Year-End Report 2008

Jeeves boosts sales despite tough times

January–December 2008

- Revenue reached SEK 158.3 million (130.1), up 22% (9)
- Software revenues (license and maintenance) increased by 11% (10)
- Operating profit was SEK 16.6 million (18.4), giving an operating margin of 10% (14)
- Profit after tax totaled SEK 13.1 million (14.8), giving a profit margin of 8% (11)
- Earnings per share after tax were SEK 4.6 (5.0)
- Cash flow was SEK 2.1 million (6.3), and cash, cash equivalents, and current investments totaled SEK 38.2 million (36.3)
- The equity/assets ratio was 32% (34)
- The Board of Directors proposes a dividend of SEK 1.50 per share (1.50)

CEO's comment on earnings

Jeeves is reporting a healthy profit for full-year 2008, with revenues from software rising 13% in the fourth quarter. Operating profit weakened, however, chiefly owing to costs of establishing business abroad.

I am satisfied with Jeeves' 2008 sales growth of 22% (9). Our Norwegian acquisition contributed to healthy growth during the year. Jeeves continues to sell and sign up new customers despite the economic slowdown. The number of new customers was 20% more in 2008 than in 2007.

Jeeves' international initiatives continue. We are pleased that our foreign partners are contributing a growing proportion of revenues as a whole, even though some markets have been slower than last year.

In my judgment, the underlying demand for ERP systems remains strong. Today, companies are prioritizing investments to boost efficiency, and a modern ERP system plays a vital role there. However, nowadays new sales are being made by only a few actors. Jeeves is one of these, and we are well-positioned offering top-class ERP systems at the lowest cost of ownership in the market. We see keen interest in the market and enter 2009 with a large pipeline. Despite this, uncertainty concerning the economic outlook makes sales forecasts more difficult than previously.

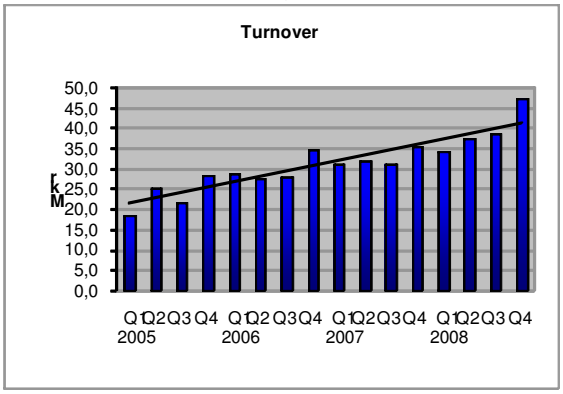
PRESS RELEASES – since the interim report for the third quarter, in brief

- Jeeves establishes a partner network in North America
- Jeeves hires new CEO in Norway
- BUFAB chooses Jeeves for international roll-out

Sales and profit

During 2008, revenue from operating activities grew 22% (9), to SEK 158.3 million (130.1). Revenues from software licensing and maintenance increased 11% (8), to SEK 125.2 million (112.4).

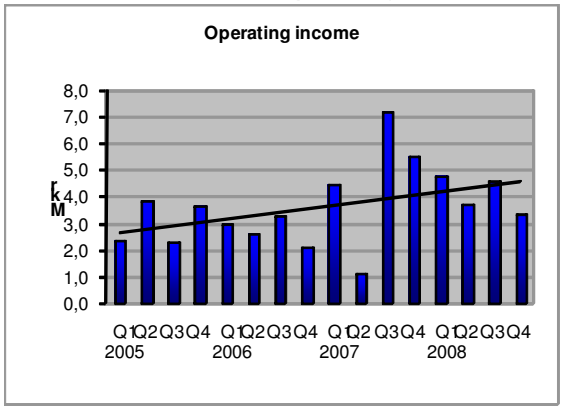
Growing revenue



Revenue increased 33% during the quarter from the corresponding period in 2007

Consolidated operating income totaled SEK 16.6 million (18.4). Profit after tax totaled SEK 13.1 million (14.8), of which LogIT Gruppen's contribution was SEK 1.5 million. Earnings per share were SEK 4.6 (5.0). The LogIT Gruppen has been consolidated in the accounts since June 1.

Continuous profitability



Even Q4 2008 showed an operating profit

Market trends

The underlying demand for ERP systems remains healthy in Jeeves' primary markets, particularly in the attractive mid-market segment where Jeeves is positioned with its main product Jeeves Universal. The competition in this segment is tough, and most business is done among a few strong suppliers. The various geographical markets differ significantly as regards demand and competition. Both Jeeves' customers and the market in general show increasing interest in future solutions that allow flexibility, user-friendliness and a favorable cost of ownership, which correspond to Jeeves' strengths.

During the quarter, we won more customers than in the preceding year, but the average revenue to Jeeves has been less. In the fourth quarter, we also signed several orders in the Swedish market for the new product Jeeves Selected. Uncertainty concerning the economic outlook makes estimates of future sales harder to assess.

Partners

The partner network is a critical success factor for Jeeves. We have a strong offering for new partners, which is now even more compelling thanks to our new, attractive products Jeeves Universal and Jeeves Selected.

Jeeves continues to expand its international partner network. During the quarter, a Master Partner, Jeeves North America, was established, which also generated the first sales in the North American market. In France, the market was weak during the second half, and sales declined. Jeeves previously announced localization and initiatives in Russia. In the current business climate, Jeeves has chosen to wait and see on initiatives in Russia for the time being. Otherwise, our foreign partners achieved satisfactory sales during the fourth quarter.

Product development

Jeeves' products are definitely competitive. During the quarter, many existing customers upgraded to the latest version of Jeeves Universal. Jeeves

Selected, launched last year and aimed at smaller businesses, gained several new customers. Jeeves Selected and Jeeves Universal are built on a common platform and together they offer an attractive possibility to grow seamlessly between the systems at the pace required by a business. Work on the next version of Jeeves Selected and Jeeves Universal has now entered an intensive phase.

Acquisition

On June 2 Jeeves acquired the Norwegian group of companies Logistik-og-IT Partner A/S (LogIT Gruppen) as described in the second interim report. The additional payment, related to set result targets, is expected to be SEK 9.3 million. Group goodwill for LogIT as of December 31 amounts to SEK 6.0 million.

Investments

Investment in intangible assets totaled SEK 26.1 million (11.4), including SEK 11.8 million (9.6) in capitalized expenditure for product development. Capitalized projects refer primarily to development of the platform project and localization. The total includes acquisition of the LogIT subsidiary for SEK 13.1 million (net effect) as described in the second interim report note 3. Investment in machinery and equipment amounted to SEK 1.7 million (1.0).

Employees

The number of employees during the year averaged 113 (88), including 32 (28) women. By the end of the year the number of employees was 128.

Liquidity and financial position

Cash flow for the period was SEK 2.1 million (6.3). At year-end, cash and cash equivalents totaled SEK 38.2 million (36.3), SEK 7.0 million (10.0) of which were in the Parent Company. The current ratio was 97% (114), the equity/assets ratio 32% (34).

Risks and uncertainties

The risks and uncertainties Jeeves is subject to are described in the 2007 Annual Report (p. 25-26).

Financial information 2009

Interim report for the first quarter, April 24
Interim report for the second quarter, July 23
Interim report for the third quarter, October 23
Year End Report and fourth quarter, February 5, 2010

Annual General Meeting

The Annual General Meeting will be held at 5 PM on May 26 at Jeeves' offices at Kungsgatan 37, 6th floor, Stockholm, Sweden.

Shares

During the year, Jeeves' share price fell 46%. The share price was SEK 34.10 at December 31, 2008.

Outlook

The Board has a positive outlook on the company's future based on aggressive initiatives in Sweden and abroad. Strong growth requires additional acquisitions. Cash flow from operating activities is expected to be positive. The uncertainty in the market will also open possibilities to favorable acquisitions.

Events subsequent to the period

For the German activity Jeeves has formed a fully owned daughter company.
Negotiations have been initiated regarding acquisition of remaining shares of the French Master Partner.

Parent Company

The Parent Company Jeeves Information Systems owns and develops the product Jeeves Universal, holds corporate functions for the group regarding the subsidiaries Microcraft AB and Reveny Systems AB, and during the year acquired LogIT Gruppen. Revenue from operating activities in the Parent Company grew 6% (8), to SEK 88.5 million (83.7). Revenues from software licensing and maintenance grew 6% (8), to SEK 85.0 million (80.1).

The Parent Company's share of profit before tax was SEK 15.9 million (25.5). This includes profit on shares in group companies of SEK10.8 million (16.4). Investment in machinery and equipment totaled SEK 0.3 million (0.3). A decision to pay a dividend of SEK 1.50 per share was made, and the dividend was paid in the second quarter.

Key ratios	2008:Q1-Q4	2007:Q1-Q4	2006:Q1-Q4	2005:Q1-4	2004:Q1-Q4
Operating profit	16,561	18,428	10,935	12,405	7,740
Profit	13,050	14,776	8,208	9,200	10,732
Earnings per share before tax	6.9	6.9	4.2	4.3	2.7
Earnings per share after tax	4.6	5.0	2.7	3.1	3.5
Return on equity	27	35	21	29	47
Return on capital employed	31	46	32	41	36
Equity/assets ratio	32	34	36	37	43
(Measures of return refer to the rolling 12- month period)					

The Board of Directors and the Chief Executive Officer hereby declare that this year-end report provides a true and fair view of the operations, financial position, and earnings of the Company and the Group and describes the material risks and uncertainties facing the Company and the companies in the Group.

Stockholm, February 6, 2009

Olle Ödman
Chairman of the Board

Bengt-Åke Älgevik
Chief Executive Officer

Assar Bolin

Stig-Olof Simonsson

Ann Jönsson Lindström

Anders Ingeström

Thomas Wernhoff

This year-end report has not been reviewed by the Company's auditors.

For more information please contact:
CEO Bengt-Åke Älgevik at +46-8-5870-9900 or CFO Anna Salomon-Sörensen at +46-8-5870-9945.

Jeeves in brief

Jeeves Information Systems AB is a leading supplier of enterprise resource planning (ERP) systems that provides companies with efficient solutions for developing and supporting their business processes through its products Jeeves Selected, Jeeves Universal, and Garp. Jeeves' ERP systems offer broad functionality at a total cost of ownership that is the lowest in the market*. Customers are companies with 5 to 1,000 employees, spread among approximately 4,000 companies in more than 40 countries. Jeeves focuses on product development, while partners and resellers handle sales. Operations began in 1992, and since 1999 Jeeves has been listed on the small cap list of NASDAQ OMX Nordic in Stockholm (Small Cap). For more information, see www.jeeves.se.

** Radar Group*

Consolidated Income Statement

(SEK thousands)	Notes	Quarter Oct. 1, 2008 Dec. 31, 2008	Quarter Oct. 1, 2007 Dec. 31, 2007	Full-year Jan. 1, 2008 Dec. 31, 2008	Full-year Jan. 1, 2007 Dec. 31, 2007
Revenue from continuing operations	1	47,489	35,577	158,354	130,125
Other revenues		281	-40	1,924	190
Goods for resale		-6,796	-4,858	-21,845	-19,166
Gross profit		**40,974**	**30,678**	**138,433**	**111,149**
Capitalized work for own account		4,637	1,554	11,824	9,564
Employee benefits expense		-25,261	-16,451	-82,621	-63,078
Depreciation, amortization, and impairment losses		-2,432	-1,349	-8,375	-5,393
Other external expenses		-14,550	-8,905	-42,700	-33,814
Total expenses		**-37,606**	**-25,151**	**-121,872**	**-92,721**
Operating profit		**3,368**	**5,528**	**16,561**	**18,428**
Financial income and expenses					
Interest income and similar revenues		1,671	317	4,043	2,542
Interest expense and similar costs		-254	-205	-883	-526
Total financial income and expense		**1,417**	**112**	**3,160**	**2,015**
Profit/Loss after financial income and expense		**4,785**	**5,640**	**19,721**	**20,444**
Taxes		-2,682	-1,530	-6,671	-5,667
Profit/Loss for the period		**2,103**	**4,110**	**13,050**	**14,776**

Earnings per share, SEK					
Earnings per avg. no. of shares					
- after share repurchases		0.7	1.4	4.6	5.0
Diluted earnings per share		0.7	1.4	4.6	5.0
No. of shares outstanding					
Average no. of shares during the period	2	2,839,615	2,839,615	2,839,615	2,943,801
No. of shares at end of period	2	2,839,615	2,839,615	2,839,615	2,839,615

Parent Company Income Statement

		Period		Full-year	
		July 1, 2008	**July 1, 2007**	**Jan. 1, 2008**	**Jan. 1, 2007**
(SEK thousands)	Notes	**Dec. 31, 2008**	**Dec. 31, 2007**	**Dec. 31, 2008**	**Dec. 31, 2007**
Revenue from continuing operations	1	44,729	44,454	88,484	83,712
Other revenues		671	427	2,012	533
Goods for resale		-9,011	-8,476	-18,695	-17,815
Gross profit		**36,390**	**36,405**	**71,802**	**66,429**
Capitalized work for own account		6,254	1,819	9,240	7,986
Employee benefits expense		-19,767	-16,561	-39,103	-34,520
Depreciation, amortization, and impairment losses		-2,482	-1,590	-4,451	-3,150
Other external expenses		-18,477	-11,819	-34,485	-27,775
Total expenses		**-34,471**	**-28,151**	**-68,798**	**-57,460**
Operating profit		1,919	**8,254**	**3,004**	**8,970**
Financial income and expenses					
Profit/Loss on shares in Group companies		10,800	4,440	10,800	16,440
Interest income		2,749	509	3,291	836
Interest expense		-788	-584	-1,179	-730
Total financial income and expense		**12,761**	**4,365**	**12,912**	**16,546**
Profit after financial income and expense		3,880	**12,618**	**15,915**	**25,515**
Provisions to untaxed reserves		-3,800		-3,800	
Taxes		-2,835	-1,745	-3,778	-2,028
Profit/Loss for the period		**8,044**	**10,873**	**8,337**	**23,487**

Consolidated Balance Sheet

SEK thousands	Notes	Dec. 31, 2008	Dec. 31, 2007
ASSETS			
Intangible assets			
Goodwill		8,566	2,523
Capitalized R&D expenditure		32,769	19,142
Brands		712	
Product rights		8,094	6,513
Customer agreements		12,430	9,711
Total intangible assets		**62,571**	**37,889**
Property, plant, and equipment			
Equipment		2,413	2,229
Total property, plant, and equipment		**2,413**	**2,229**
Financial assets			
Other participations		73	109
Deferred tax assets		51	153
Other non-current receivables		12,914	4,880
Total financial assets		**13,039**	**5,142**
Total non-current assets		**78,023**	**45,260**
Current assets			
Inventories		10	32
Accounts receivable		41,131	35,999
Other receivables		3,099	5,772
Other prepaid expenses and accrued income		2,709	2,358
Other investments in securities etc.		17,709	25,051
Cash and bank balances		20,461	11,269
Total current assets		**85,120**	**80,481**
Total assets		**163,143**	**125,741**
EQUITY AND LIABILITIES			
Equity			
Share capital		5,976	5,976
Additional paid-in capital		5,911	5,911
Reserves		-744	-145
Retained earnings		40,397	31,606
Total equity		**51,539**	**43,348**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		3,430	0
Other liabilities		20,631	11,884
Total non-current liabilities		**24,061**	**11,884**
Current liabilities			
Trade payables		8,539	6,604
Other liabilities		16,988	12,430
Deferred maintenance income		45,903	40,559
Accrued expenses		16,113	10,916
Total current liabilities		**87,543**	**70,509**
Total equity and liabilities		**163,143**	**125,741**
Pledged assets		1,200	1,200
Contingent liabilities		4,593	3,601

Parent Company Balance Sheet

SEK thousands	Notes	Dec. 31, 2008	Dec. 31, 2007
ASSETS			
Intangible assets			
Capitalized R&D expenditure		23,084	16,745
Product rights & licenses		3,302	3,040
Total intangible assets		**26,386**	**19,785**
Property, plant, and equipment			
Equipment		733	1,139
Total property, plant, and equipment		**733**	**1,139**
Financial assets			
Participations in Group companies		46,355	27,447
Other participations		73	109
Deferred tax assets		30	153
Other non-current receivables		12,914	4,880
Total financial assets		**59,373**	**32,589**
Total non-current assets		**86,492**	**53,513**
Current assets			
Accounts receivable		29,617	27,759
Receivable from Group companies		4,574	5,643
Other receivables		1,701	5,183
Prepaid expenses and accrued income		1,849	1,539
Other investments in securities etc.		1,423	5,126
Cash and bank balances		5,534	4,826
Total current assets		**44,699**	**50,076**
Total assets		**131,191**	**103,589**
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		5,976	5,976
Reserves		5,951	5,951
Total restricted equity		**11,927**	**11,927**
Non-restricted equity			
Profit brought forward		24,710	6,043
Profit/Loss for the period		8,337	23,487
Total non-restricted equity		**33,048**	**29,530**
Total equity		**44,975**	**41,457**
Untaxed reserves			
Tax allocation reserve		3,800	0
Total untaxed reserves		**3,800**	**0**
LIABILITIES			
Non-current liabilities			
Liabilities to Group companies		2,259	1,557
Other liabilities		19,583	13,843
Total non-current liabilities		**21,842**	**15,400**
Current liabilities			
Trade payables		7,112	5,000
Liabilities to Group companies		3,352	270
Other liabilities		11,515	6,681
Deferred maintenance income		31,272	28,187
Accrued expenses		7,323	6,594
Total current liabilities		**60,575**	**46,732**
Total equity and liabilities		**131,191**	**103,589**
Pledged assets		1,200	1,200
Contingent liabilities		4,593	3,601

Consolidated Cash Flow Statement

	Jan. 1, 2008 Dec. 31, 2008	Full-year Jan. 1, 2007 Dec. 31, 2007
Cash flow from operating activities		
Profit/Loss after financial income and expense	19,721	20,443
Adjustments for non-cash items		
Depreciation, amortization, and impairment losses	8,375	5,588
Gains/Losses on sale/disposal of assets	-34	-918
Change in provisions	3,430	0
	31,492	**25,113**
Income tax paid	-6,144	-4,490
Cash flow from operating activities before changes in working capital	**25,348**	**20,623**
Changes in working capital		
Decrease in inventories	22	13
Increase/Decrease in receivables	-4,913	1,035
Increase/Decrease in current liabilities	13,011	-3,174
Cash flow from operating activities	**33,468**	**18,497**
Cash flow from investing activities		
Acquisition of subsidiaries	-5,408	0
Acquisition of intangible assets	-19,785	-11,364
Acquisition of property, plant, and equipment	-1,710	-1,048
Sale of property, plant, and equipment	137	0
Sale of subsidiaries	0	663
Cash flow from investing activities	**-26,766**	**-11,749**
Financing activities		
Dividend	-4,259	-13,374
Convertible debenture program for employees	-300	12,980
Share dividend	0	-66
Cash flow from financing activities	**-4,559**	**-460**
CASH FLOW FOR THE PERIOD	**2,143**	**6,288**
Cash and cash equivalents at start of period	36,320	30,032
Translation difference	-293	0
Cash and cash equivalents at end of period	**38,170**	**36,320**

Statement of Changes in Equity

	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total Equity
Opening balance at Jan. 1 2007	**5,976**	**5,892**	**-79**	**29,126**	**40,915**
Year's change in translation reserve			-66		-66
Net profit/loss for the year				14,776	14,776
Equity share of employee convertible debentures		19		1,078	1,097
Dividend paid				-2,988	-2,988
Repurchase of Company's shares				-10,386	-10,386
Closing balance at Dec. 31 2007	**5,976**	**5,911**	**-145**	**31,606**	**43,348**
Year's change in translation reserve			-599		-599
Dividend paid				-4,259	-4,259
Profit/Loss for the period (Jan. 1–Dec. 31, 2008)				13,050	13,050
Closing balance at Dec. 31 2008	**5,976**	**5,911**	**-744**	**40,396**	**51,539**

Accounting policies and notes

The Group applies the International Financial Reporting Standards (IFRS) approved by the European Union (EU). This year-end report has been prepared in accordance with IAS 34, Interim Financial Reporting, and RR31 from the Swedish Financial Accounting Standards Council. No changes have been made in the accounting policies or valuation principles for the Group compared to the accounting policies and valuation principles described in Note 1 of the 2007 annual report.

The Parent Company income statement and balance sheet were prepared in accordance with the Annual Accounts Act.

Note 1 Revenue breakdown

	Group		Parent Company	
	Jan. 1, 2008 Dec. 31, 2008	**Jan. 1, 2007 Dec. 31, 2007**	**Jan. 1, 2008 Dec. 31, 2008**	**Jan. 1, 2007 Dec. 31, 2007**
Licenses and maintenance	125,224	112,436	84,982	80,087
Hardware	2,067	817	0	0
Consultancy and training	31,064	16,872	3,502	3,624
Total revenue	**158,354**	**130,125**	**88,484**	**83,712**

Note 2 Segment analysis

	Sweden		Other Nordic countries		Countries outside Nordic region		Total	
REVENUE	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Licenses and maintenance	104,147	100,734	13,546	4,409	7,530	7,292	125,224	112,436
Hardware	2,067	817	0	0	0	0	2,067	817
Consultancy and training	13,949	15,391	15,905	73	1,210	1,408	31,064	16,872
Total revenue	**120,164**	**116,943**	**29,451**	**4,483**	**8,739**	**8,700**	**158,354**	**130,125**
PROFIT								
Profit per region	68,692	65,532	10,609	3,821	1,006	5,307	80,307	74,660
Unallocated expenses							-63,746	-56,232
Operating profit							**16,561**	**18,428**
Financial income and expense							3,160	2,015
Profit before tax							**19,721**	**20,444**

Jeeves' primary segment division is based on regions. As ERP systems are the Company's only products, no further division into secondary segments has been made. Segments are reported in accordance with Jeeves' management of its business.

Note 3 Shares

During the third quarter of 2007, a convertible debenture program was offered to employees. The program will run through 2010. The maximum dilution that could result from this program is 5.3%, with a maximum of 149,393 convertibles converted into shares.
During the third quarter of 2007, Jeeves repurchased shares equivalent to approximately 5% of the total number on issue. These shares have been cancelled, and the key ratios in this report have been adjusted for this.

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N.B. This Report is prepared in Swedish and translated into English. Should differences occur between the Swedish version and the English translation, the Swedish version shall prevail.