INTERIM REPORT

JANUARY–JUNE 2007

Second quarter 2007

- Net revenue amounted to SKr 619 million (561).
- License revenue increased to SKr 152 million (111), with maintenance and support revenue reaching SKr 164 million (149).
- Consulting revenue amounted to SKr 296 million (293).
- EBIT amounted to SKr 49 million (23), with earnings before tax amounting to SKr 47 million (16). Profit after tax was SKr 36 million (13), with profit per share after tax amounting to SKr 0.14 (0.07).
- Cash flow after investments amounted to SKr –56 million (–31).

January–June 2007

- Net revenue amounted to SKr 1,146 million (1,108).
- License revenue increased to SKr 224 million (200), with maintenance and support revenue reaching SKr 322 million (301).
- Consulting revenue amounted to SKr 588 million (589).
- EBIT amounted to SKr 57 million (44), with earnings before tax amounting to SKr 48 million (23). Profit after tax was SKr 40 million (20), with profit per share after tax amounting to SKr 0.16 (0.09).
- Cash flow after investments amounted to SKr –43 million (37).

Outlook

- The expectations of the board for 2007 remain unchanged; an EBIT that is significantly better than the 2006 EBIT of SKr 120 million and continued improvement in cash flow.

Group Performance

The market for business applications continues to be stable. Analysts such as Gartner and AMR expect growth of about 5–10% in the total market during the first six months. Growth during the remainder of the year is expected to be at the same level.

Net revenue, January–June SKr, million	2007 actual	Currency effect	2007 adjusted	2006 actual	Organic change	Reported change
License revenue	224	5	229	200	15%	12%
Maintenance and support revenue	322	9	331	301	10%	7%
Total product revenue	**546**	**14**	**560**	**501**	**12%**	**9%**
Consulting revenue	588	18	606	589	3%	0%
Net revenue (including other revenue)	**1 146**	**33**	**1 179**	**1 108**	**6%**	**3%**

License revenue increased by 12% (15% organic) during the first six months and by 36% (39% organic) during the second quarter. The increased focus on license revenue growth combined with IFS' stronger market position in the defense, contracting, service management, and project-oriented industries resulted in a positive development in order backlog and strong license sales in the second quarter. In the defense sector, licenses were called-off in the ECSS project for the US Air Force, and the Norwegian Air Force signed an agreement valued at approximately SKr 50 million to upgrade its IFS Applications solution. Within the contracting, service management and project-oriented industries, agreements with a total value exceeding SKr 100 million were signed with Heerema Fabrication Group, Eltel Networks, Tomra, and a European field service company, which primarily had a positive effect on the growth of license sales in EMEA.

IFS' position in the defense industry will be further strengthened with the acquisition, after the end of the report period, of the software provider, Information Science Consultants (iSC), by IFS Defence, a joint venture business with BAE Systems. This acquisition demonstrates IFS' stated strategy of further strengthening its presence in areas in which the company has a strong market position. Within defense, IFS already has a strong market position in air, land forces, naval shipyards and other military installations. The iSC acquisition improves the capability for naval ships, with iSC's biggest customer being the British Royal Navy.

In the Americas, license revenue substantially exceeded the weak development experienced in the first quarter. The stronger Swedish krona, however, has a negative effect on comparisons with the previous year.

As a result of the increasing license sales, net revenue during the first six months increased by SKr 38 million, despite negative foreign currency translation effects of SKr 33 million. Adjusted for these, organic growth was 6%.

Maintenance and support revenue continued to show good growth, increasing by 7% (10% organic) in the first six months. As a percentage of net revenue, maintenance and support revenue continued to grow, to 28% (27%) in the first half of the year. Good economies of scale in maintenance and support also mean that the growth in revenue contributes to higher margins. During the first six months, the maintenance and support margin was 67% (61).

Consulting revenue remained at the same level as the first half of 2006, which corresponds to 3% organic growth, whereas the consulting margin was lower. About one percentage point of the weaker consulting margin can be attributed to foreign currency translation effects, but apart from that, uneven utilization in various geographies in the Group had a negative effect on margins. The trend toward higher salary increases in certain markets also affected margins negatively as the increases cannot always be passed on to customers in ongoing implementation projects. As the consulting order backlog is very good in several major markets, an improvement is expected during the remainder of the year. However, an increase in the need for external consulting resources, with lower margins for IFS, will mean that the improvement in margins will be modest in the short term.

To improve the agility and profitability of the consulting organization over a business cycle, increasing efforts are being made to establish long-term collaboration with partners. A contract was signed with WM-data to establish a center of excellence for IFS Applications in the Nordic region. IFS and WM-data are currently in the process of recruiting and training staff for this. Moreover, an agreement has been entered into with Tata Consultancy Services with the twin aims of increasing new sales within certain prioritized markets and of supporting existing customers and projects. Initially, the partnership will target the US market in the oil and gas, chemicals, and energy and telecom industries.

Operating expenses increased by SKr 25 million during the first six months, corresponding to 2% at current exchange rates. The organic increase, adjusted for exchange rate effects, amounted to SKr 59 million, or 6%, of which direct expenses, affected by the higher volume, accounted for SKr 15 million, or 9%. Personnel-related expenses increased by 4% organically. Several markets are experiencing an increase in demand for IT competence, which affects the availability of qualified personnel and salary levels.

Operating expenses, January–June SKr, million	2007 actual	Currency effect	2007 adjusted	2006 actual	Organic change	Reported change
Operating expenses	1 089	34	1 123	1 064	6%	2%
Capital gains/losses	3	-	3	2	50%	50%
Exchange rate gains/losses	-5	-	-5	-8	-38%	-38%
Restructuring costs/redundancy costs	-4	-	-4	-13	-69%	-69%
Depreciation and net capitalization of product development	-21	-1	-22	-15	47%	40%
Adjusted operating expenses	**1 062**	**33**	**1 095**	**1 030**	**6%**	**3%**

The increase in direct costs pertains mainly to EMEA, in which substantially higher net revenue resulted in improved earnings. In the Americas, the lower net revenue in the first six months was balanced by lower cost levels, as a result of which organic earnings were unchanged compared with 2006. Earnings in Rest of the World were also in line with those of the previous year. Operations in Asia have been streamlined and organizational changes made, which will have a positive affect on the cost structure toward the end of 2007.

Financing and Cash Flow

Cash flow after investments during the first six months was negatively affected by developments related to receivables during the end of the period. Apart from the effect of the higher revenue, with several major contracts being signed late in the quarter, payments deferred over the turn of the quarter had a considerable negative affect, which amounted to more than SKr 30 million.

During the first six months, cash flow after investments amounted to SKr -43 million (37). In the second quarter, the figure was SKr -56 million (-31). The change in working capital during the first six months was SKr -59 million (54), of which receivables accounted for SKr 16 million (96), whereas the effect of these during the second quarter was SKr -88 million. Cash flow after investments is expected to be substantially strengthened during the remainder of the year.

Liquid assets amounted to SKr 307 million (282), and net liquidity was SKr 17 million (21). The Group also had access to unutilized lines of credit amounting to SKr 46 million (60). During the period, liabilities to credit institutions were reduced from SKr 305 million to SKr 290 million.

Parent Company

Net revenue amounted to SKr 8 million (7), with earnings after net financial items of SKr 51 million (-26). Somewhat lower operating expenses, but, above all, improved net financial items, contributed to an improvement in Parent Company earnings. Dividends from subsidiaries had a positive effect of SKr 71 million (0) on net financial items during the first six months. Profit for the period was SKr 55 million (-26). Liquid assets, including unutilized lines of credit, amounted to SKr 121 million (90).

Parent Company equity increased to SKr 1,282 million, from SKr 1,098 million at the beginning of the year, primarily resulting from the conversion of debentures and bonds, net SKr 128 million, which resulted in an increase of SKr 55 million in capital stock and of SKr 73 million in the share premium reserve.

Convertible debentures /bonds at a nominal value of SKr 139 million (40) were converted during the period. The booked liability of convertible debentures/bonds amounted to SKr 50 million (170), whereas the nominal liability was SKr 53 million (199) at the end of the period. The KV3B convertible debenture matured during the first quarter and the outstanding liability of SKr 1 million was repaid.

The number of employees in the Parent Company at the end of the period was 5 (3).

Outlook

The expectations of the board for 2007 remain unchanged. For 2007, it expects an EBIT that is significantly better than the 2006 EBIT of SKr 120 million and continued improvement in cash flow.

Risks and uncertainties

In its operations, the IFS Group is exposed to certain risks that can affect earnings to a greater or lesser extent. One such risk is the rapid technological development in the industry, which can necessitate substantial changes in technology. In addition, the ability to attract and retain critical personnel is an uncertainty factor, especially in a labor market in which the demand for, and cost of, attractive personnel is increasing. Moreover, IFS is exposed to other operational risks as part of its business, such as risks related to customer projects, dependence on certain suppliers and partners, and exchange rate risks.

Through the component-based technology of its product as well as internal processes and procedures, the Group considers that it has focused on such risks and taken measures to reduce and control them. As the Parent Company does not conduct any operational activities, the risks to which it is exposed are related to exchange rates and liquidity.

The board of directors and the chief executive officer give their assurance that the second-quarter report provides a fair overview of company and Group operations, position and earnings, and describes significant risks and uncertainties to which the Group and its subsidiaries are exposed.

Linköping July 19, 2007

Anders Böös
CHAIRMAN OF THE BOARD

Gregory Gorman
MEMBER OF THE BOARD

Ulrika Hagdahl
MEMBER OF THE BOARD

Bengt Nilsson
VICE CHAIRMAN OF THE BOARD

Jacob Palmstierna
MEMBER OF THE BOARD

Alastair Sorbie
PRESIDENT & CEO

Christina Stercken
MEMBER OF THE BOARD

This report is unaudited.

Consolidated income statement

SKr million	Apr–June 2007	Apr–June 2006	Jan–June 2007	Jan–June 2006	July 2006–June 2007	July 2005–June 2006	Full year 2006
License revenue	152	111	224	200	457	418	433
Maintenance and support revenue	164	149	322	301	621	577	600
Consulting revenue	296	293	588	589	1 139	1 175	1 140
Other revenue	7	8	12	18	30	53	36
Net revenue	**619**	**561**	**1 146**	**1 108**	**2 247**	**2 223**	**2 209**
License expenses	-135	-120	-244	-234	-482	-460	-472
Maintenance and support expenses	-55	-56	-107	-116	-214	-231	-223
Consulting expenses	-259	-241	-501	-483	-967	-965	-949
Other expenses	-3	-7	-5	-14	-20	-42	-29
Gross earnings	**167**	**137**	**289**	**261**	**564**	**525**	**536**
Other operating revenue	12	9	24	14	56	31	46
Product development expenses	-56	-55	-109	-100	-217	-200	-208
Administration expenses	-57	-55	-119	-108	-215	-222	-204
Other operating expenses	-17	-13	-28	-23	-55	-36	-50
EBIT	**49**	**23**	**57**	**44**	**133**	**98**	**120**
Result from participations in associated companies	1	1	1	0	2	1	1
Interest expenses	-6	-11	-14	-21	-34	-45	-41
Other financial items	3	3	4	0	-1	7	-5
Profit before tax	**47**	**16**	**48**	**23**	**100**	**61**	**75**
Tax on profit	-11	-3	-8	-3	166	-14	171
Profit for the period	**36**	**13**	**40**	**20**	**266**	**47**	**246**
Profit for the period is allocated as follows:							
Parent Company stockholders (SKr million)	36	15	40	21	266	48	246
Minority interest (SKr million)	0	-2	0	-1	0	-1	0
Profit per share pertaining to Parent Company stockholders (SKr)	0.14	0.07	0.16	0.09	1.12	0.21	1.07
Profit per share pertaining to Parent Company stockholders, after full dilution (SKr)	0.13	0.06	0.15	0.08	0.98	0.18	0.99
Number of shares (thousands)							
By the end of the period	261 077	231 725	261 077	231 725	261 077	231 725	233 366
Average for the period	251 300	228 955	244 560	226 567	238 523	225 128	229 622
Average for the period, after full dilution	270 384	270 709	270 513	270 709	270 612	270 709	270 709

Consolidated balance sheet

Assets SKr million	June 30 2007	June 30 2006	Dec 31 2006
Capitalized product development expenditure	490	505	497
Goodwill	225	226	219
Other intangible fixed assets	9	10	12
Intangible fixed assets	**724**	**741**	**728**
Tangible fixed assets	**79**	**87**	**83**
Participations in associated companies	2	6	7
Deferred tax assets	296	113	291
Other long-term receivables	22	15	16
Financial fixed assets	**320**	**134**	**314**
Non-current assets	**1 123**	**962**	**1 125**
Inventories	0	5	0
Accounts receivable	617	519	633
Other receivables	184	175	175
Cash and cash equivalents	307	282	372
Current assets	**1 108**	**981**	**1 180**
Assets	**2 231**	**1 943**	**2 305**

Equity and liabilities SKr million	June 30 2007	June 30 2006	Dec 31 2006
Capital stock	522	463	467
Other capital contributed	666	590	593
Accumulated loss and other reserves	-144	-401	-194
	1 044	**652**	**866**
Minority interest	0	2	0
Equity	**1 044**	**654**	**866**
Convertible debentures/bonds	-	170	108
Liabilities to credit institutions	50	143	151
Pension obligations	39	62	60
Other provisions and other liabilities	20	21	19
Non-current liabilities	**109**	**396**	**338**
Accounts payable	114	118	151
Convertible debentures/bonds	50	-	65
Liabilities to credit institutions	240	118	154
Other provisions	2	14	4
Other liabilities	672	643	727
Current liabilities	**1 078**	**893**	**1 101**
Liabilities	**1 187**	**1 289**	**1 439**
Equity and liabilities	**2 231**	**1 943**	**2 305**
Pledged assets	1 436	1 279	1 350
Contingent liabilities	2	2	2

Consolidated statement of cash flows

SKr million	Apr–June 2007	Apr–June 2006	Jan–June 2007	Jan–June 2006	July 2006–June 2007	July 2005–June 2006	Full year 2006
Cash flow from operating activities before changes in working capital	**88**	**47**	**92**	**64**	**255**	**200**	**227**
Changes in working capital	-98	-52	-59	54	-88	-35	25
Cash flow from operating activities	**-10**	**-5**	**33**	**118**	**167**	**165**	**252**
Cash flow from investing activities	-46	-26	-76	-81	-161	-145	-166
Cash flow after investing activities	**-56**	**-31**	**-43**	**37**	**6**	**20**	**86**
Cash flow from financing activities	3	1	-19	-65	30	79	-16
Cash flow for the period	**-53**	**-30**	**-62**	**-28**	**36**	**99**	**70**
Cash and cash equivalents at the beginning of the period	361	318	372	319	282	189	319
Effect of exchange rate fluctuations on cash held	-1	-6	-3	-9	-11	-6	-17
Cash and cash equivalents at the end of the period	**307**	**282**	**307**	**282**	**307**	**282**	**372**

Consolidated segment reporting

April–June

	EMEA		Americas		Rest of the World		Undistributed Corporate items		GROUP	
SKr million	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
License revenue	97	54	27	35	28	22	0	0	**152**	**111**
Maintenance and support revenue	117	110	28	24	19	15	0	0	**164**	**149**
Consulting revenue	225	221	39	48	32	24	0	0	**296**	**293**
Other revenue	2	5	0	0	1	1	4	2	**7**	**8**
Net external revenue	**441**	**390**	**94**	**107**	**80**	**62**	**4**	**2**	**619**	**561**
Intra-Group revenue	19	18	16	7	5	5	-40	-30	**0**	**0**
Net revenue	**460**	**408**	**110**	**114**	**85**	**67**	**-36**	**-28**	**619**	**561**
Operating expenses, external	-313	-292	-66	-78	-79	-67	-108	-98	**-566**	**-535**
Operating expenses, intra-Group	-24	-20	-10	-7	-2	-2	36	29	**0**	**0**
Other operating items, net	-1	0	0	2	-2	1	-1	-6	**-4**	**-3**
Operating expenses	**-338**	**-312**	**-76**	**-83**	**-83**	**-68**	**-73**	**-75**	**-570**	**-538**
EBIT, undistributed	**122**	**96**	**34**	**31**	**2**	**-1**	**-109**	**-103**	**49**	**23**
Employees, average for the period	1 206	1 122	223	225	417	484	803	821	**2 649**	**2 652**
Employees, at the end of the period	1 205	1 134	217	227	411	488	792	831	**2 625**	**2 680**

January–June

	EMEA		Americas		Rest of the World		Undistributed Corporate items		GROUP	
SKr million	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
License revenue	148	106	37	60	38	34	1	0	**224**	**200**
Maintenance and support revenue	230	218	53	52	38	30	1	1	**322**	**301**
Consulting revenue	451	448	81	94	56	46	0	1	**588**	**589**
Other revenue	5	12	0	1	2	3	5	2	**12**	**18**
Net external revenue	**834**	**784**	**171**	**207**	**134**	**113**	**7**	**4**	**1 146**	**1 108**
Intra-Group revenue	33	34	24	16	9	8	-66	-58	**0**	**0**
Net revenue	**867**	**818**	**195**	**223**	**143**	**121**	**-59**	**-54**	**1 146**	**1 108**
Operating expenses, external	-608	-581	-131	-161	-139	-123	-207	-191	**-1 085**	**-1 056**
Operating expenses, intra-Group	-45	-33	-13	-9	-2	-2	60	44	**0**	**0**
Other operating items, net	0	-6	1	5	-3	2	-2	-9	**-4**	**-8**
Operating expenses	**-653**	**-620**	**-143**	**-165**	**-144**	**-123**	**-149**	**-156**	**-1 089**	**-1 064**
EBIT, undistributed	**214**	**198**	**52**	**58**	**-1**	**-2**	**-208**	**-210**	**57**	**44**
Employees, average for the period	1 202	1 122	226	227	417	473	803	815	**2 648**	**2 637**
Employees, at the end of the period	1 205	1 134	217	227	411	488	792	831	**2 625**	**2 680**

Income statement of the parent company

SKr million	Apr–June 2007	Apr–June 2006	Jan–June 2007	Jan–June 2006	July 2006–June 2007	July 2005–June 2006	Full year 2006
Net revenue	**5**	**3**	**8**	**7**	**15**	**13**	**15**
Other operating revenue	8	0	8	1	9	1	0
Administration expenses	-7	-5	-17	-16	-33	-24	-28
Other operating expenses	-9	-1	-10	-3	-13	-4	0
EBIT	**-3**	**-3**	**-11**	**-11**	**-22**	**-14**	**-13**
Result from participations in subsidiaries	71	0	71	0	71	-3	0
Result from participations in associated companies	0	0	0	0	0	0	1
Interest expenses	-7	-50	-18	-60	-77	-93	-145
Other financial items	5	45	9	45	54	72	109
Profit before tax	**66**	**-8**	**51**	**-26**	**26**	**-38**	**-48**
Tax on profit	1	0	4	0	4	0	8
Profit for the period	**67**	**-8**	**55**	**-26**	**30**	**-38**	**-40**

Balance sheet of the parent company

Assets SKr million	June 30 2007	June 30 2006	Dec 31 2006
Intangible fixed assets	**0**	**0**	**0**
Tangible fixed assets	**0**	**0**	**0**
Participations in subsidiaries	933	924	930
Participations in associated companies	0	6	5
Deferred tax assets	97	93	93
Other long-term receivables	45	44	42
Financial fixed assets	**1 075**	**1 067**	**1 070**
Non-current assets	**1 075**	**1 067**	**1 070**
Receivables from subsidiaries	870	904	503
Other receivables	7	6	10
Cash and cash equivalents	114	86	116
Current assets	**991**	**996**	**629**
Assets	**2 066**	**2 063**	**1 699**

Equity and liabilities SKr million	June 30 2007	June 30 2006	Dec 31 2006
Capital stock	522	463	467
Statutory reserve	572	572	572
Accumulated profit and other reserves	188	52	59
Equity	**1 282**	**1 087**	**1 098**
Provisions	**1**	**0**	**1**
Convertible debentures/bonds	0	170	108
Liabilities to credit institutions	31	129	133
Non-current liabilities	**31**	**299**	**241**
Convertible debentures/bonds	50	0	65
Liabilities to credit institutions	141	22	11
Liabilities to subsidiaries	546	634	258
Other liabilities	15	21	25
Current liabilities	**752**	**677**	**359**
Equity and liabilities	**2 066**	**2 063**	**1 699**

Key figures for the group

		Apr–June 2007	Apr–June 2006	Jan–June 2007	Jan–June 2006	July 2006–June 2007	July 2005–June 2006	Full year 2006
License margin	%	11%	-8%	-9%	-17%	-5%	-10%	-9%
Maintenance and support margin	%	66%	62%	67%	61%	66%	60%	63%
Consulting margin	%	13%	18%	15%	18%	15%	18%	17%
Gross margin	%	27%	24%	25%	24%	25%	24%	24%
Product development expenses/net revenue	%	9%	10%	10%	9%	10%	9%	9%
Administration expenses/net revenue	%	9%	10%	10%	10%	10%	10%	9%
EBIT margin	%	8%	4%	5%	4%	6%	4%	5%
Profit margin	%	8%	3%	4%	2%	4%	3%	3%
Amortization and depreciation	SKr, M	-45	-40	-90	-80	-178	-166	-169
of which amortization of capitalized product development expenditure	SKr, M	-39	-34	-77	-67	-150	-134	-139
Capitalized product development expenditure	SKr, M	35	25	69	65	129	127	125
Accounts receivable (average 12 months)/ net revenue (rolling 12 months)	%					23	23	23
Net liquidity	SKr, M	17	21	17	21	17	21	67
Net debt, excluding convertible debentures/bonds	SKr, M	22	41	22	41	22	41	-7
Interest-bearing liabilities, excluding convertible debentures/bonds	SKr, M	329	323	329	323	329	323	365
Debt/equity ratio	times	0.4	0.8	0.4	0.8	0.4	0.8	0.6
Equity/assets ratio, before conversion	%	47%	34%	47%	34%	47%	34%	38%
Equity/assets ratio, after full conversion	%	49%	42%	49%	42%	49%	42%	45%
Number of employees, average for the period		2 649	2 652	2 648	2 637	2 653	2 531	2 644
Number of employees, at the end of the period		2 625	2 680	2 625	2 680	2 625	2 680	2 630
Net revenue per employee	SKr, '000	234	212	433	420	847	878	835

For definitions: see last page of the report.

Financial trend for the group

SKr million	April–June 2007	Jan–March 2007	Oct–Dec 2006	July–Sep 2006	April–June 2006	Jan–March 2006	Oct–Dec 2005	July–Sept 2005	April–June 2005
License revenue	152	72	140	93	111	89	142	76	79
Maintenance and support revenue	164	158	153	146	149	152	140	136	127
Consulting revenue	296	292	313	238	293	296	329	257	309
Other revenue	7	5	10	8	8	10	19	16	17
Net revenue	**619**	**527**	**616**	**485**	**561**	**547**	**630**	**485**	**532**
License expenses	-135	-109	-126	-112	-120	-114	-126	-100	-104
Maintenance and support expenses	-55	-52	-54	-53	-56	-60	-57	-58	-54
Consulting expenses	-259	-242	-263	-203	-241	-242	-272	-210	-230
Other expenses	-3	-2	-12	-3	-7	-7	-14	-14	-13
Gross earnings	**167**	**122**	**161**	**114**	**137**	**124**	**161**	**103**	**131**
Other operating revenue	12	12	18	14	9	5	7	10	11
Product development expenses	-56	-53	-55	-53	-55	-45	-48	-52	-59
Administration expenses	-57	-62	-50	-46	-55	-53	-66	-48	-54
Other operating expenses	-17	-11	-11	-16	-13	-10	-12	-1	-2
EBIT	**49**	**8**	**63**	**13**	**23**	**21**	**42**	**12**	**27**
Result from participations in associated companies	1	0	-1	2	1	-1	1	0	0
Interest expenses	-6	-8	-10	-10	-11	-10	-12	-12	-12
Other financial items	3	1	-3	-2	3	-3	4	3	10
Profit/loss before tax	**47**	**1**	**49**	**3**	**16**	**7**	**35**	**3**	**25**
Tax on profit/loss	-11	3	174	0	-3	0	-11	0	-2
Profit/loss for the period	**36**	**4**	**223**	**3**	**13**	**7**	**24**	**3**	**23**
Cash flow after investing activities	-56	13	75	-26	-31	68	49	-66	-12
Number of employees at the end of the period	2 625	2 663	2 630	2 652	2 680	2 632	2 600	2 390	2 370

Outstanding shares

	Series A	Series B	TOTAL
Number of shares on January 1, 2007	13 916 638	219 449 769	**233 366 407**
Conversion of KV3B	-	7 441 829	**7 441 829**
Conversion of KV4B	-	3 445 642	**3 445 642**
Conversion of KV5B	-	16 823 090	**16 823 090**
Number of shares on June 30, 2007	**13 916 638**	**247 160 330**	**261 076 968**
Number of voting rights on June 30, 2007	**13 916 638**	**24 716 033**	**38 632 671**
Shares added on full conversion	-	9 306 617	**9 306 617**
Number of shares on June 30, 2007 after full conversion	**13 916 638**	**256 466 947**	**270 383 585**

Changes in consolidated equity

SKr million	June 30 2007	June 30 2006	Dec 31 2006
Opening balance	**866**	**615**	**615**
Translation difference	10	-15	-34
New issue—redemption of convertible debentures/bonds	128	33	40
Net income recognized directly in equity	1 004	633	621
Profit for the period	40	20	246
Total recognized net income	1 044	653	867
Change in minority interest	0	1	-1
Closing balance	**1 044**	**654**	**866**

Estimates and critical assumptions

To present the financial reports in accordance with the IFRS, the management must make certain estimates and assumptions that affect the application of the accounting principles and the reported amounts pertaining to assets, liabilities, revenue and expenses. Actuals may differ from the estimates and assumptions.

The estimates and assumptions are regularly reviewed. Changes in estimates are reported in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both the current and future periods.

Accounting principles

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Moreover, Recommendation RR 30:05, Supplementary Accounting Principles for Companies, of the Swedish Financial Accounting Standards Council has been applied.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, which conforms to Recommendation 31 (RR 31), Interim Reporting for Companies, of the Swedish Financial Accounting Standards Council, and in accordance with the Swedish Annual Report Act. The Parent Company accounts have been prepared in accordance with the Swedish Annual Report Act and Recommendation RR 32:06, Accounting for Legal Entities, of the Swedish Financial Accounting Standards Council.

The accounting principles are those applied in the most recent annual report. For detailed information: see Annual Report 2006.

Definitions

License margin: License revenue minus license expenses, in relation to license revenue. License expenses include sales and marketing expenses.
Maintenance and support margin: Maintenance and support revenue minus maintenance and support expenses, in relation to maintenance and support revenue.
Consulting margin: Consulting revenue minus consulting expenses, in relation to consulting revenue.
Net liquidity: Liquid funds minus interest-bearing liabilities to credit institutions, at the end of the period.
Net debt, excluding convertible debentures/bonds: Interest-bearing liabilities, excluding convertible debentures/bonds, minus liquid funds, at the end of the period.
Debt/equity ratio: Interest-bearing liabilities, including convertible debentures/bonds, in relation to equity, at the end of the period.
Equity/assets ratio before conversion: Equity before conversion of convertible debentures/bonds in relation to total assets, at the end of the period.
Equity/assets ratio after full conversion: Equity after full conversion of convertible debentures/bonds in relation to total assets, at the end of the period.
Organic change: Year-on-year figures adjusted for currency effects on consolidation as well as changes in structure.

About IFS

IFS (OMX STO: IFS), the global enterprise applications company, provides ERP solutions which enable organizations to respond quickly to market changes. The solutions allow resources to be used in a more agile way to achieve better business performance and competitive advantage.

Founded in 1983, IFS has 2,600 employees worldwide. With IFS Applications™, now in its seventh generation, IFS has pioneered component-based ERP software. The component architecture provides solutions that are easier to implement, run and upgrade. IFS Applications is available in 54 countries in 20 languages.

IFS has over 600,000 users across seven key vertical sectors: aerospace & defense; automotive; high-tech; industrial manufacturing; process industries; construction, service & facilities management; and utilities & telecom. IFS Applications provides extended ERP functionality, including CRM, SCM, PLM, CPM, enterprise asset management, and MRO capabilities.

Financial information 2007

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Preliminary Report on 2007 Operations	February 2008

For additional information

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