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INTERIM REPORT Q3 2010

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

LICENSE REVENUE AND EARNINGS CONTINUE TO GROW

JULY–SEPTEMBER 2010 (THIRD QUARTER)

- ➔ License revenue was SKr 99 million (Q3 '09: SKr 90 million), up 13% adjusted for currency
- ➔ Maintenance and support revenue was SKr 201 million (Q3 '09: SKr 196 million), up 6% adjusted for currency
- ➔ Net revenue was SKr 612 million (Q3 '09: SKr 581 million)
- ➔ EBIT improved to SKr 39 million (Q3 '09: SKr 19 million), an increase of 105%
- ➔ Cash flow after investments was SKr -2 million (Q3 '09: SKr -63 million)

FINANCIAL AND OPERATIONAL HIGHLIGHTS

LICENSE REVENUE AND EARNINGS CONTINUE TO GROW

JANUARY–SEPTEMBER 2010 (NINE MONTHS)

- ➔ Product revenue was SKr 872 million (YTD '09: SKr 835 million)
- ➔ Net revenue was SKr 1,856 million (YTD '09: SKr 1,855 million)
- ➔ EBIT improved to SKr 111 million (YTD '09: SKr 82 million), an increase of 35%
- ➔ Cash flow after investments improved to SKr 164 million (YTD '09: SKr 90 million)
- ➔ Earnings per share after full dilution were SKr 2.44 (YTD '09: SKr 1.23)

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.


CLIENT WINS IN THE THIRD QUARTER

DEALS CLOSED IN IFS'S TARGET SECTORS

TWO NOTABLE DEALS:


- ➔ a defense organization in Europe has contracted for US\$ 5 million of licenses
- ➔ the Federal Aviation Administration (FAA) has selected IFS Applications for use throughout the U.S. National Airspace System (NAS)


OTHER STRATEGIC WINS IN Q3:

 Allen Diesels (machine manufacturing, Norway)

 AMB Solid (construction, Poland)


 Aspen Surgical Products (medical solutions, USA)


 BAE Systems Technology and Solution Services (aerospace & defense, USA)

 BSBK Engineers (EPCI contractor, India)

 Babcock (aerospace & defense, Australia)


 Beaver-Visitec International (medical solutions, USA)

 CKD China Corporation (machinery manufacturing, China)


 Infratek (service management, Norway)

 KSK Mahanadi Power Company (energy & utilities, India)


 MTN (telecommunications, Côte d'Ivoire/Nigeria)

 Nordic Paper (pulp & paper, Norway/Sweden)

 Semco (EPCI contractor, Denmark)

 United Aircraft Corporation (aerospace & defense, Russia)

 Wardha Power Company (energy & utilities, India)

 a leading field-service operator (service management, Sweden)

IFS ACQUIRES 360 SCHEDULING

EXECUTING ON ACQUISITION STRATEGY

- ➔ One of the world's leading providers of mobile-workforce scheduling and optimization software.
- ➔ Strengthens IFS's market position in the targeted Service & Asset industry, especially mobile-workforce management.
- ➔ Has net revenue of £ 2.7 million, of which more than 90% is product revenue.
- ➔ Highly scalable SOA-optimization framework that delivers very advanced mobile-workforce scheduling for both on-premises and "cloud" deployment.



MARKET AND PRODUCT UPDATE

INTERIM REPORT JANUARY–SEPTEMBER 2010

- ➔ Leading industry analysts project the ERP market will end up flat in 2010.
- ➔ 2011 is expected to show modest single-digit growth compared with 2010.
- ➔ IFS pipeline has grown over 12% year on year, excluding defense.
- ➔ **IFS Labs**—New functional unit within IFS R&D to structure and strengthen IFS's continuous focus on improving enterprise application usability.
 - ➔ **IFS Talk** captures information similarly to the wall on Facebook or Twitter but in a secure way and only searchable within IFS Applications.
 - ➔ **IFS Communicator** makes collaboration within IFS Applications, and between users and external agents such as customers, easier and more user-friendly.
 - ➔ **IFS WikiHelp** allows users of IFS Applications to help each other solve issues internally by collaborating on a central-knowledge repository similar to a consumer-knowledge hub such as Wikipedia.

FINANCIAL OVERVIEW

GROUP	3RD QUARTER		JAN.-SEPT.	
	2010	2009	2010	2009
SKr million				
Net revenue	612	581	1 856	1 855
of which Licenses	99	90	267	250
Maintenance and support	201	196	605	585
Consulting	309	294	974	1 007
Gross earnings	275	254	818	763
of which Licenses	84	78	235	211
Maintenance and support	129	124	376	366
Consulting	60	53	203	181
EBIT	39	19	111	82
EBIT margin	6%	3%	6%	4%
Earnings before tax	33	9	88	50
Earnings for the period	26	6	65	33
Cash flow after investments	-2	-63	164	90

CASH FLOW

GROUP	3RD QUARTER	
	2010	2009
SKr million		
Cash flow before change in working capital	80	71
Change in working capital	-41	-54
Cash flow from current operations	39	17
Cash flow from investments	-41	-80
Cash flow after investments	-2	-63
Cash flow from financing	41	-2
Cash flow for the period	39	-65
Cash and cash equivalents at the beginning of period	354	360
Exchange rate differences in cash and cash equivalents	-16	-13
Cash and cash equivalents at the end of the period	377	282

OUTLOOK



**OUTLOOK FOR 2010 UNCHANGED.
MODERATE ORGANIC GROWTH IS
ANTICIPATED, EXCLUDING THE
EFFECTS OF ACQUISITIONS AND
CURRENCY FLUCTUATIONS.**



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