



Strong product growth and underlying margin improvement.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

APRIL–JUNE 2013 (2ND QUARTER)

- License revenue amounted to SKr 128 million (Q2 '12: SKr 92 million), an increase of 47 percent currency adjusted.
- Maintenance revenue was SKr 232 million (Q2 '12: SKr 232 million), an improvement of 5 percent currency adjusted.
- Consulting revenue amounted to SKr 334 million (Q2 '12: SKr 327 million), an increase of 7 percent currency adjusted.
- Net revenue was SKr 696 million (Q2 '12: SKr 652 million), an improvement of 12 percent currency adjusted.
- EBIT amounted to SKr 66 million (Q2 '12: SKr 27 million)
- Cash flow after investments was SKr 13 million (Q2 '12: SKr -162 million).
- Earnings per share after full dilution amounted to SKr 1.71 (Q2 '12: SKr 0.58).

JANUARY–JUNE 2013 (SIX MONTHS)

- License revenue amounted to SKr 212 million (YTD '12: SKr 175 million), an increase of 27 percent currency adjusted.
- Maintenance revenue was SKr 458 million (YTD '12: SKr 454 million), an improvement of 6 percent currency adjusted.
- Consulting revenue amounted to SKr 644 million (YTD '12: SKr 662 million), an increase of 2 percent currency adjusted.
- Net revenue was SKr 1,317 million (YTD '12: SKr 1,295 million), an improvement of 6 percent currency adjusted.
- EBIT amounted to SKr -26 million (YTD '12: SKr 40 million), including one-off costs for efficiency program amounting to SKr 92 million.
- Cash flow after investments was SKr 80 million (YTD '12: SKr -68 million).
- Earnings per share after full dilution amounted to SKr -1.23 (YTD '12: SKr 0.85).

OUTLOOK

For 2013, IFS expects strong license revenue growth and an improvement in EBIT.

INQUIRIES

IFS

Alastair Sorbie, President & CEO
Paul Smith, Chief Financial Officer
Frédéric Guigues, Investor Relations

Tel: +44 1494 42 89 00
Tel: +44 1494 42 89 00
Tel: +46 8 58 78 45 00

HUDSON SANDLER – Financial & Corporate Communications

Andrew Hayes / Wendy Baker Tel: +44 207 796 41 33

CHIEF EXECUTIVE SUMMARY

Strong product growth and underlying margin improvement.

The strong license revenue growth in the second quarter, an increase of 47 percent currency adjusted, is the direct result of good execution of our strategy. We have an attractive solution for demanding customers in our target markets of aerospace and defense, offshore, EPCI, infrastructure, and service, as evidenced by the license sales made to for example Emirates Group and Helsinki Energy in the quarter. Our position as the intelligent choice for agile enterprises seeking to expand their business systems globally in both a predictable and cost effective manner is also supported by the additional business we continue to attract from global customers such as TOMRA Sorting Solutions and Brookfield Multiplex.

As most of our targets markets are growing due to the benefit from global investment, and with IFS having an increased profile and stronger brand in these communities than ever before, our expectations are set on continued growth. The growth in license sales combined with continued customer loyalty will also add to the steady stream of recurring maintenance revenues, which grew at 5 percent in the quarter, currency adjusted.

Consulting revenue in the quarter improved with 7 percent currency adjusted. However, as stated previously, we do not expect consulting revenue to grow at the same rate as product revenue due to the reduced effort required to implement the latest release of IFS Applications and the increased involvement of partners. Product revenue as a percentage of total revenue increased to 52 percent in the second quarter, an increase with 2 percentage points over last year.

During the first quarter we executed on the efficiency program we flagged in the full-year report. The cost amounting to SKr 92 million was charged to the results for the first quarter. We continue to expect that this amount will be recovered by corresponding saving during the remainder of the year. Benefits in the second quarter were in line with this forecast and contributed to an improvement in EBIT, which in the quarter was SKr 66 million, an increase of 152 percent currency adjusted.

Opinions gathered from the analyst community state that despite heightened caution among buyers due to the prevailing macroeconomic environment, companies in need of a business solution are moving forward with their investment plans. They further observe that Cloud is having an increasing impact on the market, but for core operational ERP systems and especially within manufacturing environments, buyers generally still prefer on-premise and perpetual-license purchasing options. Overall, industry analyst firms such as Gartner anticipate 2013 to be a year of moderate growth and expect the ERP market to increase in the 5–6 percent range this year.



IFS goes into the second half of 2013 with a strong pipeline and an improving consulting business and consequently, we expect to deliver strong license revenue growth and an improvement in EBIT for the year.

Alastair Sorbie
PRESIDENT AND CEO

SIGNIFICANT EVENTS DURING THE QUARTER

A number of significant agreements were signed in the quarter, including:



Aerospace and Defense

-  Emirates Group
-  M7 Aerospace





Asset Intensive

-  Rhino Resource Partners



Automotive

-  Calsonic North America
-  Toyota Material Handling Europe



Construction and Contracting

-  Bergen Engines
-  Brookfield Multiplex
-  Projprzem
-  Technip

Energy and Utilities

-  Helsinki Energy
-  Svensk Kärnbränslehantering




High Tech

-  TOMRA Sorting Solutions
-  Wolfson Microelectronics


Industrial Manufacturing

-  D&K Engineering
-  GEBO Armaturen
-  Goizper, S. Coop.
-  LightWorks Optical Systems
-  Polypipe
-  Quad/Graphics Europe
-  SWEP International

Process Manufacturing

-  Boyd Coffee Company
-  GFPT Public Company
-  LGC

Service Providers

-  Wilhelmsen Ships Service

IFS entered into global partnership agreement with Infosys

In April, IFS announced its partnership with leading consulting and technology service provider Infosys. The global agreement covers joint sales activities toward targeted industries, as well as development of skills in the IFS Applications software suite.

IFS recognized as leading vendor in asset management software and field service management

In its annual study, leading technology research and advisory firm ARC Advisory Group identified IFS as the number one vendor in terms of market share in enterprise asset management and field service management for the oil & gas and aerospace & defense industries.

FINANCIAL OVERVIEW

SKr million	Q2 2013	Q2 2012	Jan.-June 2013	Jan.-June 2012	July-June 2012/13	July-June 2011/12	Full year 2012
Net revenue	696	652	1,317	1,295	2,698	2,636	2,676
<i>whereof</i>							
License revenue	128	92	212	175	504	439	467
Maintenance and support revenue	232	232	458	454	913	882	909
Consulting revenue	334	327	644	662	1,265	1,305	1,283
Gross earnings	346	305	622	586	1,347	1,271	1,311
<i>whereof</i>							
Licenses	115	84	190	161	469	415	440
Maintenance and support	164	160	317	311	634	600	628
Consulting	64	61	114	114	236	256	236
EBIT	66	27	-26	40	134	211	200
EBIT margin	9%	4%	-2%	3%	5%	8%	7%
Earnings before tax	55	22	-39	31	120	197	190
Earnings for the period	42	15	-32	22	84	141	138
Cash flow after investment operations	13	-162	80	-68	107	-17	-41

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

Revenue

Net revenue amounted to SKr 696 million (652), an increase of 12 percent currency adjusted. Africa, Asia, and Pacific contributed most, with an increase in net revenue of 72 percent, currency adjusted. Europe North contributed most to the license growth whilst Americas contributed most to the growth in consulting, currency adjusted. Europe East showed a decline in revenue, primarily due to lower consulting revenue.

Costs

Total costs amounted to SKr 630 million (625), an increase of 6 percent currency adjusted. The increase lies entirely in direct costs, partly as a result of the higher sales, partly coming from the transition towards a higher degree of partners implementing IFS Applications. The indirect costs excluding the effect of Metrix, acquired in May 2012, were 1 percent lower than previous year. Benefits from the efficiency program introduced in the first quarter are coming through as expected, primarily in consulting but also in sales and marketing and G&A. Net provisioning for bad debt has positively impacted costs with SKr 2 million in the quarter.

Earnings

EBIT increased to SKr 66 million (27).

Earnings before tax amounted to SKr 55 million (22). Net financial items amounted to SKr -11 million (-5), whereof SKr -8 million (-2) pertained to realized/unrealized exchange losses. Interest expenses were SKr -2 million (-2). Net of other financial items amounted to SKr -1 million (-1).

Earnings for the period amounted to SKr 42 million (15).

Cash flow and investments

Cash flow after investments amounted to SKr 13 million (-162). The change in working capital amounted to SKr -10 million (-52). The changes in working capital between

the years are mainly due to a reduction in accounts receivables.

Investments amounted to SKr -50 million (-166), whereof capitalized product development was SKr -50 million (-47).

Cash and cash equivalents totaled SKr 328 million (302) at the end of the period. Available liquid assets, including unutilized lines of credit, amounted to SKr 627 million (632). Liabilities to credit institutions were SKr 201 million (170) at the end of the period.

OUTLOOK

For 2013, IFS expects strong license revenue growth and an improvement in EBIT.

OTHER INFORMATION

Amendment to IAS 19, "Employee Benefits"

With the amendment to IAS 19, "Employee Benefits", which came into force on January 1, 2013, the Group no longer applies the corridor method. Instead, all actuarial profits and losses are recognized in Other comprehensive income as they arise. As the new principles have a retroactive effect, unrecognized actuarial profits and losses from December 31, 2011 have been recognized in the interim report for the second quarter of 2013 as an opening balance in Shareholders' equity as of January 1, 2012. In addition, the comparative figures for the quarter (Q2 2012) have been adjusted. Actuarial profits and losses arising during 2012 have been booked in Other comprehensive income (during the comparative year), as have actuarial profits and losses for the current year (2013).

The effect of the transition to the new accounting principles is an increase in net pension provisions, including special payroll tax, of SKr 130 million as of January 1, 2012. The deficit on transition is recognized against retained earnings, i.e. in Shareholders' equity, resulting in a reduction of SKr 101 million in the Group's shareholders' equity after taking into account deferred tax.

In the comparative figures from June 30, 2012, net pension provisions have been revised from SKr 42 million to SKr 205 million. The effect of the amended accounting principle is an increase of SKr 36 million in deferred tax assets. The amendment also entailed an increase of SKr 1 million in Group earnings for the second quarter of 2012 and, as a result of actuarial losses in the quarter, a decrease in Other comprehensive income of SKr 25 million. Earnings per share after full dilution increased by SKr 0.04 as a result of the amendment.

Fair value of financial instruments

The Group's financial assets and liabilities measured at fair value amounted to SKr 3 million (3) and SKr 3 million (3), respectively. The derivatives consist of forward exchange contracts and currency options, which are used for hedging purposes. The fair value is based on inputs other than quoted prices that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices) (Level 2). Investments are fair valued based on non-observable inputs (Level 3).

There have been no transfers between Level 2 and Level 3 during the period.

Parent Company

Net revenue amounted to SKr 5 million (4), with earnings of SKr -6 million (16) before tax. Available liquid assets,

including unutilized lines of credit, amounted to SKr 381 million (410).

During the quarter, the company bought back warrants with a value of SKr 1 million and a dividend amounting to SKr 87 million was paid. During the quarter, 6,281 A shares were converted into the same number of B shares. At the end of the period, 609,092 B shares were in the company's own custody, of which 409,092 were in the process of being cancelled. This process will be finalized during July and will reduce the company's capital stock by SKr 8 million.

Legal dispute

As previously reported, IFS has since 2002 been involved in a legal dispute concerning the partly-owned company IFS Sri Lanka. The counterparty has initiated legal proceedings against IFS with the Singapore International Arbitration Centre, on the basis of a shareholders agreement between the parties, with a now quantified claim for damages amounting to US\$ 43 million plus interest in the amount of US\$ 33 million calculated on an average annual interest of 10 percent starting from 1999. Since the beginning of this legal dispute, IFS has deemed the counterparty's allegations as completely unsubstantiated and without any merit. Based on the information that IFS has been provided with to date and supported by its external legal counsels, IFS's position with respect to the dispute remains unchanged: IFS rejects the counterparty's claims as being frivolous and completely unmeritorious and unfounded, and rejects the claims in their entirety.

Miscellaneous

The interim report January–September 2013 will be published on October 23, 2013.

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 18, 2013

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

Alastair Sorbie
PRESIDENT & CEO

Audit report

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

CONSOLIDATED INCOME STATEMENT

SKr million	Q2 2013	Q2 2012	Jan.–June 2013	Jan.–June 2012	July–June 2012/13	July–June 2011/12	Full year 2012
License revenue	128	92	212	175	504	439	467
Maintenance and support revenue	232	232	458	454	913	882	909
Consulting revenue	334	327	644	662	1,265	1,305	1,283
Other revenue	2	1	3	4	16	10	17
Net revenue	696	652	1,317	1,295	2,698	2,636	2,676
License expenses	-13	-8	-22	-14	-35	-24	-27
Maintenance and support expenses	-68	-72	-141	-143	-279	-282	-281
Consulting expenses	-270	-266	-530	-548	-1,029	-1,049	-1,047
Other expenses	1	-1	-2	-4	-8	-10	-10
Direct expenses	-350	-347	-695	-709	-1,351	-1,365	-1,365
Gross earnings	346	305	622	586	1,347	1,271	1,311
Product development expenses	-66	-65	-130	-126	-274	-242	-270
Sales and marketing expenses	-140	-138	-277	-275	-588	-535	-586
Administration expenses	-74	-68	-144	-139	-279	-262	-274
Other operating revenue*	1	-2	2	1	43	7	42
Other operating expenses	-1	-5	-99	-7	-115	-28	-23
Indirect expenses, net	-280	-278	-648	-546	-1,213	-1,060	-1,111
EBIT	66	27	-26	40	134	211	200
Result from participations in associated companies	0	0	-1	0	-1	0	0
Interest expenses	-2	-2	-4	-4	-8	-7	-8
Other financial items	-9	-3	-8	-5	-5	-7	-2
Earnings before tax	55	22	-39	31	120	197	190
Tax	-13	-7	7	-9	-36	-56	-52
Earnings for the period	42	15	-32	22	84	141	138
Earnings for the period are allocated as follows:							
Owners of the Parent Company (SKr million)	43	15	-31	22	85	141	138
Non-controlling interests (SKr million)	-1	0	-1	0	-1	0	0
Earnings per share pertaining to Parent Company shareholders (SKr)	1.74	0.60	-1.25	0.87	3.43	5.56	5.52
Earnings per share pertaining to Parent Company shareholders, after full dilution (SKr)	1.71	0.58	-1.23	0.85	3.35	5.43	5.39
Number of shares (thousands)							
At the end of the period	24,772	24,908	24,772	24,908	24,772	24,908	24,772
At the end of the period, after full dilution	25,245	25,560	25,245	25,560	25,245	25,560	25,237
Average for the period	24,772	25,081	24,772	25,163	24,794	25,349	24,988
Average for the period, after full dilution	25,141	25,697	25,146	25,767	25,377	25,949	25,616

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SKr million	Q2 2013	Q2 2012	Jan.–June 2013	Jan.–June 2012	July–June 2012/13	July–June 2011/12	Full year 2012
Earnings for the period	42	15	-32	22	84	141	138
<i>Other comprehensive income</i>							
Revaluation of defined-benefit pension plans	21	-25	28	-28	36	-28	-20
Exchange rate differences	16	5	2	-11	-23	10	-36
Other comprehensive income for the period, net of tax	37	-20	30	-39	13	-18	-56
Total comprehensive income for the period	79	-5	-2	-17	97	123	82
Total comprehensive income allocated as follows:							
Owners of the Parent Company	80	-5	-1	-17	98	123	82
Non-controlling interests	-1	0	-1	0	-1	0	0

CONSOLIDATED BALANCE SHEET

Assets SKr million	June 30 2013	June 30 2012	Dec. 31 2012
Capitalized expenditure for product development	582	551	560
Goodwill	393	414	393
Other intangible fixed assets	93	124	108
Intangible fixed assets	1,068	1,089	1,061
Tangible fixed assets	97	91	90
Participations in associated companies	3	3	3
Deferred tax receivables	170	188	148
Other long-term receivables and other participations	23	27	28
Financial fixed assets	196	218	179
Non-current assets	1,361	1,398	1,330
Accounts receivable	512	548	718
Other receivables	277	292	242
Cash and cash equivalents	328	302	316
Current assets	1,117	1,142	1,276
Assets	2,478	2,540	2,606
Equity and liabilities SKr million	June 30 2013	June 30 2012	Dec. 31 2012
Share capital	508	508	508
Other capital contributed	699	703	701
Accumulated earnings, including earnings for the period and other reserves	-162	-160	-73
Shareholders' equity pertaining to Parent Company shareholders	1,045	1,051	1,136
Non-controlling interests	0	1	1
Shareholders' equity	1,045	1,052	1,137
Liabilities to credit institutions	0	0	1
Pension obligations	134	205	187
Other provisions and other liabilities	40	25	27
Non-current liabilities	174	230	215
Accounts payable	74	88	93
Liabilities to credit institutions	201	170	178
Other provisions and other liabilities	984	1,000	983
Current liabilities	1,259	1,258	1,254
Liabilities	1,433	1,488	1,469
Equity and liabilities	2,478	2,540	2,606
Pledged assets	575	519	578
Contingent liabilities	35	17	14

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SKr, million	Pertaining to parent company shareholders						
	Share capital	Other contributed capital	Reserves	Profit brought forward	Total	Non-controlling interests	Total stockholders' equity
Opening balance January 1, 2012	520	703	-54	132	1,301	1	1,302
Revaluation of defined-benefit pension plans	-	-	-	-101	-101	-	-101
Adjusted opening balance January 1, 2012	520	703	-54	31	1,200	1	1,201
Total comprehensive income for the period	-	-	-11	-6	-17	0	-17
New share issue	-	0	-	-	0	-	0
Issue of call option program, T010B	-	-	-	1	1	-	1
Dividend	-	-	-	-88	-88	-	-88
Repurchase of own shares	-	-	-	-42	-42	-	-42
Repurchase of call options	-	-	-	-3	-3	-	-3
Cancellation of repurchased shares	-12	-	-	12	0	-	0
Closing balance June 30, 2012	508	703	-65	-95	1,051	1	1,052
Opening balance January 1, 2013	508	701	-90	17	1,136	1	1,137
Total comprehensive income for the period	-	-	2	-4	-2	-1	-3
Issue of call option program, T011B	-	0	-	-	0	-	0
Dividend	-	-	-	-87	-87	-	-87
Repurchase of call options	-	-2	-	-	-2	-	-2
Closing balance June 30, 2013	508	699	-88	-74	1,045	0	1,045

CONSOLIDATED STATEMENT OF CASH FLOWS

SKr million	Q2 2013	Q2 2012	Jan.–June 2013	Jan.–June 2012	July–June 2012/13	July–June 2011/12	Full year 2012
Earnings before tax	55	22	-39	31	120	197	190
Adjustments for items not included in the cash flow	18	34	130	71	232	162	173
Cash flow from operations before change in working capital	73	56	91	102	352	359	363
Change in working capital	-10	-52	106	46	-20	-49	-80
Cash flow from current operations	63	4	197	148	332	310	283
Acquisition of subsidiaries	-	-118	-	-118	-5	-128	-123
Acquisition of intangible fixed assets	-50	-45	-100	-90	-188	-174	-178
Cash flow from other investment operations	0	-3	-17	-8	-32	-25	-23
Cash flow after investment operations	13	-162	80	-68	107	-17	-41
Dividend distributed	-87	-88	-87	-88	-87	-88	-88
Repurchase of own shares	-	-23	-	-42	-15	-81	-57
Cash flow from other financing operations	32	150	18	127	29	152	138
Cash flow for the period	-42	-123	11	-71	34	-34	-48
Cash and cash equivalents at the beginning of the period	367	422	316	374	302	336	374
Exchange rate differences in cash and cash equivalents	3	3	1	-1	-8	0	-10
Cash and cash equivalents at the end of the period	328	302	328	302	328	302	316

CONSOLIDATED ORGANIC NET REVENUE

SKr, million	Q2					January–June				
	Actual 2013	Translation effect	Structural changes	Adjusted 2013	Actual 2012	Actual 2013	Translation effect	Structural changes	Adjusted 2013	Actual 2012
License revenue	128	7	-2	133	92	212	11	-5	218	175
Maintenance and support revenue	232	12	-4	240	232	458	22	-9	471	454
Total product revenue	360	19	-6	373	324	670	33	-14	689	629
Consulting revenue	334	16	-3	347	327	644	28	-9	663	662
Net revenue (including other revenue)	696	35	-9	722	652	1,317	61	-23	1,355	1,295

CONSOLIDATED ORGANIC OPERATING EXPENSES

SKr, million	Q2					January–June				
	Actual 2013	Translation effect	Structural changes	Adjusted 2013	Actual 2012	Actual 2013	Translation effect	Structural changes	Adjusted 2013	Actual 2012
Operating expenses	630	33	-10	653	625	1,343	60	-25	1,378	1,255
Capital gains/losses	-	-	-	0	0	-	-	-	0	0
Exchange rate gains/losses	0	0	0	0	-3	-3	-1	0	-4	-1
Restructuring costs/ redundancy costs	0	-1	-	-1	-3	-92	-2	-	-94	-7
Amortization/depreciation and net capitalization of prod. development	-4	-1	-1	-6	0	-6	-1	0	-7	-1
Adjusted operating expenses	626	31	-11	646	619	1,242	56	-25	1,273	1,246

CONSOLIDATED SEGMENT REPORTING, SECOND QUARTER

SECOND QUARTER SKr million	Europe North		Europe West		Europe Central	
	2013	2012	2013	2012	2013	2012
License revenue	52	23	18	12	5	11
Maintenance and support revenue	88	90	43	42	22	20
Consulting revenue	153	163	34	37	35	33
Other revenue	1	0	0	0	0	0
Total external revenue	294	276	95	91	62	64
Internal revenue	5	7	11	13	13	11
Total revenue	299	283	106	104	75	75
External operating expenses	-175	-181	-74	-83	-56	-62
Internal operating expenses	-25	-17	-4	-7	-5	-5
Other operating items, net	0	-2	0	-1	0	0
Operating expenses	-200	-200	-78	-91	-61	-67
EBIT, undistributed	99	83	28	13	14	8
Numbers of employees						
Average for the period	482	549	287	300	198	190
At the end of the period	466	550	279	300	197	191

SECOND QUARTER SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2013	2012	2013	2012	2013	2012
License revenue	8	9	18	26	27	10
Maintenance and support revenue	16	15	43	40	15	15
Consulting revenue	14	23	63	46	28	18
Other revenue	0	1	0	0	0	0
Total external revenue	38	48	124	112	70	43
Internal revenue	5	5	17	7	4	3
Total revenue	43	53	141	119	74	46
External operating expenses	-47	-44	-93	-83	-40	-51
Internal operating expenses	-1	-1	-7	-2	-10	-2
Other operating items, net	0	-3	1	0	0	-2
Operating expenses	-48	-48	-99	-85	-50	-55
EBIT, undistributed	-5	5	42	34	24	-9
Numbers of employees						
Average for the period	253	275	284	260	259	295
At the end of the period	251	275	281	289	257	290

SECOND QUARTER SKr million	Defense		Corporate items *		GROUP	
	2013	2012	2013	2012	2013	2012
License revenue	0	0	0	1	128	92
Maintenance and support revenue	5	8	0	2	232	232
Consulting revenue	7	7	0	0	334	327
Other revenue	0	0	1	0	2	1
Total external revenue	12	15	1	3	696	652
Internal revenue	2	2	-57	-48	0	0
Total revenue	14	17	-56	-45	696	652
External operating expenses	-12	-14	-133	-100	-630	-618
Internal operating expenses	-2	-3	54	37	0	0
Other operating items, net	0	0	-1	1	0	-7
Operating expenses	-14	-17	-80	-62	-630	-625
EBIT, undistributed	0	0	-136	-107	66	27
Numbers of employees						
Average for the period	43	44	886	911	2,692	2,824
At the end of the period	42	44	883	912	2,656	2,851

* Undistributed corporate revenue and expenses

CONSOLIDATED SEGMENT REPORTING, SIX MONTHS

JANUARY–JUNE SKr million	Europe North		Europe West		Europe Central	
	2013	2012	2013	2012	2013	2012
License revenue	74	41	39	27	10	17
Maintenance and support revenue	173	175	86	85	43	39
Consulting revenue	305	324	70	81	66	69
Other revenue	1	1	0	0	0	1
Total external revenue	553	541	195	193	119	126
Internal revenue	11	16	24	26	24	18
Total revenue	564	557	219	219	143	144
External operating expenses	-355	-373	-154	-163	-112	-121
Internal operating expenses	-44	-33	-12	-12	-8	-9
Other operating items, net	-43	-2	-5	-1	-9	0
Operating expenses	-442	-408	-171	-176	-129	-130
EBIT, undistributed	122	149	48	43	14	14
Numbers of employees						
Average for the period	504	554	293	298	199	192
At the end of the period	466	550	279	300	197	191

JANUARY–JUNE SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2013	2012	2013	2012	2013	2012
License revenue	13	17	44	45	33	27
Maintenance and support revenue	31	29	84	76	30	31
Consulting revenue	29	43	113	88	46	40
Other revenue	0	1	0	0	1	1
Total external revenue	73	90	241	209	110	99
Internal revenue	9	9	31	16	9	5
Total revenue	82	99	272	225	119	104
External operating expenses	-90	-86	-180	-160	-85	-104
Internal operating expenses	-1	-1	-19	-5	-13	-5
Other operating items, net	-5	-4	0	0	-3	0
Operating expenses	-96	-91	-199	-165	-101	-109
EBIT, undistributed	-14	8	73	60	18	-5
Numbers of employees						
Average for the period	262	275	285	256	269	294
At the end of the period	251	275	281	289	257	290

JANUARY–JUNE SKr million	Defense		Corporate items *		GROUP	
	2013	2012	2013	2012	2013	2012
License revenue	-1	0	0	1	212	175
Maintenance and support revenue	10	15	1	4	458	454
Consulting revenue	14	16	1	1	644	662
Other revenue	0	0	1	0	3	4
Total external revenue	23	31	3	6	1,317	1,295
Internal revenue	5	6	-113	-96	0	0
Total revenue	28	37	-110	-90	1,317	1,295
External operating expenses	-24	-28	-246	-214	-1,246	-1,249
Internal operating expenses	-3	-7	100	72	0	0
Other operating items, net	0	0	-32	1	-97	-6
Operating expenses	-27	-35	-178	-141	-1,343	-1,255
EBIT, undistributed	1	2	-288	-231	-26	40
Numbers of employees						
Average for the period	43	45	892	909	2,747	2,823
At the end of the period	42	44	883	912	2,656	2,851

* Undistributed corporate revenue and expenses

INCOME STATEMENT OF THE PARENT COMPANY

SKr million	Q2 2013	Q2 2012	Jan.–June 2013	Jan.–June 2012	July–June 2012/13	July–June 2011/12	Full year 2012
Net revenue	5	4	11	9	21	18	19
Administration expenses	-12	-3	-21	-10	-32	-25	-21
Other operating revenue	0	0	0	0	0	0	0
EBIT	-7	1	-10	-1	-11	-7	-2
Result from participations in subsidiaries	1	1	0	0	20	148	20
Financial revenue	7	20	26	37	77	73	88
Financial expenses	-7	-6	-15	-11	-31	-21	-27
Earnings before tax	-6	16	1	25	55	193	79
Tax	1	-5	0	-7	-17	-42	-24
Earnings for the period	-5	11	1	18	38	151	55

BALANCE SHEET OF THE PARENT COMPANY

SKr million	June 30 2013	June 30 2012	Dec. 31 2012
Assets			
Participations in subsidiaries	992	991	992
Deferred tax receivables	14	31	14
Receivables in subsidiaries	70	73	71
Other long-term receivables and other participations	2	2	2
Financial fixed assets	1,078	1,097	1,079
Non-current assets	1,078	1,097	1,079
Receivables in subsidiaries	861	923	889
Prepaid expenses and accrued income	13	14	15
Cash and cash equivalents	82	80	101
Current assets	956	1,017	1,005
Assets	2,034	2,114	2,084
Equity and liabilities			
SKr million	June 30 2013	June 30 2012	Dec. 31 2012
Share capital	508	508	508
Statutory reserve	573	573	573
Retained earnings, including earnings for the period and share premium reserve	439	504	527
Shareholders' equity	1,520	1,585	1,608
Provisions for pensions and similar commitments	5	2	2
Liabilities to credit institutions	201	170	178
Liabilities to subsidiaries	293	343	282
Other liabilities	15	14	14
Current liabilities	509	527	474
Shareholders' equity and liabilities	2,034	2,114	2,084

OUTSTANDING SHARES

	Series A	Series B	TOTAL
Number of shares on January 1, 2013	1,368,913	24,012,009	25,380,922
Conversion of series-A shares into series-B shares	-79,081	79,081	-
Cancellation of shares bought back	-	-409,092	-409,092
Number of shares on June 30, 2013	1,289,832	23,681,998	24,971,830
Repurchasing of shares, in own custody	-	-200,000	-200,000
Number of outstanding shares on June 30, 2013	1,289,832	23,481,998	24,771,830
Number of voting rights on June 30, 2013	1,289,832	2,348,200	3,638,032
Additional shares after full dilution	-	473,486	473,486
Number of shares on June 30, 2013 after full dilution	1,289,832	23,955,484	25,245,316

KEY FIGURES FOR THE GROUP

		Q2 2013	Q2 2012	Jan.–June 2013	Jan.–June 2012	July–June 2012/13	July–June 2011/12	Full year 2012
Revenue indicator								
Net revenue per employee	SKr, '000	259	231	479	459	967	949	946
Expense and expenditure indicators								
Product development expenses/net revenue	%	9%	10%	10%	10%	10%	9%	10%
Sales and marketing expenses/net revenue	%	20%	21%	21%	21%	22%	20%	22%
Administration expenses/net revenue	%	11%	10%	11%	11%	10%	10%	10%
Amortization and depreciation	SKr, M	-54	-47	-106	-93	-213	-173	-200
of which amortization of capitalized product development expenditure	SKr, M	-39	-35	-77	-71	-158	-131	-152
Capitalized product development expenditure	SKr, M	50	47	100	92	190	172	182
Margin indicators								
License margin	%	90%	91%	90%	92%	93%	95%	94%
Maintenance and support margin	%	71%	69%	69%	69%	69%	68%	69%
Consulting margin	%	19%	19%	18%	17%	19%	20%	18%
Gross margin	%	50%	47%	47%	45%	50%	48%	49%
EBIT margin	%	9%	4%	-2%	3%	5%	8%	7%
Earnings margin	%	8%	3%	-3%	2%	4%	7%	7%
Return on average operating capital	%	7%	3%	-3%	4%	14%	22%	20%
Capital indicators								
Equity/assets ratio	%	42%	41%	42%	41%	42%	41%	44%
Accounts receivable (average 12 months)/ net revenue (rolling 12 months)	%	20%	19%	19%	19%	19%	19%	19%
Interest-bearing liabilities	SKr, M	335	375	335	375	335	375	366
Liquidity indicators								
Net liquidity	SKr, M	127	132	127	132	127	132	137
Debt/equity ratio	times	0.3	0.4	0.3	0.4	0.3	0.4	0.3
Employees								
Average for the period		2,692	2,824	2,747	2,823	2,791	2,779	2,830
At the end of the period		2,656	2,851	2,656	2,851	2,656	2,851	2,829

DEFINITIONS

available assets. Cash and cash equivalents plus unutilized lines of credit.

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.

debt/equity ratio. Interest-bearing liabilities in relation to equity, at the end of the period.

earnings margin. Earnings before tax in relation to net revenue.

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

interest-bearing liabilities. Liabilities to credit institutions and pension obligations.

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.

net liquidity. Cash and cash equivalents minus interest-bearing liabilities to credit institutions, at the end of the period.

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

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.

FINANCIAL TREND FOR THE GROUP

SKr million	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3
License revenue	128	84	183	109	92	83	166	98	93	74	135	99
Maintenance and support revenue	232	226	231	224	232	222	220	208	199	196	206	201
Consulting revenue	334	310	353	268	327	335	355	288	333	335	383	309
Other revenue	2	1	2	11	1	3	4	2	3	2	5	3
Net revenue	696	621	769	612	652	643	745	596	628	607	729	612
License expenses	-13	-9	-7	-6	-8	-6	-3	-7	-5	-10	-7	-15
Maintenance and support expenses	-68	-73	-71	-67	-72	-71	-75	-64	-65	-68	-79	-72
Consulting expenses	-270	-260	-270	-229	-266	-282	-267	-234	-252	-275	-270	-249
Other expenses	1	-3	-1	-5	-1	-3	-3	-3	-2	-1	-3	-1
Direct expenses	-350	-345	-349	-307	-347	-362	-348	-308	-324	-354	-359	-337
Gross earnings	346	276	420	305	305	281	397	288	304	253	370	275
Product development expenses	-66	-64	-72	-72	-65	-61	-56	-60	-58	-55	-51	-53
Sales and marketing expenses	-140	-137	-175	-136	-138	-137	-144	-116	-128	-122	-136	-107
Administration expenses	-74	-70	-69	-66	-68	-71	-65	-58	-66	-62	-70	-65
Other operating revenue	1	1	39	2	-2	3	0	6	1	1	0	1
Other operating expenses	-1	-98	-12	-4	-5	-2	-6	-15	-1	-5	-3	-12
Indirect expenses, net	-280	-368	-289	-276	-278	-268	-271	-243	-252	-243	-260	-236
EBIT	66	-92	131	29	27	13	126	45	52	10	110	39
Result from participations in associated companies	0	-1	0	0	0	0	-1	1	0	1	1	0
Interest expenses	-2	-2	-2	-2	-2	-2	-2	-1	-2	-1	-2	-2
Other financial items	-9	1	1	2	-3	-2	-1	-1	-3	-5	-8	-4
Earnings before tax	55	-94	130	29	22	9	122	44	47	5	101	33
Tax	-13	20	-36	-7	-7	-2	-36	-11	-14	-1	-32	-7
Earnings for the period	42	-74	94	22	15	7	86	33	33	4	69	26
Cash flow after investment operations	13	67	55	-28	-162	94	18	33	0	43	70	-2
Number of employees at end of the period	2,656	2,738	2,829	2,839	2,851	2,822	2,821	2,742	2,695	2,695	2,675	2,621

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 and the political unrest in North Africa and the Middle East, the 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 2012.

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

This consolidated report has been prepared in accordance with International Financial Reporting Standards (IFRS) and

the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, recommendation RFR 1, Supplementary Accounting Rules for Groups, of the Swedish Financial Reporting Board (RFR) has been applied.

This interim report for the Group 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, Accounting for Legal Entities, have been applied. As of January 1, 2013, amendments to IAS 19 “Employee Benefits” and the new standard IFRS 13 “Fair Value Measurement” have come into force. Both have an impact on the Group’s financial reports.

As a result of the amended Employee Benefits (IAS 19) standard, accounting principles for defined-benefit pension plans have been changed compared with the Group’s accounting principles in Annual Report 2012 and in previously published interim reports in 2012. See section “Other information” for the effects of the changes in accounting principles.

The new standard IFRS 13 “Fair Value Measurement” does not describe when fair value should be used, but consolidates fair value guidance into a single source. The new standard has affected the Group’s reporting in that additional

information has been disclosed about the fair value of financial instruments. The information provided about the fair value of financial instruments in the annual report (according to IFRS 7) shall also be included in the interim reports.

For detailed information about the accounting principles: see annual report 2012.

FINANCIAL INFORMATION 2013/2014

Interim report January–September 2013
Year-end report 2013

October 24, 2013
February 2014

ABOUT IFS

IFS is a public company (XSTO: IFS) founded in 1983 that develops, supplies, and implements IFS Applications™, a component-based extended ERP suite built on SOA technology. IFS focuses on industries where any of four core processes are strategic: service & asset management, manufacturing, supply chain, and projects. The company has 2,000 customers and is present in approximately 60 countries with 2,800 employees in total. Net revenue in 2012 was SKr 2.7 billion.

www.IFSWORLD.com

IFS, BOX 1545, SE-581 15 LINKÖPING, SWEDEN