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INTERIM REPORT **Q2** 2011

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JULY 21, 2011



FINANCIAL AND OPERATIONAL HIGHLIGHTS

CHALLENGING HALF YEAR BUT OUTLOOK UNCHANGED

APRIL-JUNE 2011 (SECOND QUARTER)

- ➔ License revenue amounted to SKr 93 million (Q2 '10: SKr 103 million), a decrease by 2 percent currency adjusted.
- ➔ Maintenance revenue was SKr 199 million (Q2 '10: SKr 205 million), an improvement of 5 percent currency adjusted.
- ➔ Consulting revenue amounted to SKr 333 million (Q2 '10: SKr 343 million), an improvement of 4 percent currency adjusted.
- ➔ Net revenue was SKr 628 million (Q2 '10: SKr 655 million), an improvement of 3 percent currency adjusted.
- ➔ EBIT amounted to SKr 52 million (Q2 '10: SKr 64 million).
Cash flow after investments was SKr 0 million (Q2 '10: SKr 92 million).
- ➔ Earnings per share after full dilution amounted to SKr 1.26 (Q2 '10: SKr 1.35).

FINANCIAL AND OPERATIONAL HIGHLIGHTS

CHALLENGING HALF YEAR BUT OUTLOOK UNCHANGED

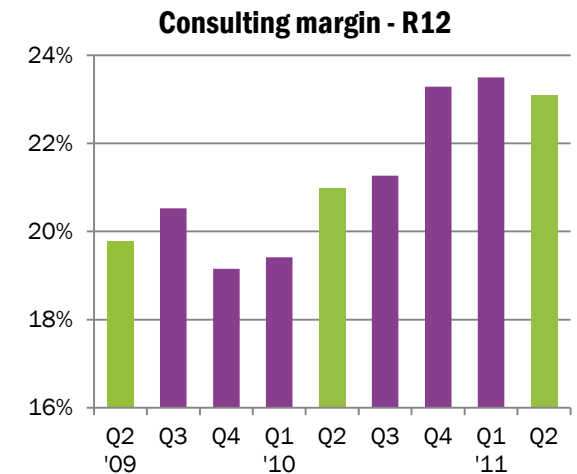
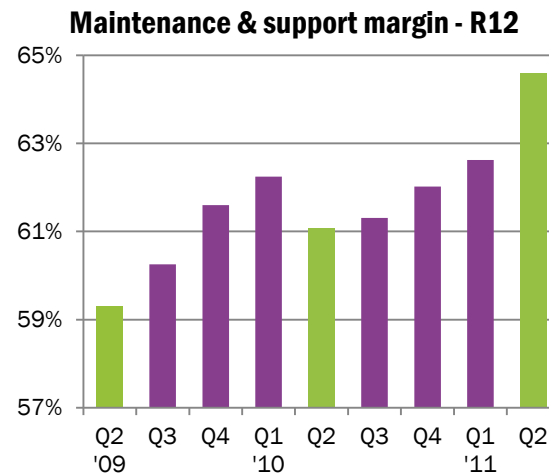
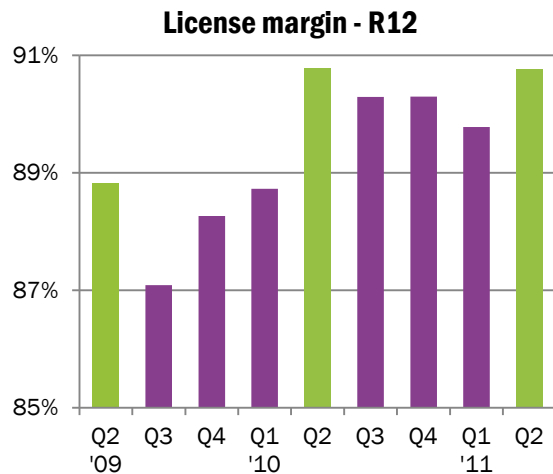
JANUARY-JUNE 2011 (SIX MONTHS)

- ➔ License revenue amounted to SKr 167 million (YTD '10: SKr 168 million), an improvement of 8 percent currency adjusted.
- ➔ Maintenance revenue was SKr 395 million (YTD '10: SKr 404 million), an improvement of 5 percent currency adjusted.
- ➔ Consulting revenue amounted to SKr 668 million (YTD '10: SKr 665 million), an improvement of 8 percent currency adjusted.
- ➔ Net revenue was SKr 1,235 million (YTD '10: SKr 1,244 million), an improvement of 7 percent currency adjusted.
- ➔ EBIT amounted to SKr 62 million (YTD '10: SKr 72 million).
Cash flow after investments was SKr 43 million (YTD '10: SKr 166 million).
- ➔ Earnings per share after full dilution amounted to SKr 1.41 (YTD '10: SKr 1.46).

COMMENTARY ON Q2 2011

Margins

- ➔ Key performance indicators are steadily improving on a twelve-month basis.
- ➔ Quarterly variances to be expected due to seasonality and 'lumpy' timing.



Cash

- ➔ Cash flow adversely affected by the timing of receivables.

Currency

- ➔ Currency effects this year expected to have the same negative impact on IFS's consolidated numbers but would not affect competitiveness.

MARKET AND PRODUCT UPDATE

SECOND QUARTER 2011

Global economy

- ➔ 'Patchy' world economy showing varying levels of activity.
- ➔ Enterprise application market on track during Q2. Analyst firms Forrester and Gartner are cautiously optimistic and expect 2011 to show 5–10% growth.

LAUNCH OF IFS TOUCH APPS AND IFS CLOUD






IFS outlined its strategy for the mobile workforce by presenting IFS Touch Apps, a series of business apps for smartphones that will connect to the IFS Cloud. These will deliver true business functionality related to IFS Applications' core processes, unlike many apps that are merely pared-down Web sites.

IFS DELIVERS ON BUSINESS INTELLIGENCE STRATEGY



IFS launched the first phase of its new Business Intelligence (BI) concept, with new functionality, extended integration options, and dedicated BI expert teams. The concept offers a flexible approach whereby customers can integrate any BI platform with IFS Applications or choose Microsoft BI as built-in functionality.

CUSTOMER WINS IN Q1



AEROSPACE AND DEFENSE

-  Alitalia Maintenance Systems
-  Celebi Ground Handling Hungary Kft.
-  Klimov
-  Lockheed Martin
-  U.S. Army - Army Material Command (AMC)



AUTOMOTIVE

-  TRI Poland
-  UzDongYang JV



CONSTRUCTION AND CONTRACTING

-  Brookfield Corporate Operations LP
-  Taiwan Railway Administration



ENERGY AND UTILITIES

-  Eltur Wapore Sp. z o.o.
-  Energa Elektrownie Ostrołęka SA

HIGH TECH



-  Kendrion
-  Kitron ASA

INDUSTRIAL MANUFACTURING

-  Camfil Farr Power Systems
-  COM.40 Limited Sp. z o.o.

-  D Samson & Sons Limited
-  Ensival Moret
-  Greens Holdings
-  Halopolymer
-  Lymington Precision Engineering
-  Inno-Comp Kft.
-  Marmon Retail Services Asia-Leader
-  Pellenc
-  Ponsse Oyj





OIL AND GAS

-  Bergen Group Rosenberg
-  Rockfin Group Sp. z o.o.

RETAIL AND WHOLESALE

-  Neoteric Informatique Pvt. Ltd.

SERVICE PROVIDERS




-  Bhilai Engineering Corporation Limited
-  Honeywell Life Safety AS
-  Oslo Airport
-  Static Systems Group

OTHER


-  Silverbridge Software Solutions

CUSTOMER WINS IN Q2







AEROSPACE AND DEFENSE

-  Lockheed Martin
-  SEAKR Engineering
-  a major ship-building company



ASSET-INTENSIVE INDUSTRIES

-  Visy Pulp and Paper





AUTOMOTIVE






-  Burg Silvergreen GmbH
-  Changui Group
-  Linamar Corporation
-  Sumitomo Rubber (Japan) Co., Ltd.
-  Tokai Rubber Industries, Ltd.
-  Toyo Denki Seizo K.K.
-  Volvo Car Dealers Sweden

CONSTRUCTION AND CONTRACTING



-  BSBK Engineers Pvt. Ltd.
-  Smit Nederland BV

ENERGY AND UTILITIES

-  APTransco (Transmission corp. of Andhra Pradesh)
-  Auro Mira Bio Power India Pvt. Ltd.
-  Eesti Energia
-  Integrated Water Services
-  MPWiK w m.st. Warszawie S.A.
-  O&M Energy Uganda Ltd (Gas Natural Fenosa)

-  PKE, Południowy Koncern Energetyczny S.A.
-  TCIL (Telecommunications Consultants India Ltd)
-  Torresol Energy
-  Umeå Energi
-  VA Tech Wabag

HIGH TECH

-  Beijer Electronics
-  CSP Computers


INDUSTRIAL MANUFACTURING

-  Automated Packaging Systems, Inc.
-  Bergene Holm AS
-  Ceramika Paradyz Group
-  Kuusakoski Oy
-  LPKF Laser & Electronics AG
-  PRT-Forest Oy
-  Samson AG Mess- und Regeltechnik
-  Samson Rubber Industries Limited
-  Stera Technologies Oy
-  TA Hydronics

OIL AND GAS

-  Semco Maritime

RETAIL

-  Singer

MACROECONOMIC FACTORS

CHALLENGING TIMES

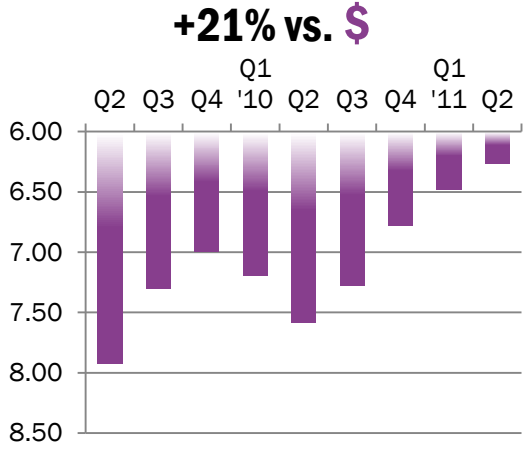
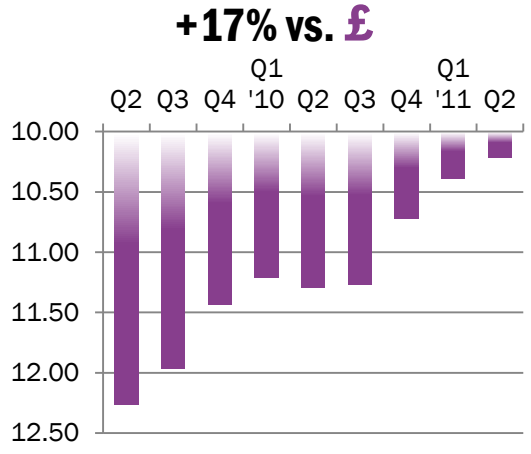
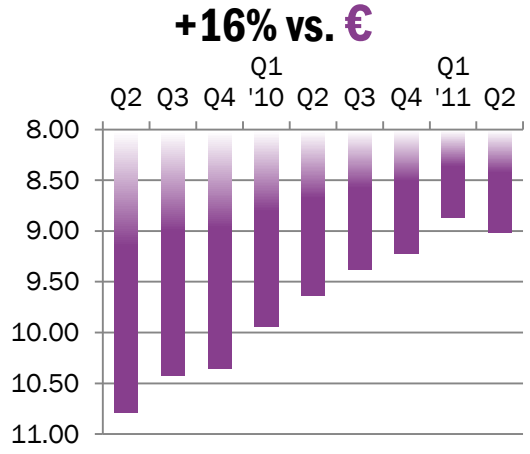
NORTH AFRICA AND THE MIDDLE EAST

- ➔ The direct impact of the events in the region on revenue and EBIT year-to-date is estimated to be SKr 6 million and SKr 4 million respectively.

JAPAN

- ➔ The ERP market in Japan as a whole will likely see a temporary decrease in pipeline and investment initiatives through 2011.

THE SWEDISH KRONA Q2 2009–Q2 2011



BUSINESS AND STRATEGY UPDATE

THE INTELLIGENT ALTERNATIVE CHOICE

IFS WILL CONTINUE TO SUCCEED BECAUSE:

- ➔ Implementation time is critical for customers with international operations; IFS's component architecture and worldwide implementation support can reduce this.
- ➔ IFS is targeting growing markets that are less exposed to the recent fluctuations in the world economy.
- ➔ Through close cooperation with our customers, IFS can offer differentiating industry solutions; we listen and respond rather than dominate and dictate.
- ➔ IFS's agile open-technology platform enables customers to benefit from new IT developments rather than causing restrictive customer lock-in.

IFS WILL CONTINUE TO GROW THROUGH:

- ➔ cash-generating organic growth and
- ➔ targeted acquisitions at profitable terms and conditions.

ACQUISITIONS STRATEGY

- ➔ Since we communicated our strategy, we have made three complementary acquisitions and evaluated several others.
- ➔ The acquisitions we complete must provide a satisfactory return and create value for our shareholders.
- ➔ A number of high-profile transactions have been executed in our industry, many of them at very high valuation multiples, leading to price expectations being raised considerably.

Technology companies are “by and large not attractively priced right now” and acquisitions “don’t make sense.”

Larry Ellison, CEO of Oracle

Prices of potential targets are “quite ridiculous.”

Safra Catz, co-president of Oracle

- ➔ Acquisitions within our core sectors remain a high priority.

FINANCIAL TARGETS

IFS's board of directors has set long-term targets for growth, profitability, and financial leverage, and a policy for dividends and share repurchase.

- ➔ Grow product revenue (licenses, maintenance, and support) through organic growth and acquisitions.
- ➔ Improve the EBIT margin to 15% and achieve a return of 25% on average operating capital.
- ➔ Increase dividends to 50% of earnings after tax.
- ➔ Use additional surplus capital, which is not required for investments, expansion, and other needs relating to the financial position of the group, to repurchase shares.



FINANCIAL OVERVIEW

GROUP	JANUARY-JUNE		JULY-JUNE		FULL YEAR
	2011	2010	2010/11	2009/10	2010
SKr million					
Net revenue	1,235	1,244	2,576	2,575	2,585
of which Licenses	167	168	401	434	402
Maintenance and support	395	404	802	804	811
Consulting	668	665	1,360	1,325	1,357
Gross earnings	557	543	1,202	1,165	1,188
of which Licenses	152	151	364	394	363
Maintenance and support	262	247	518	491	503
Consulting	141	143	314	278	316
EBIT	62	72	211	207	221
EBIT margin	5%	6%	8%	8%	9%
Earnings before tax	52	55	186	182	189
Earnings for the period	37	39	132	135	134
Cash flow after investments	43	166	111	199	234

CASH FLOW

GROUP	JANUARY-JUNE	
	2011	2010
SKr million		
Cash flow before change in working capital	149	126
Change in working capital	-1	130
Cash flow from current operations	148	256
Cash flow from investments	-105	-90
Cash flow after investments	43	166
Cash flow from financing	-149	-171
Cash flow for the period	-106	-5
Cash and cash equivalents at the beginning of period	445	355
Exchange rate differences in cash and cash equivalents	-3	4
Cash and cash equivalents at the end of the period	336	354

OUTLOOK



**IFS EXPECTS
GOOD ORGANIC GROWTH IN 2011,
WITH STRONGER LICENSE SALES
AND AN IMPROVEMENT IN EBIT.**



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