



Double-digit increase in license sales and maintenance revenue

FINANCIAL AND OPERATIONAL HIGHLIGHTS

JULY–SEPTEMBER 2012 (THIRD QUARTER)

- License revenue amounted to SKr 109 million (Q3 '11: SKr 98 million), an increase of 13 percent currency adjusted.
- Maintenance revenue was SKr 224 million (Q3 '11: SKr 208 million), an improvement of 10 percent currency adjusted.
- Consulting revenue amounted to SKr 268 million (Q3 '11: SKr 288 million), a decrease of 4 percent currency adjusted.
- Net revenue was SKr 612 million (Q3 '11: SKr 596 million), an improvement of 5 percent currency adjusted.
- EBIT amounted to SKr 28 million (Q3 '11: SKr 45 million).
- Earnings per share after full dilution amounted to SKr 0.82 (Q3 '11: SKr 1.26).

JANUARY–SEPTEMBER 2012 (NINE MONTHS)

- License revenue amounted to SKr 284 million (YTD '11: SKr 265 million), an increase of 7 percent currency adjusted.
- Maintenance revenue was SKr 678 million (YTD '11: SKr 603 million), an improvement of 12 percent currency adjusted.
- Consulting revenue amounted to SKr 930 million (YTD '11: SKr 956 million), a decrease of 3 percent currency adjusted.
- Net revenue was SKr 1,907 million (YTD '11: SKr 1,831 million), an improvement of 4 percent currency adjusted.
- EBIT amounted to SKr 66 million (YTD '11: SKr 107 million).
- Cash flow after investments was SKr -96 million (YTD '11: SKr 76 million).
- Earnings per share after full dilution amounted to SKr 1.60 (YTD '11: SKr 2.67).

OUTLOOK

For the full year, IFS expects strong organic license growth and EBIT in line with last year.

INQUIRIES

IFS

Alastair Sorbie, President & CEO Tel: +44 1494 42 89 00
Paul Smith, Chief Financial Officer Tel: +44 1494 42 89 00
Frédéric Guigues, Investor Relations 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

Improving license sales offset by troubled consulting.

The investments in sales and marketing made to improve license sales have resulted in a growth of 13 percent in the quarter on a currency-adjusted basis. New business accounts continue to be won in our target markets and against global competitors; proving that IFS is an attractive choice for global customers. Furthermore, maintenance revenue for the quarter increased by 10 percent on a currency-adjusted basis, meaning overall product revenue yet again experienced double-digit growth.

To achieve our long-term target of much higher margin, there needs to be and will be a continued shift in our business mix towards product revenue. In quarter three, the product revenue share amounted to 54 percent but our aspirations go well beyond this. Besides our push to drive product sales through continued investments in sales, marketing, and product development, as being evident, this trend is also expected to be supported by reducing demand for services to implement IFS Applications; resulting from less need to customize the product as both the functionality and ease of user configuration have increased. Over time, this will mean services will make up a less dominant part of our overall business, but will do so with a higher margin as we will increasingly provide improved 'value add' services.

Aside from the longer-term strategic shift, consulting year-to-date has for a variety of reasons underperformed against expectations. Somewhat simplified, consulting revenue is earned on a daily basis and cannot be recovered in the same way as product revenue. For this reason, the guidance on the full year EBIT was reduced in a separate release per October 9. During the year we have adjusted down the

headcount of development resources in high-cost regions. Such resources are increasingly based in our large development facility in Sri Lanka. We will continue to focus on consultancy and will take all actions necessary to address any underperformance.

In quarter three, we have continued to make good progress in our strategy to build an ever increasing IFS ecosystem, as exemplified with the go-to-market agreement with Mahindra Satyam.

The acquisitions made in the past year continue to be successfully integrated into IFS. An example being the development of the new generation of mobile client we have announced. This product is based on the mobility framework provided by our recent acquisition of Metrix.

Industry analyst firms such as Forrester and Gartner are prudently optimistic and expect the market will grow in the region of 5 per cent in 2012. They point out that despite the macroeconomic conditions in Europe and the upcoming U.S. elections, which may delay some decisions to sign, buyers in the enterprise application market are still active, albeit cautious.


The outlook for the full year was revised per October 9, and we now expect to deliver yet another year with strong organic growth in license revenue and an EBIT in line with last 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


 FNSS Savunma Sistemleri


Automotive

 Aurora Konrad G. Schulz

 Buisard


 Sumitomo Rubber Co.

 Tekis Teknik Erozyon Kalip


 Tokai Rubber Compounding

 Wilhelm Becker


Construction and Contracting


 Charoen Pokphand Engineering Co.

 Dekra Industrial


 Dia Altyapı Yatırımları ve İnşaat

 Hi-Crush Services

 Mak-Yol İnşaat

 Systra


Energy and Utilities

 Emitel


 ENEA Wytwarzanie


 KVK Teknoloji Ürünleri

 MPWiK Wrocław

 Process Group

 PTK Centertel


 Tauron Ciepło

 Tauron Wytwarzanie

an Asian telecom company


High Tech


 Dürr Dental

 EHIRC


 Lightware


Industrial Manufacturing

 Alteams Group

 Çukurova İnşaat Makine

 Erişim Makine Endüstrisi Co.

 Hopkins Manufacturing Company


 Matuszewicz Budowa Maszyn

 Merrill Technologies Group

 Newag


 Zabrzańskie Zakłady Mechaniczne


Oil and Gas

 BW Offshore

 Trans-Northern Pipelines

Process Manufacturing


 Bisam Cephe Sistemleri


 Borsan Kablo Elektrik Aydınlatma


 Hakan Plastik Boru ve Profil

 Hecla Mining Company


 Intercontinental Brands (ICB)


 Kazakhmys

 Prince Minerals

 Sherwin Williams

 Tugcelic Alüminyum ve Metal


 Volac International

 Whitford Worldwide Co.

Retail

 MAS Brands

 Ulker

 Xenos Hoofdkantoor

Service Providers


 Indigo Telecom Group


Miscellaneous


 GE Healthcare Hungary

 Inrada Group

 Rexel China


 Schlegel

 Seaspan

 Serimax

 Totolotek

 Vega

 Vyncke

IFS enters into global partnership with Mahindra Satyam

IFS signed a strategic global partnership with Mahindra Satyam, a leading global consulting and IT services provider. The partnership covers joint sales and marketing activities related to the IFS Applications software suite as well as staff training and sponsorship of the 2012 IFS World Conference.

The partnership is in line with IFS's strategy of developing its global partner ecosystem and thereby increasing its execution capabilities.

IFS 360 Scheduling partners with Intergraph

IFS announced that IFS 360 Scheduling entered into a partnership agreement with U.S.-based Intergraph, the leading global provider of engineering and geospatial visualization software. Intergraph will incorporate IFS 360 Scheduling's Dynamic Scheduling Engine (DSE) in its mobile workforce management solution. The partnership will provide an innovative scheduling and optimization solution to boost workforce productivity and customer service within the utilities industry.

IFS extends global agreement with Saab

IFS signed a new and expanded agreement with Saab, the global aerospace and defense company. Saab has been an IFS customer since 1994 and has since worked in close collaboration with IFS to expand and refine the company's business solution. The new agreement represents an expansion of the existing business relationship and will enable global growth and standardization of Saab's worldwide operations. The agreement also includes additional licenses for IFS Applications.

FINANCIAL OVERVIEW

SKr million	Q3 2012	Q3 2011	Jan.–Sept. 2012	Jan.–Sept. 2011	Oct.–Sept. 2011/12	Oct.–Sept. 2010/11	Full year 2011
Net revenue	612	596	1,907	1,831	2,652	2,560	2,576
<i>whereof</i>							
License revenue	109	98	284	265	450	400	431
Maintenance and support revenue	224	208	678	603	898	809	823
Consulting revenue	268	288	930	956	1,285	1,339	1,311
Gross earnings	305	288	891	845	1,288	1,215	1,242
<i>whereof</i>							
Licenses	103	91	264	243	427	371	406
Maintenance and support	157	144	468	406	613	533	551
Consulting	39	54	153	195	241	308	283
EBIT	28	45	66	107	192	217	233
EBIT margin	5%	8%	3%	6%	7%	8%	9%
Earnings before tax	28	44	57	96	179	197	218
Earnings for the period	21	33	41	70	127	139	156
Cash flow after investment operations	-28	33	-96	76	-78	146	94

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

Revenue

Net revenue amounted to SKr 612 million (596), an increase of 5 percent currency adjusted. Americas contributed most, with an increase in net revenue of 36 percent, currency adjusted, to a large extent as a result of the acquisitions of Latin IFS and Metrix. *Defense* also contributed to the increase. *Europe East* and *Africa, Asia, and Pacific* showed a decline in revenue, primarily due to lower consulting revenue.

Costs

Total costs amounted to SKr 584 million (551), an increase of 9 percent currency adjusted. The total cost increase excluding the effects of LatinIFS and Metrix was 3 percent currency adjusted. This increase is mainly due to the fore-mentioned investment in sales, marketing, and R&D made in the second half of 2011.

Earnings

EBIT decreased to SKr 28 million (45). *Europe East* and *Africa, Asia, and Pacific* showed the largest decrease in EBIT primarily due to lower consulting revenue than previous year.

Earnings before tax amounted to SKr 28 million (44). Net financial items amounted to SKr 0 million (-1), whereof SKr 2 million (-1) pertain to realized/unrealized exchange losses. Interest cost amounted to SKr -2 (-1) and interest income and other financial items was SKr 0 million (1).

Earnings for the period amounted to SKr 21 million (33).

Cash flow and investments

Cash flow from current operations before change in working capital amounted to SKr 74 million (92). The change in working capital amounted to SKr -60 million (-16). The change in working capital between the years is mainly

explained by movements in changes in other liabilities. Investments amounted to SKr -42 million (-43), whereof capitalized product development was SKr -38 million (-36). As a result, the cash flow after investments was SKr -28 million (33).

Cash and cash equivalents totaled SKr 249 million (333) at the end of the period. Available liquid assets, including unutilized lines of credit, amounted to SKr 586 million (833). Liabilities to credit institutions were SKr 163 million (2) at the end of the period.

OUTLOOK

For the full year, IFS expects strong organic license growth and EBIT in line with last year.

The company's outlook was adjusted in a press release on October 9, 2012. The previously communicated outlook was that IFS expected strong organic license growth and improved EBIT.

OTHER INFORMATION

Parent Company

Net revenue for the third quarter amounted to SKr 5 million (5), with earnings of SKr 20 million (9) before tax. Available assets, including unutilized lines of credit, amounted to SKr 385 million (589).

During the quarter 4,395 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 136,658 were acquired during the quarter for SKr 15 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 now 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.

Proposed reduction of the Swedish corporate tax rate

The Government has proposed that the Swedish corporate tax rate be reduced from 26.3 percent to 22 percent, which can be decided in December 2012. Such an amendment would imply for IFS deferred tax expenses of approximately SKr 6 million.

Annual general meeting of shareholders

The annual general meeting of shareholders for 2013 will be held on March 26, 2013 in Stockholm, Sweden. The board of directors will submit the notification convening the annual general meeting on February 26, 2013, at the latest.

Miscellaneous

The year-end report for 2012 will be published on February 5, 2013.

Linköping, October 25, 2012

Alastair Sorbie
PRESIDENT & CEO

CONSOLIDATED INCOME STATEMENT

SKr million	Q3 2012	Q3 2011	Jan.–Sept. 2012	Jan.–Sept. 2011	Oct.–Sept. 2011/12	Oct.–Sept. 2010/11	Full year 2011
License revenue	109	98	284	265	450	400	431
Maintenance and support revenue	224	208	678	603	898	809	823
Consulting revenue	268	288	930	956	1,285	1,339	1,311
Other revenue	11	2	15	7	19	12	11
Net revenue	612	596	1,907	1,831	2,652	2,560	2,576
License expenses	-6	-7	-20	-22	-23	-29	-25
Maintenance and support expenses	-67	-64	-210	-197	-285	-276	-272
Consulting expenses	-229	-234	-777	-761	-1,044	-1,031	-1,028
Other expenses	-5	-3	-9	-6	-12	-9	-9
Direct expenses	-307	-308	-1,016	-986	-1,364	-1,345	-1,334
Gross earnings	305	288	891	845	1,288	1,215	1,242
Product development expenses	-72	-60	-198	-173	-254	-224	-229
Sales and marketing expenses	-136	-116	-411	-366	-555	-502	-510
Administration expenses	-67	-58	-208	-186	-273	-256	-251
Other operating revenue*	2	6	3	8	3	8	8
Other operating expenses	-4	-15	-11	-21	-17	-24	-27
Indirect expenses, net	-277	-243	-825	-738	-1,096	-998	-1,009
EBIT	28	45	66	107	192	217	233
Result from participations in associated companies	0	1	0	2	-1	3	1
Interest expenses	-2	-1	-6	-4	-8	-6	-6
Other financial items	2	-1	-3	-9	-4	-17	-10
Earnings before tax	28	44	57	96	179	197	218
Tax	-7	-11	-16	-26	-52	-58	-62
Earnings for the period	21	33	41	70	127	139	156
Earnings for the period are allocated as follows:							
Owners of the Parent Company (SKr million)	21	33	41	70	127	138	156
Non-controlling interests (SKr million)	0	0	0	0	0	1	0
Earnings per share pertaining to Parent Company shareholders (SKr)	0.84	1.29	1.64	2.72	5.05	5.34	6.07
Earnings per share pertaining to Parent Company shareholders, after full dilution (SKr)	0.82	1.26	1.60	2.67	4.93	5.25	5.96
Number of shares (thousands)							
At the end of the period	24,772	25,483	24,772	25,483	24,772	25,483	25,313
At the end of the period, after full dilution	25,423	26,075	25,423	26,075	25,423	26,075	25,905
Average for the period	24,858	25,638	25,061	25,779	25,158	25,821	25,690
Average for the period, after full dilution	25,510	26,240	25,681	26,247	25,771	26,305	26,189

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SKr million	Q3 2012	Q3 2011	Jan.–Sept. 2012	Jan.–Sept. 2011	Oct.–Sept. 2011/12	Oct.–Sept. 2010/11	Full year 2011
Earnings for the period	21	33	41	70	127	139	156
<i>Other comprehensive income</i>							
Exchange rate differences	-28	26	-39	8	-44	12	3
Other comprehensive income for the period, net of tax	-28	26	-39	8	-44	12	3
Total comprehensive income for the period	-7	59	2	78	83	151	159
Total comprehensive income allocated as follows:							
Owners of the Parent Company	-7	59	2	78	83	150	159
Non-controlling interests	0	0	0	0	0	1	0

CONSOLIDATED BALANCE SHEET

Assets SKr million	Sept. 30 2012	Sept. 30 2011	Dec. 31 2011
Capitalized expenditure for product development	549	510	531
Goodwill	396	304	354
Other intangible fixed assets	114	55	68
Intangible fixed assets	1,059	869	953
Tangible fixed assets	88	91	97
Participations in associated companies	3	4	3
Deferred tax receivables	154	182	151
Other long-term receivables and other participations	27	36	35
Financial fixed assets	184	222	189
Non-current assets	1,331	1,182	1,239
Accounts receivable	435	473	701
Other receivables	299	276	245
Cash and cash equivalents	249	333	374
Current assets	983	1,082	1,320
Assets	2,314	2,264	2,559
Equity and liabilities SKr million	Sept. 30 2012	Sept. 30 2011	Dec. 31 2011
Share capital	508	530	520
Other capital contributed	700	703	703
Accumulated earnings, including earnings for the period and other reserves	-52	2	78
Shareholders' equity pertaining to Parent Company shareholders	1,156	1,235	1,301
Non-controlling interests	1	1	1
Shareholders' equity	1,157	1,236	1,302
Liabilities to credit institutions	0	1	1
Pension obligations	43	51	49
Other provisions and other liabilities	24	26	39
Non-current liabilities	67	78	89
Accounts payable	67	67	94
Liabilities to credit institutions	163	1	51
Other provisions and other liabilities	860	882	1,023
Current liabilities	1,090	950	1,168
Liabilities	1,157	1,028	1,257
Equity and liabilities	2,314	2,264	2,559
Pledged assets	621	703	663
Contingent liabilities	16	8	8

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, 2011	529	701	-57	122	1,295	0	1,295
Total comprehensive income for the period	-	-	8	70	78	1	79
New share issue	1	2	-	-	3	-	3
Issue of call option program, T09B	-	-	-	1	1	-	1
Dividend	-	-	-	-78	-78	-	-78
Repurchase of own shares	-	-	-	-54	-54	-	-54
Repurchase of call options	-	-	-	-3	-3	-	-3
Changes in participating interest in subsidiaries	-	-	-	-7	-7	-	-7
Closing balance September 30, 2011	530	703	-49	51	1,235	1	1,236
Opening balance January 1, 2012	520	703	-54	132	1,301	1	1,302
Total comprehensive income for the period	-	-	-39	41	2	0	2
New share issue	-	0	-	-	0	-	0
Issue of call option program, T010B	-	-	-	1	1	-	1
Dividend	-	-	-	-88	-88	-	-88
Repurchase of own shares	-	-	-	-57	-57	-	-57
Repurchase of call options	-	-3	-	-	-3	-	-3
Cancellation of repurchased shares	-12	-	-	12	0	-	0
Closing balance September 30, 2012	508	700	-93	41	1,156	1	1,157

CONSOLIDATED STATEMENT OF CASH FLOWS

SKr million	Q3 2012	Q3 2011	Jan.-Sept. 2012	Jan.-Sept. 2011	Oct.-Sept. 2011/12	Oct.-Sept. 2010/11	Full year 2011
Earnings before tax	28	44	57	96	179	197	218
Adjustments for items not included in the cash flow	46	48	119	145	162	211	188
Cash flow from operations before change in working capital	74	92	176	241	341	408	406
Change in working capital	-60	-16	-14	-17	-93	-13	-96
Cash flow from current operations	14	76	162	224	248	395	310
Acquisition of subsidiaries	-	-	-118	-9	-128	-62	-19
Acquisition of intangible fixed assets	-36	-35	-126	-119	-175	-160	-168
Cash flow from other investment operations	-6	-8	-14	-20	-23	-27	-29
Cash flow after investment operations	-28	33	-96	76	-78	146	94
Dividend distributed	-	-	-88	-78	-88	-78	-78
Repurchase of own shares	-15	-24	-57	-54	-72	-54	-69
Cash flow from other financing operations	-5	-18	122	-59	165	-59	-16
Cash flow for the period	-48	-9	-119	-115	-73	-45	-69
Cash and cash equivalents at the beginning of the period	302	336	374	445	333	377	445
Exchange rate differences in cash and cash equivalents	-5	6	-6	3	-11	1	-2
Cash and cash equivalents at the end of the period	249	333	249	333	249	333	374

CONSOLIDATED ORGANIC NET REVENUE

SKr, million	Q3					January-September				
	Actual 2012	Translation effect	Structural changes	Adjusted 2012	Actual 2011	Actual 2012	Translation effect	Structural changes	Adjusted 2012	Actual 2011
License revenue	109	2	-6	105	98	284	-1	-21	262	265
Maintenance and support revenue	224	5	-9	220	208	678	-3	-20	655	603
Total product revenue	333	7	-15	325	306	962	-4	-41	917	868
Consulting revenue	268	9	-12	265	288	930	2	-33	899	956
Net revenue (including other revenue)	612	16	-27	601	596	1,907	-2	-74	1,831	1,831

CONSOLIDATED ORGANIC OPERATING EXPENSES

SKr, million	Q3					January-September				
	Actual 2012	Translation effect	Structural changes	Adjusted 2012	Actual 2011	Actual 2012	Translation effect	Structural changes	Adjusted 2012	Actual 2011
Operating expenses	584	17	-31	570	551	1,841	-3	-69	1,769	1,724
Capital gains/losses	0	0	-	0	0	0	0	-	0	0
Exchange rate gains/losses	0	-1	1	0	9	-1	-1	0	-2	6
Restructuring costs/ redundancy costs	-4	0	-	-4	-16	-11	0	-	-11	-19
Amortization/depreciation and net capitalization of prod. development	-15	0	1	-14	-11	-16	0	1	-15	-19
Adjusted operating expenses	565	16	-29	552	533	1,813	-4	-68	1,741	1,692

CONSOLIDATED SEGMENT REPORTING, THIRD QUARTER

THIRD QUARTER SKr million	Europe North		Europe West		Europe Central	
	2012	2011	2012	2011	2012	2011
License revenue	17	10	37	37	11	4
Maintenance and support revenue	86	84	43	39	19	19
Consulting revenue	117	124	34	42	27	35
Other revenue	0	1	0	0	0	0
Total external revenue	220	219	114	118	57	58
Internal revenue	5	9	16	11	10	7
Total revenue	225	228	130	129	67	65
External operating expenses	-136	-134	-84	-78	-53	-55
Internal operating expenses	-15	-16	-7	-7	-4	-5
Other operating items, net	-2	-16	0	0	0	1
Operating expenses	-153	-166	-91	-85	-57	-59
EBIT, undistributed	72	62	39	44	10	6
Numbers of employees						
Average for the period	545	575	298	280	191	195
At the end of the period	539	583	296	286	193	196

THIRD QUARTER SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2012	2011	2012	2011	2012	2011
License revenue	8	11	24	23	11	12
Maintenance and support revenue	14	13	42	29	15	15
Consulting revenue	16	23	52	35	17	23
Other revenue	1	1	1	0	1	0
Total external revenue	39	48	119	87	44	50
Internal revenue	4	4	13	10	3	5
Total revenue	43	52	132	97	47	55
External operating expenses	-49	-47	-88	-61	-51	-46
Internal operating expenses	0	0	-11	-2	-1	-3
Other operating items, net	-2	5	0	0	0	1
Operating expenses	-51	-42	-99	-63	-52	-48
EBIT, undistributed	-8	10	33	34	-5	7
Numbers of employees						
Average for the period	278	269	287	193	289	284
At the end of the period	280	271	285	192	288	289

THIRD QUARTER SKr million	Defense		Corporate items *		GROUP	
	2012	2011	2012	2011	2012	2011
License revenue	1	1	0	0	109	98
Maintenance and support revenue	5	7	0	2	224	208
Consulting revenue	4	5	1	1	268	288
Other revenue	7	0	1	0	11	2
Total external revenue	17	13	2	3	612	596
Internal revenue	3	3	-54	-49	0	0
Total revenue	20	16	-52	-46	612	596
External operating expenses	-11	-12	-110	-109	-582	-542
Internal operating expenses	-3	-4	41	37	0	0
Other operating items, net	0	0	2	0	-2	-9
Operating expenses	-14	-16	-67	-72	-584	-551
EBIT, undistributed	6	0	-119	-118	28	45
Numbers of employees						
Average for the period	44	46	910	866	2,842	2,708
At the end of the period	44	46	914	879	2,839	2,742

* Undistributed corporate revenue and expenses

CONSOLIDATED SEGMENT REPORTING, YEAR TO DATE

JANUARY-SEPTEMBER SKr million	Europe North		Europe West		Europe Central	
	2012	2011	2012	2011	2012	2011
License revenue	58	62	64	68	28	22
Maintenance and support revenue	261	246	128	107	58	54
Consulting revenue	441	450	115	124	96	118
Other revenue	1	1	0	0	1	1
Total external revenue	761	759	307	299	183	195
Internal revenue	21	23	42	34	28	15
Total revenue	782	782	349	333	211	210
External operating expenses	-509	-501	-247	-227	-174	-166
Internal operating expenses	-48	-50	-19	-15	-13	-15
Other operating items, net	-4	-17	-1	0	0	0
Operating expenses	-561	-568	-267	-242	-187	-181
EBIT, undistributed	221	214	82	91	24	29
Numbers of employees						
Average for the period	550	576	298	276	192	191
At the end of the period	539	583	296	286	193	196

JANUARY-SEPTEMBER SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2012	2011	2012	2011	2012	2011
License revenue	25	35	69	51	38	26
Maintenance and support revenue	43	42	118	86	46	44
Consulting revenue	59	70	140	111	57	62
Other revenue	2	2	1	0	2	2
Total external revenue	129	149	328	248	143	134
Internal revenue	13	11	29	26	8	12
Total revenue	142	160	357	274	151	146
External operating expenses	-135	-138	-248	-182	-155	-143
Internal operating expenses	-1	-1	-16	-6	-6	-6
Other operating items, net	-6	3	0	0	0	3
Operating expenses	-142	-136	-264	-188	-161	-146
EBIT, undistributed	0	24	93	86	-10	0
Numbers of employees						
Average for the period	276	268	265	195	293	288
At the end of the period	280	271	285	192	288	289

JANUARY-SEPTEMBER SKr million	Defense		Corporate items *		GROUP	
	2012	2011	2012	2011	2012	2011
License revenue	1	1	1	0	284	265
Maintenance and support revenue	20	20	4	4	678	603
Consulting revenue	20	18	2	3	930	956
Other revenue	7	0	1	1	15	7
Total external revenue	48	39	8	8	1,907	1,831
Internal revenue	9	13	-150	-134	0	0
Total revenue	57	52	-142	-126	1,907	1,831
External operating expenses	-39	-37	-326	-317	-1,833	-1,711
Internal operating expenses	-10	-15	113	108	0	0
Other operating items, net	0	0	3	-2	-8	-13
Operating expenses	-49	-52	-210	-211	-1,841	-1,724
EBIT, undistributed	8	0	-352	-337	66	107
Numbers of employees						
Average for the period	44	45	910	856	2,828	2,695
At the end of the period	44	46	914	879	2,839	2,742

* Undistributed corporate revenue and expenses

INCOME STATEMENT OF THE PARENT COMPANY

SKr million	Q3 2012	Q3 2011	Jan.-Sept. 2012	Jan.-Sept. 2011	Oct.-Sept. 2011/12	Oct.-Sept. 2010/11	Full year 2011
Net revenue	5	5	14	13	18	16	17
Administration expenses	-4	-7	-14	-15	-22	-24	-23
Other operating revenue	0	0	0	0	0	0	0
EBIT	1	-2	0	-2	-4	-8	-6
Result from participations in subsidiaries	-1	-1	-1	22	148	220	171
Financial revenue	32	17	69	46	88	68	65
Financial expenses	-12	-5	-23	-23	-28	-37	-28
Earnings before tax	20	9	45	43	204	243	202
Tax	-5	-3	-12	-6	-44	-6	-38
Earnings for the period	15	6	33	37	160	237	164

BALANCE SHEET OF THE PARENT COMPANY

SKr million	Sept. 30 2012	Sept. 30 2011	Dec. 31 2011
Assets			
Participations in subsidiaries	991	979	992
Deferred tax receivables	26	71	38
Receivables in subsidiaries	71	73	73
Other long-term receivables and other participations	2	8	8
Financial fixed assets	1,090	1,131	1,111
Non-current assets	1,090	1,131	1,111
Receivables in subsidiaries	847	704	832
Prepaid expenses and accrued income	11	12	9
Cash and cash equivalents	48	89	114
Current assets	906	805	955
Assets	1,996	1,936	2,066
Equity and liabilities			
SKr million	Sept. 30 2012	Sept. 30 2011	Dec. 31 2011
Share capital	508	530	520
Statutory reserve	573	573	573
Retained earnings, including earnings for the period and share premium reserve	504	479	608
Shareholders' equity	1,585	1,582	1,701
Provisions for pensions and similar commitments	2	2	2
Liabilities to credit institutions	163	-	41
Liabilities to subsidiaries	238	336	302
Other liabilities	8	16	20
Current liabilities	409	352	363
Shareholders' equity and liabilities	1,996	1,936	2,066

OUTSTANDING SHARES

	Series A	Series B	TOTAL
Number of shares on January 1, 2012	1,375,008	24,604,914	25,979,922
Conversion of series-A shares into series-B shares	-6,095	6,095	-
Cancellation of shares bought back	-	-600,000	-600,000
Use of options T07B	-	1,000	1,000
Number of shares on September 30, 2012	1,368,913	24,012,009	25,380,922
Repurchasing of shares, in own custody	-	-609,092	-609,092
Number of outstanding shares on September 30, 2012	1,368,913	23,402,917	24,771,830
Number of voting rights on September 30, 2012	1,368,913	2,340,292	3,709,205
Additional shares after full dilution	-	651,407	651,407
Number of shares on September 30, 2012 after full dilution	1,368,913	24,054,324	25,423,237

KEY FIGURES FOR THE GROUP

		Q3 2012	Q3 2011	Jan.–Sept. 2012	Jan.–Sept. 2011	Oct.–Sept. 2011/12	Oct.–Sept. 2010/11	Full year 2011
Revenue indicator								
Net revenue per employee	SKr, '000	215	220	674	679	943	954	948
Expense and expenditure indicators								
Product development expenses/net revenue	%	12%	10%	10%	9%	10%	9%	9%
Sales and marketing expenses/net revenue	%	22%	19%	22%	20%	21%	20%	20%
Administration expenses/net revenue	%	11%	10%	11%	10%	10%	10%	10%
Amortization and depreciation	SKr, M	-53	-46	-146	-138	-180	-189	-172
of which amortization of capitalized product development expenditure	SKr, M	-40	-36	-111	-108	-135	-143	-132
Capitalized product development expenditure	SKr, M	38	36	131	120	175	168	164
Margin indicators								
License margin	%	94%	93%	93%	92%	95%	93%	94%
Maintenance and support margin	%	70%	69%	69%	67%	68%	66%	67%
Consulting margin	%	15%	19%	16%	20%	19%	23%	22%
Gross margin	%	50%	48%	47%	46%	49%	47%	48%
EBIT margin	%	5%	8%	3%	6%	7%	8%	9%
Earnings margin	%	5%	7%	3%	5%	7%	8%	8%
Return on average operating capital	%	3%	5%	8%	12%	20%	24%	26%
Capital indicators								
Equity/assets ratio	%	50%	55%	50%	55%	50%	55%	51%
Accounts receivable (average 12 months)/ net revenue (rolling 12 months)	%	19%	20%	19%	20%	19%	20%	20%
Interest-bearing liabilities	SKr, M	206	53	206	53	206	53	101
Liquidity indicators								
Net liquidity	SKr, M	86	331	86	331	86	331	322
Debt/equity ratio	times	0.2	0.0	0.2	0.0	0.2	0.0	0.1
Employees								
Average for the period		2,842	2,708	2,828	2,695	2,812	2,683	2,716
At the end of the period		2,839	2,742	2,839	2,742	2,839	2,742	2,821

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	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3
License revenue	109	92	83	166	98	93	74	135	99	103	65	176	90
Maintenance and support revenue	224	232	222	220	208	199	196	206	201	205	199	204	196
Consulting revenue	268	327	335	355	288	333	335	383	309	343	322	366	294
Other revenue	11	1	3	4	2	3	2	5	3	4	3	4	1
Net revenue	612	652	643	745	596	628	607	729	612	655	589	750	581
License expenses	-6	-8	-6	-3	-7	-5	-10	-7	-15	-10	-7	-11	-12
Maintenance and support expenses	-67	-72	-71	-75	-64	-65	-68	-79	-72	-83	-74	-84	-72
Consulting expenses	-229	-266	-282	-267	-234	-252	-275	-270	-249	-254	-268	-284	-241
Other expenses	-5	-1	-3	-3	-3	-2	-1	-3	-1	-4	-1	-3	-2
Direct expenses	-307	-347	-362	-348	-308	-324	-354	-359	-337	-351	-350	-382	-327
Gross earnings	305	305	281	397	288	304	253	370	275	304	239	368	254
Product development expenses	-72	-65	-61	-56	-60	-58	-55	-51	-53	-58	-53	-51	-45
Sales and marketing expenses	-136	-138	-137	-144	-116	-128	-122	-136	-107	-120	-108	-124	-113
Administration expenses	-67	-69	-72	-65	-58	-66	-62	-70	-65	-62	-64	-72	-63
Other operating revenue	2	-2	3	0	6	1	1	0	1	1	1	5	-4
Other operating expenses	-4	-5	-2	-6	-15	-1	-5	-3	-12	-1	-7	-10	-10
Indirect expenses, net	-277	-279	-269	-271	-243	-252	-243	-260	-236	-240	-231	-252	-235
EBIT	28	26	12	126	45	52	10	110	39	64	8	116	19
Result from participations in associated companies	0	0	0	-1	1	0	1	1	0	0	0	-1	1
Interest expenses	-2	-2	-2	-2	-1	-2	-1	-2	-2	-1	-1	1	-4
Other financial items	2	-3	-2	-1	-1	-3	-5	-8	-4	-12	-3	2	-7
Earnings before tax	28	21	8	122	44	47	5	101	33	51	4	118	9
Tax	-7	-7	-2	-36	-11	-14	-1	-32	-7	-15	-1	-28	-3
Earnings for the period	21	14	6	86	33	33	4	69	26	36	3	90	6
Cash flow after investment operations	-28	-162	94	18	33	0	43	70	-2	92	74	96	-63
Number of employees at the end of the period	2,839	2,851	2,822	2,821	2,742	2,695	2,695	2,675	2,621	2,628	2,658	2,664	2,690

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, 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 2011.

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. The accounting principles adopted are consistent with those of the previous financial year.

For detailed information about the accounting principles: see annual report 2011.

REPORT OF REVIEW OF INTERIM FINANCIAL INFORMATION**Introduction**

We have reviewed this report for the period 1 January 2012 to 30 September 2012 for Industrial and Financial Systems, IFS AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 25, 2012
PricewaterhouseCoopers AB

Nicklas Kullberg
 AUTHORIZED PUBLIC ACCOUNTANT

FINANCIAL INFORMATION 2012/2013

Year-end report 2012	February 5, 2013
Interim report January–March 2013	April 18, 2013
Interim report January–June 2013	July 18, 2013
Interim report January–September 2013	October 24, 2013
Year-end report 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 2011 was SKr 2.6 billion.

www.IFSWORLD.com

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