195,5	-308,4
Financial items													-18,6	-6,8
The Group's profit before tax and divested operations													-214,1	-315,2

Segment analysis July-Dec	Enterprise		Bookmaster		Iptor		Other (Consist and Automotive) discontinued		Group functions and adjustments		Less discontinued operations		Total remaining	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	SEK million													
Revenue from external customers	326,5	402,0	29,7	52,2	278,6	324,7	-0,2	107,5	0,9	1,8	0,2	-107,5	635,7	780,7
Revenue from other segments	7,3	2,4	4,4	-2,7	11,3	8,0	0,0	0,1	-23,0	-7,7	0,0	-0,1	0,0	0,0
Total revenue	333,8	404,4	29,7	49,5	289,9	332,7	-0,2	107,6	-22,1	-5,9	0,2	-107,6	635,7	780,7
Segment operating profit	75,7	54,0	5,5	12,7	20,8	12,6	4,7	27,3	-164,7	-268,5	-4,7	-27,3	-62,7	-189,2
Financial items													-6,4	-2,5
The Group's profit before tax and divested operations													-69,1	-191,7

Operating segment reporting is created in accordance with IFRS 8. For IBS, business lines are those in which the chief operating decision-maker does follow up. The segmentation is based on how IBS is organized and how internal reporting is structured.

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.

The chief operating decision-maker does not follow up assets per operating segment. Group functions incl. group adjustments apply to elimination of revenue from other segments, general and administrative costs, IT costs, head office costs and other group-wide functions.

Discontinued operations

Earnings from discontinued operations

Group	2010 July-Dec	2009 July-Dec	2010 Full year	2009 Full year
SEK million				
Operating income in discontinued operations				
Revenues	-0,2	107,5	2,7	207,7
Costs	-0,2	-156,6	-2,7	-225,3
<i>Income before tax</i>	<u>-0,4</u>	<u>-49,1</u>	<u>0,0</u>	<u>-17,6</u>
Tax	-	-7,6	-	-10,9
Income after tax but before capital gain/loss	<u>-0,4</u>	<u>-0,3</u>	<u>0,0</u>	<u>-28,5</u>
Capital gain/loss from disposal of discontinued operations	5,1	-	33,3	-
Tax related to capital gain/loss above	-	-	-	-
Income from disposal after tax	<u>5,1</u>	<u>0,0</u>	<u>33,3</u>	<u>0,0</u>
Total income for the period	<u>4,7</u>	<u>-0,3</u>	<u>33,3</u>	<u>-28,5</u>

Net cashflow from discontinued operations

Tangible assets	-	1,1
Accounts receivable and other receivables	-	124,1
Cash and cash equivalents	-	30,9
Accounts payable and other liabilities	-	-127,8
<i>Net assets and liabilities</i>	-	<u>28,3</u>
Purchase price received in cash	-	171,2
Deduction: Cash in discontinued operations	-	-22,7
Influence on cash and cash equivalents	-	<u>148,5</u>

Consolidated balance sheet

SEK million

	2010 31 Dec	2009 31 Dec
ASSETS		
Capitalized product development costs	301,4	337,7
Goodwill	152,6	254,5
Other intangible assets	10,8	16,8
Intangible assets	464,8	609,0
Tangible assets	35,3	67,0
Financial assets	6,6	9,8
Deferred tax receivables	57,8	56,0
Total fixed assets	564,5	741,8
Inventories	1,3	2,1
Accounts receivable	383,6	582,7
Tax receivables	9,3	9,4
Other receivables	79,6	89,9
Cash and cash equivalents	89,7	135,1
Total current assets	563,5	819,2
TOTAL ASSETS	1 128,0	1 561,0

	2010 31 Dec	2009 31 Dec
EQUITY AND LIABILITIES		
Equity holders of the parent company	424,8	644,3
Minority interests	0,0	0,0
Total equity	424,8	644,3
Liabilities		
Liabilities to credit institutions	4,4	22,9
Deferred tax	2,6	4,9
Provisions	37,8	63,6
Other long-term liabilities	4,1	5,8
Total long-term liabilities	48,9	97,2
Liabilities to credit institutions	47,5	98,1
Provisions	18,9	48,4
Accounts payable	137,3	175,8
Income tax liability	1,2	2,3
Other current liabilities	449,4	494,9
Total short-term liabilities	654,3	819,5
Total liabilities	703,2	916,7
TOTAL EQUITY AND LIABILITIES	1 128,0	1 561,0

Change in Group equity

SEK million	2010 31 Dec	2009 31 Dec
Opening balance 1 Jan	644,3	1 064,5
Total comprehensive income for the period	-218,8	-421,5
Share based payments, equity settled	-0,7	-
Options/own shares aquired	-	1,3
Closing balance end of period	424,8	644,3
Equity attributable to:		
Equity holders of the parent company	424,8	644,3
Minority interests	0,0	0,0

Pledged assets and contingent liabilities Group

SEK million	2010 31 Dec	2009 31 Dec
Corporate mortgages	-	0,3
Pledged shares in subsidiaries	-	160,8
Assets charged with ownership reservation	12,8	49,9
Other pledged assets	47,4	-
Contingent liabilities	8,3	8,8

Pledged assets and contingent liabilities Parent company

SEK million	2010 31 Dec	2009 31 Dec
Corporate mortgages	-	0,3
Pledged shares in subsidiaries	-	61,4
Guarantees, subsidiaries	8,5	35,1

Consolidated cash flow analysis

SEK million

	2010 July-Dec	2009 July-Dec	2010 Full year	2009 Full year
Operating activities				
Earnings after financial items	-69,1	-209,0	-214,1	-332,5
Adjustments to reconcile earnings after financial items to cash	83,5	207,9	78,3	221,5
Tax paid	-14,2	4,1	-15,5	6,1
Cash flow from operating activities before changes in working capital	0,2	3,0	-151,3	-104,9
<i>Changes in working capital</i>				
Inventories	0,7	3,0	0,6	4,9
Operating assets	-102,1	-188,6	109,2	66,8
Operating liabilities	66,7	138,2	-54,0	-66,1
Cash flow from operating activities	-34,5	-44,4	-95,5	-99,3
<i>Investing activities</i>				
Change, intangible assets	-18,8	-35,7	-58,6	-81,8
Change, tangible assets	-11,2	-4,2	-14,6	-8,9
Change, financial assets	-	0,5	0,5	0,2
Disposal of subsidiaries	-	2,8	148,5	2,8
Cash flow from investing activities	-30,0	-36,6	75,8	-87,7
<i>Financing activities</i>				
Net change, loans	39,3	25,5	-22,3	12,8
Cash flow from financing activities	39,3	25,5	-22,3	12,8
Cash flow for the period	-25,2	-55,5	-42,0	-174,2
Cash and cash equivalents, beginning of period	114,1	198,5	135,1	312,7
Translation differences in cash and cash equivalents	0,8	-7,9	-3,4	-3,4
Cash and cash equivalents, end of period	89,7	135,1	89,7	135,1

Key figures and data per share

	2010 July-Dec	2009 July-Dec	2010 Full year	2009 Full year
Key figures				
Average number of employees	958	1 100	936	1 036
Revenue per employee (SEK thousand)	664	710	1 388	1 556
Value added per employee (SEK thousand)	294	124	599	467
Value added per employee excl. restr.costs (SEK thousand)	289	124	564	467
Operating margin %	-9,9	-34,5	-15,0	-24,1
Operating margin excl. restr.costs %	-10,6	-34,5	-17,6	-24,1
Capital turnover ratio	0,6	0,5	1,0	0,9
Return on total capital %	-5,4	-17,8	-15,3	-22,0
Return on capital employed %	-11,7	-28,6	-31,0	-39,7
Return on equity %	-15,4	-46,2	-36,0	-58,1
Ratio of risk capital %	38	46	38	46
Liquidity %	86	100	86	100
Equity to total assets ratio %	38	46	38	46
Interest cost cover ratio	-7	-66	-9	-39
DSO (Days of sales outstanding)	79	93	101	86
Interest-bearing net debt	-38	-14	-38	-14
Key figures per share				
Earnings per share	-0,58	-2,81	-1,55	-3,49
Earnings after dilution	-0,58	-2,81	-1,55	-3,49
Adjusted equity	3,42	5,18	3,42	5,18
Adjusted equity after dilution	3,42	5,18	3,42	5,18
Cash flow from operating activities	-0,28	-0,36	-0,77	-0,80
Cash flow from operating activities after dilution	-0,28	-0,36	-0,77	-0,80
Share data				
Average number of shares (thousand)	124 271	124 271	124 271	124 271
Average number of shares after dilution (thousand)	124 271	124 271	124 271	124 271
Total no. of shares (thousand) *	124 271	124 271	124 271	124 271
Total no. of warrants (thousand)	0	0		
Average share price	1,44	6,88	2,31	6,79

* Number of shares outstanding

Analysis

	July-Dec		Full year	
Gross profit per revenue stream				
SEK million	2010	2009	2010	2009
Software licences	118	159	228	329
Professional services	28	16	59	67
Hardware and other revenue	40	37	66	68
Total	187	212	353	464
Gross margin in % per revenue stream				
%	2010	2009	2010	2009
Software licences	92%	91%	91%	92%
Professional services	8%	4%	8%	8%
Hardware and other revenue	25%	18%	22%	18%
Total	29%	27%	27%	29%
Type of revenue in % of total revenue				
%	2010	2009	2010	2009
Software licences	20%	22%	19%	22%
Professional services	54%	52%	58%	55%
Hardware and other revenue	26%	26%	23%	23%
Total	100%	100%	100%	100%
Operating costs in % of revenue				
%	2010	2009	2010	2009
Product development costs	14%	16%	15%	14%
Sales and marketing costs	14%	13%	15%	12%
General and administrative costs	9%	9%	11%	10%
Total	37%	38%	41%	37%
Depreciation				
SEK million	2010	2009	2010	2009
Capitalized product development costs	-41	-48	-87	-95
Goodwill impairment	0	-131	0	-131
Other fixed assets	-14	-28	-27	-51
Total	-55	-207	-114	-277

Parent company income statement

SEK million

	2010 July-Dec	2009 July-Dec	2010 Full year	2009 Full year
Revenue				
Software licenses	0,0	5,0	0,0	5,5
Professional services	6,3	3,3	6,3	7,0
Other income	198,5	32,5	202,3	79,0
Total revenue	204,8	40,8	208,6	91,5
Cost of revenue				
Software licenses	-3,6	-6,7	-3,6	-6,8
Professional services	-3,4	-1,7	-3,4	-3,4
Other costs	3,7	0,0	0,0	0,0
Total cost of revenue	-3,3	-8,4	-7,0	-10,2
Gross profit	201,5	32,4	201,6	81,3
Product development costs	-58,6	-44,3	-101,0	-86,0
Sales and marketing costs	0,9	0,0	-0,3	0,0
General and administrative costs	-128,5	-85,0	-182,1	-126,4
Other operating income/costs *	1,0	-2,9	2,0	7,1
Restructuring cost	-1,5	-6,3	-1,5	-16,6
Operating profit	14,8	-106,1	-81,3	-140,6
Financial items				
Financial income	20,0	4,1	23,2	12,2
Financial expenses	-25,1	-1,9	-29,3	-3,2
Result from participations in subsidiaries	114,4	-193,5	114,4	-178,4
Earnings after financial items	124,1	-297,4	27,0	-310,0
Transfers from untaxed reserves	-	-	-	-
Profit before tax	124,1	-297,4	27,0	-310,0
Tax	-5,2	-45,4	-5,9	-46,3
Net profit for the period	118,9	-342,8	21,1	-356,3

* Currency translation differences in operating receivables/liabilities

Parent company balance sheet

SEK million

	2010 31 Dec	2009 31 Dec
Assets		
Capitalized product development costs	292,6	320,8
Acquired software rights	0,6	1,0
Intangible assets	293,2	321,8
Tangible assets	3,0	4,4
Receivables from subsidiaries	151,9	144,9
Deferred tax receivables	0,8	0,8
Participation in subsidiaries	519,5	341,7
Financial investments	0,0	0,0
	675,2	491,8
Total fixed assets	968,4	813,6
Inventory	0,9	1,1
Accounts receivables	0,1	1,7
Tax receivables	2,0	1,8
Receivables from subsidiaries	338,0	219,1
Other receivables	37,8	26,1
Current receivables	377,9	248,7
Cash and cash equivalents	31,3	39,8
Total current assets	410,1	289,6
TOTAL ASSETS	1 378,5	1 103,2

	2010 31 Dec	2009 31 Dec
EQUITY AND LIABILITIES		
<i>Restricted equity</i>		
Share capital	25,3	25,3
Statutory reserve	318,7	318,7
	344,0	344,0
<i>Non-restricted equity</i>		
Share premium reserve	429,4	429,4
Translation reserve (fair value fund)	23,6	24,8
Retained earnings	53,1	410,0
Net profit for the period	21,1	-371,4
	527,2	492,8
Equity	871,2	836,8
Untaxed reserves	0,4	0,4
Liabilities		
Liabilities to credit institutions	-	5,2
Long-term liabilities	-	5,2
Liabilities to credit institutions	-	67,2
Provisions	3,7	5,0
Accounts payable	13,7	7,6
Current liabilities to subsidiaries	478,0	157,1
Other current liabilities	11,5	23,9
Short-term liabilities	506,9	260,8
Total liabilities	506,9	266,0
TOTAL EQUITY AND LIABILITIES	1 378,5	1 103,2