

## IFS reports improved EBIT and strongest cash flow to date

- Net revenue amounted to SKr 640 million (606) during the second quarter, a growth of 6% including, and a decrease of 3% excluding, exchange rate differences.
- Product revenue increased by 1% to SKr 279 million (276) during the second quarter: license revenue decreased by SKr 25 million to SKr 86 million (111) whereas maintenance and support revenue increased by SKr 28 million to SKr 193 million (165).
- Consulting revenue increased by 10% to SKr 357 million (324) during the second quarter.
- EBIT for the second quarter amounted to SKr 33 million (4).
- Cash flow after investments during the second quarter amounted to SKr 32 million (–46).
- Cash flow after investments for 12 months rolling amounted to SKr 163 million (151).
- Net revenue increased to SKr 1,274 million (1,162) during the first six months.
- Earnings for the first six months amounted to SKr 27 million (1), with earnings per share after dilution amounting to SKr 1.00 (0.04).

## Message from the President

### **Continued progress in difficult times**

Quarter two 2009 shows that the underlying business is stable and performing well in the current economy. EBIT increased to SKr 33 million (4) and cash flow after investments improved to SKr 32 million (-46). Net revenue increased to SKr 640 million (606), in line with the corresponding quarter in 2008 adjusted for currency effects. This continues the trend from the first quarter, with the first six months showing increasing revenue, profitability and cash flow.

Consulting backlog remains at broadly the same level as in past quarters. It continues to be sustained by the roll-out of international projects, the interest among customers to upgrade to new releases, and the availability of the new user interface, IFS Enterprise Explorer. Maintenance revenue continues to grow as a result of the ongoing addition of large contracts, while churn remains low.

Although license revenue is lower than in the previous year, mainly as a result of customers' investments being postponed, many high-value orders were secured. Due to the structure of some of these contracts, only a part of the licenses was recognized in the second quarter, which will benefit future quarters. The pipeline for license sales remains stable.

The new accounts are not only being won in the sectors previously noted as being less affected by the recession (offshore, telecom, infrastructure and defense, for example), but also in areas which are affected, such as automotive. Clearly, IFS has an appeal because of its lower total cost of ownership and ease of implementation. We are not only replacing legacy systems but frequently also newer systems from other vendors where implementations have failed.

In 2008 IFS announced a plan to double product revenues and deliver an EBIT margin of 15% by the end of 2012. This goal would be achieved by continued organic growth and by the acquisition of product companies operating in our target markets and main geographies. IFS remains committed to this strategy. As a result of the current financial crisis and the deep global recession, however, it is less likely that we will be able to achieve this goal by 2012.

The ERP market as a whole is generally stable in terms of service and maintenance revenue, but most players have, like IFS, seen new license sales drop. Analysts such as AMR and Forrester expect the decline in license revenue to slow down toward the end of the year.

IFS continues to expect its development in 2009 to be stable and generally in line with 2008. Demand for products and services will be constantly tracked across all regions and should any deterioration in demand be seen, then cost reduction action will be quickly taken.



## Group financial overview for the second quarter 2009

SKr million	2009 Jan–June	2008 Jan–June	2009 Q2	2008 Q2	July 2008– June 2009	July 2007– June 2008
<b>Net revenue</b>	<b>1 274</b>	<b>1 162</b>	<b>640</b>	<b>606</b>	<b>2 630</b>	<b>2 372</b>
<i>whereof</i>						
License revenue	160	192	86	111	447	446
Maintenance and support revenue	389	328	193	165	764	665
Consulting revenue	713	632	357	324	1 391	1 238
<b>Gross earnings</b>	<b>509</b>	<b>473</b>	<b>266</b>	<b>253</b>	<b>1 142</b>	<b>1 012</b>
<i>whereof</i>						
Licenses	133	176	69	101	397	405
Maintenance and support	242	189	124	91	453	397
Consulting	128	101	71	58	275	200
<b>EBIT</b>	<b>63</b>	<b>7</b>	<b>33</b>	<b>4</b>	<b>210</b>	<b>91</b>
<b>EBIT margin</b>	<b>5%</b>	<b>1%</b>	<b>5%</b>	<b>1%</b>	<b>8%</b>	<b>4%</b>
<b>Earnings before tax</b>	<b>41</b>	<b>0</b>	<b>26</b>	<b>7</b>	<b>202</b>	<b>81</b>
<b>Earnings for the period</b>	<b>27</b>	<b>1</b>	<b>17</b>	<b>6</b>	<b>121</b>	<b>83</b>
<b>Cash flow after investment operations</b>	<b>153</b>	<b>88</b>	<b>32</b>	<b>-46</b>	<b>163</b>	<b>151</b>

### Significant events during the quarter

- Significant agreements were signed with: Huf Hülsbeck & Fürst (automotive industry, Germany), Felleskjøpet Rogaland Agder (retail & wholesale, Norway), Saab (aerospace & defense, Sweden), BanglaCAT (retail & wholesale, Bangladesh), Infratek (Infrastructure, Norway), SEAKR Engineering (aerospace & defense, USA), Seawell (offshore, Norway), Northrop Grumman (aerospace & defense, USA), General Dynamics (aerospace & defense, USA), MTN (telecom, Nigeria and South Africa), United Aircraft Corporation (aerospace & defense, Russia), Babcock International, (infrastructure and defense, U.K.), Yoigo (telecom, Spain).
- The defense group, Saab, entered into a partnership agreement with IFS whereby IFS Applications will be included in Saab's support offering to the market. The first major contract to be managed under the terms of the partnership is IT support for an overall support commitment for the SK60 aircraft system.
- A partnership agreement was signed with Lloyd-Jones Associates Partnership in Australia, and in Sweden a partnership agreement was signed with Ateles to simplify integration with e-business systems.
- The first customers went live with IFS Enterprise Explorer, IFS' new interface for increased usability and productivity.

### FINANCIAL OVERVIEW

*All comments refer to figures for the quarter unless otherwise stated.*

#### Revenue

**Net revenue** amounted to SKr 640 million (606), an increase of 6% including, and a decrease of 3% excluding, exchange rate differences.

**License revenue** decreased by 23% including, and 30% excluding, exchange rate effects. The decrease is partly the result of accrual effects and partly because customers are dividing up or postponing investments owing to the general economic climate. **Maintenance and support revenue** increased by 17% including, and 6% excluding, exchange rate effects. **Consulting revenue** increased by 10% including, and 2% excluding, exchange rate effects. The stable consulting revenue is the result of continued high levels of activity in international implementation projects.

## **Earnings**

**EBIT** increased to SKr 33 million (4). The improvement is primarily the result of good organic growth in the maintenance and support, and consulting operations and better margins. In addition, capitalization and amortization of product development expenditure had a positive effect of SKr 9 million (-14).

In relation to the previous year, *Europe North* and *Africa, Asia, and Pacific* contributed most to the improvement in earnings.

**Earnings before tax** amounted to SKr 26 million (7). Interest expenses decreased to SKr -1 million (-3) as a result of a lower amount of interest-bearing liabilities, whereas net financial items as a whole were negatively affected by exchange rate effects and amounted to SKr -7 million (3).

**Earnings for the period** amounted to SKr 17 million (6).

## **Cash flow and investments**

**Cash flow after investments** amounted to SKr 32 million (-46). The change in operating capital amounted to SKr 9 (-61). The SKr 70 million improvement compared with the previous year was achieved primarily through an increase in customer payments.

Investments amounted to SKr -47 million (-26), of which capitalized product development amounted to SKr -37 million (-21).

**Cash and cash equivalents** totaled SKr 360 million (263). **Available assets**, including unutilized lines of credit, amounted to SKr 584 million (499). Liabilities to credit institutions amounted to SKr 103 million (140) at the end of the period.

## **Outlook**

IFS' development in 2009 is expected to be stable and generally in line with that of 2008.

## Other information

### **Parent Company**

Net revenue for the second quarter amounted to SKr 6 million (3), with earnings before tax of SKr -1 million (13). Available assets, including unutilized lines of credit, amounted to SKr 289 million (285).

The annual general meeting of stockholders resolved in respect of a share dividend of SKr 34 million (26), a reduction of SKr 8 million in capital stock, and an incentive program.

### **Events occurring after the end of the period**

The position of chief financial officer (CFO) of the Group will be relocated from Stockholm to London, U.K. Håkan Zadler will leave IFS on July 17, 2009 and will be replaced by Paul Smith on August 3, 2009.

### **Miscellaneous**

The interim report for the third quarter of 2009 will be published on October 21, 2009.

The Board of Directors and the President certify that the six-month report provides a true and fair view of the Group's and Parent Company's operations, financial position, and earnings and describes the significant risks and uncertainties facing the Group and entities that are members of the Group.

Linköping, July 17, 2009

**Anders Böös**  
CHAIRMAN OF THE BOARD

**Ulrika Hagdahl**  
BOARD MEMBER

**Birgitta Klasén**  
BOARD MEMBER

**Neil Masom**  
BOARD MEMBER

**Bengt Nilsson**  
DEPUTY CHAIRMAN OF THE BOARD

**Jacob Palmstierna**  
BOARD MEMBER

**Alastair Sorbie**  
PRESIDENT & CEO

### **Audit report**

This interim report has not been subject to review by the Company's auditors.

## Consolidated income statement

SKr million	2009 Jan–June	2008 Jan–June	2009 Q2	2008 Q2	July 2008– June 2009	July 2007– June 2008	Full year 2008
License revenue	160	192	86	111	447	446	479
Maintenance and support revenue	389	328	193	165	764	665	703
Consulting revenue	713	632	357	324	1 391	1 238	1 310
Other revenue	12	10	4	6	28	23	26
<b>Net revenue</b>	<b>1 274</b>	<b>1 162</b>	<b>640</b>	<b>606</b>	<b>2 630</b>	<b>2 372</b>	<b>2 518</b>
License expenses	-27	-16	-17	-10	-50	-41	-39
Maintenance and support expenses	-147	-139	-69	-74	-311	-268	-303
Consulting expenses	-585	-531	-286	-266	-1 116	-1 038	-1 062
Other expenses	-6	-3	-2	-3	-11	-13	-8
<b>Direct expenses</b>	<b>-765</b>	<b>-689</b>	<b>-374</b>	<b>-353</b>	<b>-1 488</b>	<b>-1 360</b>	<b>-1 412</b>
<b>Gross earnings</b>	<b>509</b>	<b>473</b>	<b>266</b>	<b>253</b>	<b>1 142</b>	<b>1 012</b>	<b>1 106</b>
Product development expenses	-98	-117	-48	-61	-209	-222	-228
Sales and marketing expenses	-225	-212	-114	-112	-458	-438	-445
Administration expenses	-128	-126	-61	-68	-260	-243	-258
Other operating revenue*	9	2	-9	1	20	7	13
Other operating expenses	-4	-13	-1	-9	-25	-25	-34
<b>Indirect expenses, net</b>	<b>-446</b>	<b>-466</b>	<b>-233</b>	<b>-249</b>	<b>-932</b>	<b>-921</b>	<b>-952</b>
<b>EBIT</b>	<b>63</b>	<b>7</b>	<b>33</b>	<b>4</b>	<b>210</b>	<b>91</b>	<b>154</b>
Result from participations in associated companies	-1	1	-1	1	-1	1	1
Interest expenses	-3	-8	-1	-3	-8	-19	-13
Other financial items	-18	0	-5	5	1	8	19
<b>Earnings before tax</b>	<b>41</b>	<b>0</b>	<b>26</b>	<b>7</b>	<b>202</b>	<b>81</b>	<b>161</b>
Tax	-14	1	-9	-1	-81	2	-66
<b>Earnings for the period</b>	<b>27</b>	<b>1</b>	<b>17</b>	<b>6</b>	<b>121</b>	<b>83</b>	<b>95</b>
<b>Earnings for the period are allocated as follows:</b>							
Parent Company shareholders (SKr million)	27	1	17	6	121	83	95
Minority interest (SKr million)	0	0	0	0	0	0	0
Earnings per share pertaining to Parent Company shareholders (SKr)	1.01	0.04	0.64	0.22	4.54	3.12	3.56
Earnings per share pertaining to Parent Company shareholders, after full dilution (SKr)	1.00	0.04	0.63	0.22	4.49	3.12	3.51
<b>Number of shares</b> (thousands)							
At the end of the period	26 553	26 953	26 553	26 953	26 553	26 953	26 553
At the end of the period, after full dilution	26 946	27 223	26 946	27 223	26 946	27 223	26 823
Average for the period	26 553	26 623	26 553	26 900	26 646	26 467	26 681
Average for the period, after full dilution	26 852	27 076	26 881	27 143	26 931	27 046	27 042

\* Other operating revenue includes exchange rate differences (net) and other operating revenue.

## Consolidated statement of comprehensive income

Mkr	2009 Jan–June	2008 Jan–June	2009 Q2	2008 Q2	July 2008– June 2009	July 2007– June 2008	Full year 2008
<b>Earnings for the period</b>	<b>27</b>	<b>1</b>	<b>17</b>	<b>6</b>	<b>121</b>	<b>83</b>	<b>95</b>
<i>Other comprehensive income</i>							
Exchange rate differences	17	-26	-14	-4	73	-51	30
<b>Other comprehensive income for the period, net of tax</b>	<b>17</b>	<b>-26</b>	<b>-14</b>	<b>-4</b>	<b>73</b>	<b>-51</b>	<b>30</b>
<b>Total comprehensive income for the period</b>	<b>44</b>	<b>-25</b>	<b>3</b>	<b>2</b>	<b>194</b>	<b>32</b>	<b>125</b>
<b>Total comprehensive income allocated as follows:</b>							
Parent Company shareholders	44	-25	3	2	196	32	125
Minority interest	0	0	0	0	0	0	0

## Consolidated balance sheet

<b>Assets</b>	2009	2008	2008
SKr million	June 30	June 30	Dec. 31
Capitalized expenditure for product development	468	452	454
Goodwill	257	219	254
Other intangible fixed assets	6	11	7
<b>Intangible fixed assets</b>	<b>731</b>	<b>682</b>	<b>715</b>
<b>Tangible fixed assets</b>	<b>90</b>	<b>76</b>	<b>95</b>
Participations in associated companies	3	3	3
Deferred tax receivables	266	297	278
Other long-term receivables and other participations	30	31	27
<b>Financial fixed assets</b>	<b>299</b>	<b>331</b>	<b>308</b>
<b>Non-current assets</b>	<b>1 120</b>	<b>1 089</b>	<b>1 118</b>
Accounts receivable	605	615	832
Other receivables	277	196	204
Cash and cash equivalents	360	263	317
<b>Current assets</b>	<b>1 242</b>	<b>1 074</b>	<b>1 353</b>
<b>Assets</b>	<b>2 362</b>	<b>2 163</b>	<b>2 471</b>
<b>Equity and liabilities</b>	2009	2008	2008
SKr million	June 30	June 30	Dec. 31
Share capital	539	539	539
Other capital contributed	697	697	697
Accumulated loss, including earnings for the period and other reserves	4	-137	-7
<b>Shareholders' equity pertaining to Parent Company shareholders</b>	<b>1 240</b>	<b>1 099</b>	<b>1 229</b>
Minority interest	0	0	0
<b>Shareholders' equity</b>	<b>1 240</b>	<b>1 099</b>	<b>1 229</b>
Liabilities to credit institutions	13	26	20
Pension obligations	56	40	40
Other provisions and other liabilities	13	14	16
<b>Non-current liabilities</b>	<b>82</b>	<b>80</b>	<b>76</b>
Accounts payable	108	123	113
Liabilities to credit institutions	90	114	176
Other provisions and other liabilities	842	747	877
<b>Current liabilities</b>	<b>1 040</b>	<b>984</b>	<b>1 166</b>
<b>Liabilities</b>	<b>1 122</b>	<b>1 064</b>	<b>1 242</b>
<b>Equity and liabilities</b>	<b>2 362</b>	<b>2 163</b>	<b>2 471</b>
Pledged assets	928	775	900
Contingent liabilities	9	2	8

## Consolidated statement of changes in equity

Mkr	Pertaining to parent company shareholders						
	Share capital	Other contributed capital	Reserves	Profit brought forward	Total	Minority interest	Total stockholders' equity
Opening balance January 1, 2008	527	677	-29	-58	<b>1 117</b>	0	<b>1 117</b>
Total comprehensive income for the period	-	-	-26	1	<b>-25</b>	0	<b>-25</b>
New share issue/redemption of convertible debentures	12	20	-	-	<b>32</b>	-	<b>32</b>
Issue of call option program, T06B	-	-	-	1	<b>1</b>	-	<b>1</b>
Dividend	-	-	-	-26	<b>-26</b>	-	<b>-26</b>
<b>Closing balance June 30, 2008</b>	<b>539</b>	<b>697</b>	<b>-55</b>	<b>-82</b>	<b>1 099</b>	<b>0</b>	<b>1 099</b>
Opening balance January 1, 2009	539	697	1	-8	<b>1 229</b>	0	<b>1 229</b>
Total comprehensive income for the period	-	-	17	27	<b>44</b>	0	<b>44</b>
Issue of call option program, T07B	-	-	-	1	<b>1</b>	-	<b>1</b>
Dividend	-	-	-	-34	<b>-34</b>	-	<b>-34</b>
<b>Closing balance June 30, 2009</b>	<b>539</b>	<b>697</b>	<b>18</b>	<b>-14</b>	<b>1 240</b>	<b>0</b>	<b>1 240</b>

## Consolidated statement of cash flows

SKr million	2009 Jan–June	2008 Jan–June	2009 Q2	2008 Q2	July 2008– June 2009	July 2007– June 2008	Full year 2008
<b>Cash flow from operations before change in working capital</b>	<b>120</b>	<b>70</b>	<b>70</b>	<b>41</b>	<b>367</b>	<b>261</b>	<b>317</b>
Change in working capital	118	78	9	-61	-35	28	-75
<b>Cash flow from current operations</b>	<b>238</b>	<b>148</b>	<b>79</b>	<b>-20</b>	<b>332</b>	<b>289</b>	<b>242</b>
Cash flow from investment operations	-85	-60	-47	-26	-169	-138	-144
<b>Cash flow after investment operations</b>	<b>153</b>	<b>88</b>	<b>32</b>	<b>-46</b>	<b>163</b>	<b>151</b>	<b>98</b>
Cash flow from financing operations	-125	-77	-28	-62	-95	-198	-47
<b>Cash flow for the period</b>	<b>28</b>	<b>11</b>	<b>4</b>	<b>-108</b>	<b>68</b>	<b>-47</b>	<b>51</b>
Cash and cash equivalents at the beginning of the period	317	254	346	371	263	307	254
Exchange rate differences in cash and cash equivalents	15	-2	10	0	29	3	12
<b>Cash and cash equivalents at the end of the period</b>	<b>360</b>	<b>263</b>	<b>360</b>	<b>263</b>	<b>360</b>	<b>263</b>	<b>317</b>

## Consolidated organic net revenue

SKr, million	January–June					Q2				
	2009 Actual	Translation effect	Structural changes	2009 Adjusted	2008 Actual	2009 Actual	Translation effect	Structural changes	2009 Adjusted	2008 Actual
License revenue	160	-17	-	143	192	86	-8	-	78	111
Maintenance and support revenue	389	-34	-	355	328	193	-18	-	175	165
<b>Total product revenue</b>	<b>549</b>	<b>-51</b>	<b>0</b>	<b>498</b>	<b>520</b>	<b>279</b>	<b>-26</b>	<b>0</b>	<b>253</b>	<b>276</b>
Consulting revenue	713	-52	-	661	632	357	-26	-	331	324
<b>Net revenue (including other revenue)</b>	<b>1 274</b>	<b>-103</b>	<b>0</b>	<b>1 171</b>	<b>1 162</b>	<b>640</b>	<b>-52</b>	<b>0</b>	<b>588</b>	<b>606</b>

## Consolidated organic operating expenses

SKr, million	January–June					Q2				
	2009 Actual	Translation effect	Structural changes	2009 Adjusted	2008 Actual	2009 Actual	Translation effect	Structural changes	2009 Adjusted	2008 Actual
Operating expenses	1 211	-100	-	1 111	1 155	607	-51	-	556	602
Capital gains/losses	0	-	-	0	0	0	-	-	0	0
Exchange rate gains/losses	7	-1	-	6	-6	-7	-1	-	-8	-4
Restructuring costs/ redundancy costs	-2	0	-	-2	-5	0	0	-	0	-3
Amortization/depreciation and net capitalization of prod. development	1	2	-	3	-34	3	1	-	4	-20
<b>Adjusted operating expenses</b>	<b>1 217</b>	<b>-99</b>	<b>0</b>	<b>1 118</b>	<b>1 110</b>	<b>603</b>	<b>-51</b>	<b>0</b>	<b>552</b>	<b>575</b>



## Consolidated segment reporting, January–June

JANUARY–JUNE SKr million	Europe North		Europe West		Europe Central	
	2009	2008	2009	2008	2009	2008
License revenue	42	51	22	36	20	25
Maintenance and support revenue	147	138	60	50	36	28
Consulting revenue	330	296	83	67	88	78
Other revenue	1	3	5	1	0	0
<b>Total external revenue</b>	<b>520</b>	<b>488</b>	<b>170</b>	<b>154</b>	<b>144</b>	<b>131</b>
Internal revenue	13	16	19	18	9	4
<b>Total revenue</b>	<b>533</b>	<b>504</b>	<b>189</b>	<b>172</b>	<b>153</b>	<b>135</b>
External operating expenses	-344	-337	-145	-123	-133	-115
Internal operating expenses	-32	-28	-9	-10	-7	-5
Other operating items, net	0	-5	2	1	-1	0
<b>Operating expenses</b>	<b>-376</b>	<b>-370</b>	<b>-152</b>	<b>-132</b>	<b>-141</b>	<b>-120</b>
<b>EBIT, undistributed</b>	<b>157</b>	<b>134</b>	<b>37</b>	<b>40</b>	<b>12</b>	<b>15</b>
<b>Numbers of employees</b>						
Average for the period	578	585	242	214	195	170
At the end of the period	563	576	240	230	192	168

  

JANUARY–JUNE SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2009	2008	2009	2008	2009	2008
License revenue	17	25	22	28	37	24
Maintenance and support revenue	26	26	71	52	29	22
Consulting revenue	55	48	84	81	49	33
Other revenue	2	1	0	0	2	0
<b>Total external revenue</b>	<b>100</b>	<b>100</b>	<b>177</b>	<b>161</b>	<b>117</b>	<b>79</b>
Internal revenue	6	12	18	5	3	2
<b>Total revenue</b>	<b>106</b>	<b>112</b>	<b>195</b>	<b>166</b>	<b>120</b>	<b>81</b>
External operating expenses	-102	-116	-148	-118	-97	-66
Internal operating expenses	-1	-1	-1	-4	-3	-4
Other operating items, net	-3	-2	0	0	1	2
<b>Operating expenses</b>	<b>-106</b>	<b>-119</b>	<b>-149</b>	<b>-122</b>	<b>-99</b>	<b>-68</b>
<b>EBIT, undistributed</b>	<b>0</b>	<b>-7</b>	<b>46</b>	<b>44</b>	<b>21</b>	<b>13</b>
<b>Numbers of employees</b>						
Average for the period	276	290	207	209	298	293
At the end of the period	277	293	200	211	293	299

  

JANUARY–JUNE SKr million	Defense		Corporate items *		GROUP	
	2009	2008	2009	2008	2009	2008
License revenue	3	2	-3	1	160	192
Maintenance and support revenue	16	11	4	1	389	328
Consulting revenue	21	27	3	2	713	632
Other revenue	1	2	1	3	12	10
<b>Total external revenue</b>	<b>41</b>	<b>42</b>	<b>5</b>	<b>7</b>	<b>1 274</b>	<b>1 162</b>
Internal revenue	9	8	-77	-65	0	0
<b>Total revenue</b>	<b>50</b>	<b>50</b>	<b>-72</b>	<b>-58</b>	<b>1 274</b>	<b>1 162</b>
External operating expenses	-39	-40	-208	-229	-1 216	-1 144
Internal operating expenses	-15	-12	68	64	0	0
Other operating items, net	-1	0	7	-7	5	-11
<b>Operating expenses</b>	<b>-55</b>	<b>-52</b>	<b>-133</b>	<b>-172</b>	<b>-1 211</b>	<b>-1 155</b>
<b>EBIT, undistributed</b>	<b>-5</b>	<b>-2</b>	<b>-205</b>	<b>-230</b>	<b>63</b>	<b>7</b>
<b>Numbers of employees</b>						
Average for the period	58	59	841	812	2 695	2 632
At the end of the period	56	58	835	813	2 656	2 648

\* Undistributed corporate revenue and expenses

## Consolidated segment reporting, second quarter

SECOND QUARTER SKr million	Europe North		Europe West		Europe Central	
	2009	2008	2009	2008	2009	2008
License revenue	23	32	17	22	10	19
Maintenance and support revenue	75	70	30	25	18	14
Consulting revenue	167	149	38	35	42	44
Other revenue	0	2	1	0	0	0
<b>Total external revenue</b>	<b>265</b>	<b>253</b>	<b>86</b>	<b>82</b>	<b>70</b>	<b>77</b>
Internal revenue	6	11	11	8	5	3
<b>Total revenue</b>	<b>271</b>	<b>264</b>	<b>97</b>	<b>90</b>	<b>75</b>	<b>80</b>
External operating expenses	-168	-171	-75	-65	-64	-61
Internal operating expenses	-15	-15	-5	-7	-4	-3
Other operating items, net	-1	-4	0	1	-1	0
<b>Operating expenses</b>	<b>-184</b>	<b>-190</b>	<b>-80</b>	<b>-71</b>	<b>-69</b>	<b>-64</b>
<b>EBIT, undistributed</b>	<b>87</b>	<b>74</b>	<b>17</b>	<b>19</b>	<b>6</b>	<b>16</b>
<b>Numbers of employees</b>						
Average for the period	572	580	241	216	196	168
At the end of the period	563	576	240	230	192	168
<b>SECOND QUARTER</b>						
SKr million						
	Europe East		Americas		Africa, Asia, and Pacific	
	2009	2008	2009	2008	2009	2008
License revenue	10	15	13	16	11	6
Maintenance and support revenue	13	13	34	26	14	10
Consulting revenue	28	24	41	43	30	18
Other revenue	1	1	0	0	1	0
<b>Total external revenue</b>	<b>52</b>	<b>53</b>	<b>88</b>	<b>85</b>	<b>56</b>	<b>34</b>
Internal revenue	3	8	10	3	1	1
<b>Total revenue</b>	<b>55</b>	<b>61</b>	<b>98</b>	<b>88</b>	<b>57</b>	<b>35</b>
External operating expenses	-52	-63	-71	-61	-50	-32
Internal operating expenses	-1	-1	0	-4	-2	-3
Other operating items, net	-8	-1	0	0	1	0
<b>Operating expenses</b>	<b>-61</b>	<b>-65</b>	<b>-71</b>	<b>-65</b>	<b>-51</b>	<b>-35</b>
<b>EBIT, undistributed</b>	<b>-6</b>	<b>-4</b>	<b>27</b>	<b>23</b>	<b>6</b>	<b>0</b>
<b>Numbers of employees</b>						
Average for the period	276	291	203	211	296	292
At the end of the period	277	293	200	211	293	299
<b>SECOND QUARTER</b>						
SKr million						
	Defense		Corporate items *		GROUP	
	2009	2008	2009	2008	2009	2008
License revenue	2	1	0	0	86	111
Maintenance and support revenue	7	6	2	1	193	165
Consulting revenue	10	10	1	1	357	324
Other revenue	0	1	1	2	4	6
<b>Total external revenue</b>	<b>19</b>	<b>18</b>	<b>4</b>	<b>4</b>	<b>640</b>	<b>606</b>
Internal revenue	4	5	-40	-39	0	0
<b>Total revenue</b>	<b>23</b>	<b>23</b>	<b>-36</b>	<b>-35</b>	<b>640</b>	<b>606</b>
External operating expenses	-18	-19	-99	-122	-597	-594
Internal operating expenses	-8	-5	35	38	0	0
Other operating items, net	-1	0	0	-4	-10	-8
<b>Operating expenses</b>	<b>-27</b>	<b>-24</b>	<b>-64</b>	<b>-88</b>	<b>-607</b>	<b>-602</b>
<b>EBIT, undistributed</b>	<b>-4</b>	<b>-1</b>	<b>-100</b>	<b>-123</b>	<b>33</b>	<b>4</b>
<b>Numbers of employees</b>						
Average for the period	57	58	838	822	2 679	2 638
At the end of the period	56	58	835	813	2 656	2 648

\* Undistributed corporate revenue and expenses

## Income statement of the parent company

SKr million	2009 Jan–June	2008 Jan–June	2009 Q2	2008 Q2	July 2008– June 2009	July 2007– June 2008	Full year 2008
<b>Net revenue</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>3</b>	<b>15</b>	<b>17</b>	<b>16</b>
Administration expenses	-12	-14	-8	-6	-25	-32	-27
<b>EBIT</b>	<b>-6</b>	<b>-7</b>	<b>-2</b>	<b>-3</b>	<b>-10</b>	<b>-15</b>	<b>-11</b>
Result from participations in subsidiaries	-	0	-	0	-	304	0
Financial revenue	41	42	12	36	109	111	110
Financial expenses	-32	-33	-11	-20	-90	-114	-91
<b>Earnings before tax</b>	<b>3</b>	<b>2</b>	<b>-1</b>	<b>13</b>	<b>9</b>	<b>286</b>	<b>8</b>
Tax	-1	1	0	-1	-9	5	-7
<b>Earnings for the period</b>	<b>2</b>	<b>3</b>	<b>-1</b>	<b>12</b>	<b>0</b>	<b>291</b>	<b>1</b>

## Balance sheet of the parent company

SKr million	2009 June 30	2008 June 30	2008 Dec. 31
<b>Assets</b>			
Participations in subsidiaries	978	978	978
Deferred tax receivables	86	93	87
Receivables in subsidiaries	29	40	30
Other long-term receivables and other participations	3	4	3
<b>Financial fixed assets</b>	<b>1 096</b>	<b>1 115</b>	<b>1 098</b>
<b>Non-current assets</b>	<b>1 096</b>	<b>1 115</b>	<b>1 098</b>
Receivables in subsidiaries	636	727	664
Prepaid expenses and accrued income	12	11	9
Cash and cash equivalents	71	55	135
<b>Current assets</b>	<b>719</b>	<b>793</b>	<b>808</b>
<b>Assets</b>	<b>1 815</b>	<b>1 908</b>	<b>1 906</b>
<b>Equity and liabilities</b>			
SKr million	2009 June 30	2008 June 30	2008 Dec. 31
Share capital	539	539	539
Statutory reserve	573	573	573
Retained earnings, including earnings for the period and share premium reserve	446	504	478
<b>Shareholders' equity</b>	<b>1 558</b>	<b>1 616</b>	<b>1 590</b>
<b>Provisions for pensions and similar commitments</b>	<b>2</b>	<b>2</b>	<b>2</b>
Liabilities to credit institutions	10	21	15
<b>Non-current liabilities</b>	<b>10</b>	<b>21</b>	<b>15</b>
Liabilities to credit institutions	86	111	171
Liabilities to subsidiaries	141	139	108
Other liabilities	18	19	20
<b>Current liabilities</b>	<b>245</b>	<b>269</b>	<b>299</b>
<b>Shareholders' equity and liabilities</b>	<b>1 815</b>	<b>1 908</b>	<b>1 906</b>

## Outstanding shares

	Series A	Series B	TOTAL
Number of shares on January 1, 2009	1 391 664	25 561 259	<b>26 952 923</b>
<b>Number of shares on June 30, 2009</b>	<b>1 391 664</b>	<b>25 561 259</b>	<b>26 952 923</b>
Reduction of number of shares, ongoing	-	-400 000	<b>-400 000</b>
<b>Number of outstanding shares on June 30, 2009</b>	<b>1 391 664</b>	<b>25 161 259</b>	<b>26 552 923</b>
<b>Number of voting rights on June 30, 2009</b>	<b>1 391 664</b>	<b>2 516 126</b>	<b>3 907 790</b>
Additional shares after full dilution	-	393 420	<b>393 420</b>
<b>Number of shares on June 30, 2009 after full dilution</b>	<b>1 391 664</b>	<b>25 554 679</b>	<b>26 946 343</b>

## Key figures for the group

		2009 Jan–June	2008 Jan–June	2009 Q2	2008 Q2	July 2008– June 2009	July 2007– June 2008	Full year 2008
<b>Revenue indicator</b>								
Net revenue per employee	SKr, '000	473	441	239	230	978	899	946
<b>Expense and expenditure indicators</b>								
Product development expenses/net revenue	%	8%	10%	8%	10%	8%	9%	9%
Sales and marketing expenses/net revenue	%	18%	18%	18%	18%	17%	18%	18%
Administration expenses/net revenue	%	10%	11%	10%	11%	10%	10%	10%
Amortization and depreciation	SKr, M	-72	-83	-34	-41	-160	-167	-171
of which amortization of capitalized product development expenditure	SKr, M	-58	-71	-28	-35	-129	-140	-142
Capitalized product development expenditure	SKr, M	73	49	37	21	143	102	119
<b>Margin indicators</b>								
License margin	%	83%	92%	80%	91%	89%	91%	92%
Maintenance and support margin	%	62%	58%	64%	55%	59%	60%	57%
Consulting margin	%	18%	16%	20%	18%	20%	16%	19%
Gross margin	%	40%	41%	42%	42%	43%	43%	44%
EBIT margin	%	5%	1%	5%	1%	8%	4%	6%
Earnings margin	%	3%	0%	4%	1%	8%	3%	6%
Return on average operating capital	%	6%	1%	3%	0%	20%	9%	15%
<b>Capital indicators</b>								
Equity/assets ratio	%	52%	51%	52%	51%	52%	51%	50%
Accounts receivable (average 12 months)/ net revenue (rolling 12 months)	%	24%	23%	24%	23%	24%	23%	23%
Interest-bearing liabilities	SKr, M	159	180	159	180	159	180	236
<b>Liquidity indicators</b>								
Net liquidity	SKr, M	257	123	257	123	257	123	121
Debt/equity ratio	times	0.1	0.2	0.1	0.2	0.1	0.2	0.2
<b>Employees</b>								
Average for the period		2 695	2 632	2 679	2 638	2 690	2 638	2 663
At the end of the period		2 656	2 648	2 656	2 648	2 656	2 648	2 723

## DEFINITIONS

**License margin:** License revenue minus license expenses in relation to license revenue. License expenses include only expenses related to partners and third-party suppliers.

**Maintenance and support margin:** Maintenance and support revenue minus maintenance and support expenses, in relation to maintenance and support revenue. In addition to external expenses related to partners and third-party suppliers, maintenance and support expenses include mainly payroll expenses, travel expenses, and office rental pertaining to personnel staffing the *Maintenance and Support* service.

**Consulting margin:** Consulting revenue minus consulting expenses, in relation to consulting revenue. In addition to expenses related to sub-contracted consultants, consulting expenses include mainly payroll expenses, travel expenses, and office rental pertaining to personnel staffing the *Consulting* service.

**Adjusted EBITDA:** EBIT adjusted for amortization and depreciation, development expenditure, one-time items consisting of redundancy costs, as well as capital and currency gains and losses.

**Return on average operating capital:** EBIT in relation to average operating capital. Operating capital refers to total assets, excluding liquid assets, and other interest-bearing assets, less total liabilities excluding interest-bearing liabilities.

**Equity/assets ratio:** Equity in relation to total assets, at the end of the period.

**Available assets:** Cash and cash equivalents plus unutilized lines of credit.

**Net liquidity:** Cash and cash equivalents minus interest-bearing liabilities to credit institutions, 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.

**Organic change:** Year-on-year figures adjusted for currency effects on consolidation as well as changes in structure.

## Financial trend for the group

SKr million	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2
License revenue	86	74	145	142	111	81	148	106	152
Maintenance and support revenue	193	196	200	175	165	163	176	161	164
Consulting revenue	357	356	391	287	324	308	353	253	296
Other revenue	4	8	8	8	6	4	5	8	7
<b>Net revenue</b>	<b>640</b>	<b>634</b>	<b>744</b>	<b>612</b>	<b>606</b>	<b>556</b>	<b>682</b>	<b>528</b>	<b>619</b>
License expenses	-17	-10	-12	-11	-10	-6	-15	-10	-15
Maintenance and support expenses	-69	-78	-93	-71	-74	-65	-66	-63	-55
Consulting expenses	-286	-299	-285	-246	-266	-265	-279	-228	-259
Other expenses	-2	-4	-4	-1	-3	0	-3	-7	-3
<b>Direct expenses</b>	<b>-374</b>	<b>-391</b>	<b>-394</b>	<b>-329</b>	<b>-353</b>	<b>-336</b>	<b>-363</b>	<b>-308</b>	<b>-332</b>
<b>Gross earnings</b>	<b>266</b>	<b>243</b>	<b>350</b>	<b>283</b>	<b>253</b>	<b>220</b>	<b>319</b>	<b>220</b>	<b>287</b>
Product development expenses	-48	-50	-50	-61	-61	-56	-55	-50	-56
Sales and marketing expenses	-114	-111	-124	-109	-112	-100	-126	-100	-120
Administration expenses	-61	-67	-73	-59	-68	-58	-70	-47	-57
Other operating revenue	-9	18	8	3	1	1	3	2	2
Other operating expenses	-1	-3	-6	-15	-9	-4	-7	-5	-7
<b>Indirect expenses, net</b>	<b>-233</b>	<b>-213</b>	<b>-245</b>	<b>-241</b>	<b>-249</b>	<b>-217</b>	<b>-255</b>	<b>-200</b>	<b>-238</b>
<b>EBIT</b>	<b>33</b>	<b>30</b>	<b>105</b>	<b>42</b>	<b>4</b>	<b>3</b>	<b>64</b>	<b>20</b>	<b>49</b>
Result from participations in associated companies	-1	0	1	-1	1	0	1	-1	1
Interest expenses	-1	-2	-2	-3	-3	-5	-6	-5	-6
Other financial items	-5	-13	11	8	5	-5	8	0	3
<b>Earnings before tax</b>	<b>26</b>	<b>15</b>	<b>115</b>	<b>46</b>	<b>7</b>	<b>-7</b>	<b>67</b>	<b>14</b>	<b>47</b>
Tax	-9	-5	-51	-16	-1	2	-39	40	-11
<b>Earnings for the period</b>	<b>17</b>	<b>10</b>	<b>64</b>	<b>30</b>	<b>6</b>	<b>-5</b>	<b>28</b>	<b>54</b>	<b>36</b>
Cash flow after investment operations	32	121	25	-15	-46	134	61	2	-56
Number of employees at the end of the period	2 656	2 711	2 723	2 699	2 648	2 623	2 627	2 650	2 625

### Risks and uncertainties

In its operations, the IFS Group is exposed to certain risks that can affect earnings to a greater or lesser extent. Apart from the general concern about the economy, our assessment is that no new significant risks or uncertainties have arisen. For a detailed account of risks and uncertainty factors, please see the annual report for fiscal 2008.

### 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). In addition, recommendation RFR 1.2, Supplementary Accounting Rules for Groups, of the Swedish Financial Reporting Board (RFR) has been applied.

This consolidated interim report has been prepared in accordance with the Swedish Annual Report Act and with IAS 34, Interim Financial Reporting. For the Parent Company, the Swedish Annual report Act and RFR recommendation RFR 2.2, Accounting for Legal Entities, have been applied. The consolidated accounts have been prepared in accordance with standards approved by the European Commission.

As of January 1, 2009, the IFS Group has changed segments, which, according to IAS 8, entails a change in accounting principles. Apart from an increase in the number of segments presented, the change has not affected the Group's earnings or financial position. The comparative figures for 2008 pertaining to segment reporting have been restated in accordance with IFRS 8. Further, the Group has applied IAS1 (Revised), Presentation of Financial Statements, since January 1, 2009. The change has had a retroactive effect on IFS accounting in that revenue and expenses previously reported directly against stockholders' equity are now presented in a separate report immediately after the statement of earnings. With the exception of these changes in principles, the accounting principles applied are the same as those applied in the annual report.

For detailed information about the accounting principles: see annual report 2008.

## About IFS

IFS is a public company (OMX STO: IFS) founded in 1983 that develops, supplies, and implements IFS Applications™, a fully-integrated, component-based extended ERP suite built on SOA technology. The company has more than 2,000 customers in more than 50 countries and focuses on seven main industries: aerospace & defense, utilities & telecom, manufacturing, process industries, automotive, retail & wholesale distribution, and construction contracting & service management. IFS has 2,700 employees and net revenue in 2008 was SKr 2.5 billion.

### Financial information 2009

Interim Report, January–September 2009 October 21, 2009  
Year-End Report 2009 February 2010

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