



INTERIM REPORT

JANUARY–JUNE 2010

Strong product revenue, earnings, and cash flow in second quarter

FINANCIAL AND OPERATIONAL HIGHLIGHTS

APRIL–JUNE 2010 (SECOND QUARTER)

- License revenue adjusted for currency up 26% to SKr 103 million (Q2 '09: SKr 86 million)
- Maintenance and support revenue was SKr 205 million (Q2 '09: SKr 193 million), up 10% adjusted for currency
- Net revenue was SKr 655 million (Q2 '09: SKr 640 million)
- EBIT was SKr 64 million (Q2 '09: SKr 33 million)
- Cash flow after investments was SKr 92 million (Q2 '09: SKr 32 million)

JANUARY–JUNE 2010 (SIX MONTHS)

- Product revenue was SKr 572 million (YTD '09: SKr 549 million)
- Net revenue was SKr 1,244 million (YTD '09: SKr 1,274 million)
- EBIT improved to SKr 72 million (YTD '09: 63 million)
- Cash flow after investments improved to SKr 166 million (YTD '09: 153 million)
- Earnings per share after full dilution amounted to SKr 1.46 (YTD '09: 1.00)

OUTLOOK

The outlook for the full year remains unchanged with moderate growth anticipated, excluding the effects of acquisitions.

ENQUIRIES

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CHIEF EXECUTIVE SUMMARY

Continuing growth in line with strategy

In quarter two 2010, we continued to secure new major accounts in our target sectors and successfully rolled out more international sites in our increasing customer base. The strategy to focus on active sectors where we have a market-leading solution has resulted in a steady growth in the sales pipeline of 12% and an increase of 26% in license sales, adjusted for currency, compared with the same quarter in the previous year. The first half year, on the same basis, shows a growth of 11%. Our message of being the intelligent alternative choice for customers seeking quicker and better return on investment is being increasingly picked up in the market.

Among a number of very good deals achieved in quarter two, two in particular were both high profile and very competitive:

The first is a world leader in engineering and project management for the oil and gas industry that has selected IFS as its new global enterprise applications system to support its growth and streamline its corporate processes in more than 20 countries; the contract value is in the range of € 10–15 million.

The second is William Grant & Sons, the well-known distillers, which will implement across multiple countries a full enterprise suite including components for financials, manufacturing, supply chain, maintenance, pricing & promotions, document management, and business intelligence. The value of this contract is more than € 3.6 million.

The overall business can be seen to have improved in the past year with the result (EBIT) for quarter two growing 94% to SKr 64 million (33) and year to date reaching SKr 72 million (63). The EBIT margin for the second quarter was 9.8% (5.2%).

While maintenance and support revenue increased by 10%, adjusted for currency, as a result of the expanding customer base, consulting revenue remained flat compared with the previous year. The issues adversely affecting consulting, such as late starting projects and resources being committed to lower-rate projects, were commented on in quarter one. The prediction then that this problem would be addressed in quarter two can be seen to be supported by the fact that consulting revenue recovered significantly over the previous quarter.

Cash flow after investments improved to SKr 92 million (32) and reached SKr 199 million on a rolling 12-month basis. Our strong finances and the continuous improvement in cash flow are enabling us to push ahead with our acquisition strategy and in parallel undertake a share buyback program. Year to date 2.4% of the issued capital has been repurchased over the market. No acquisitions were completed in quarter two, although the M&A activity is continuing at an aggressive pace.

The general view among industry analysts, such as Forrester and IDC, continues to be that there will be growth in the enterprise applications sector for the full year in the 3–7% range. This is driven mainly by pent-up demand and stronger interest in specialized vertical solutions in segments such as project-based industries, where we have a strong offering and position.

The outlook for the full year remains unchanged, that being that we expect moderate growth excluding the effects of acquisitions.

SIGNIFICANT EVENTS DURING THE QUARTER

In addition to the two cases previously mentioned, there were a number of other significant agreements signed in the second quarter, including:

- Bachman Electronic (industrial automation, Austria)
- Beijer Electronics (industrial automation, Sweden)
- Bosmal (automotive, Poland)
- Brightpoint (trade and logistics, Sweden)
- China CAMC Engineering (engineering contractor, China)
- Contiga (manufacturing, Norway)
- Eltur Wapore (manufacturing, Poland)
- Kuusakoski (recycling services, Finland)
- Linamar (automotive, Canada)
- Maintenance Partners (service management, Belgium)
- Mälarenergi (utility, Sweden)
- MTN (telecom, Uganda)
- NHPC Ltd (hydropower utility, India)
- Poznan Municipal Transport (public transport, Poland)
- Procam (trade and logistics, United Kingdom)
- Reinertsen (oil and gas contractor, Norway)
- RUAG Space (aerospace, Sweden)
- TCIL (telecom consultancy and engineering, India)
- TMM-Energobud (construction, Ukraine)
- Urals Optical and Mechanical Plant (aerospace and defense, Russia)

New partnerships, as well as new components and extensions to IFS Applications, were launched during the quarter including:

- IFS Retail has entered into a partnership agreement with daVinci, a U.S. supplier of assortment planning solutions.
- IFS has signed a partnership agreement with the Italian systems integrator, Insirio S.p.A. The partnership targets the oil & gas and engineering & construction industries and takes effect immediately.
- The document management solution has been extended to help customers improve the efficiency of capturing and managing project and enterprise information. The extension features improved document navigation and visualization, enhanced document security and control, as well as full integration with all Microsoft Office programs.

FINANCIAL OVERVIEW

SKr million	Jan–June 2010	Jan–June 2009	Q2 2010	Q2 2009	July–June 2009/10	July–June 2008/09
Net revenue	1 244	1 274	655	640	2 575	2 630
whereof						
License revenue	168	160	103	86	434	447
Maintenance and support revenue	404	389	205	193	804	764
Consulting revenue	665	713	343	357	1 325	1 391
Gross earnings	543	509	304	266	1 165	1 142
whereof						
Licenses	151	133	93	69	394	397
Maintenance and support	247	242	122	124	491	453
Consulting	143	128	89	71	278	275
EBIT	72	63	64	33	207	210
EBIT margin	6%	5%	10%	5%	8%	8%
Earnings before tax	55	41	51	26	182	202
Earnings for the period	39	27	36	17	135	121
Cash flow after investment operations	166	153	92	32	199	163

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

Revenue

Net revenue amounted to SKr 655 million (640), an increase of 2% including, and 6% excluding, exchange rate differences. License revenue increased by 20% including, and 26% excluding, exchange rate effects. Maintenance and support revenue increased by 6% including, and 10% excluding, exchange rate effects. Consulting revenue decreased by 4% including, and remained at the same level excluding, exchange rate effects.

Costs

Total costs amounted to SKr 591 million (607), a decrease of 3% including, and an increase of 2% excluding, exchange rate differences.

Earnings

EBIT increased to SKr 64 million (33). The main reason for the higher EBIT is increased product revenue but also improved consulting margin. *Europe West* and *Europe East* contributed most to the improvement in Group earnings.

Earnings before tax amounted to SKr 51 million (26). Interest expenses were to SKr -1 million (-1). Net financial items as a whole were affected by exchange rate effects and lower bank charges and amounted to SKr -13 million (-7).

Earnings for the period amounted to SKr 36 million (17).

Cash flow and investments

Cash flow after investments amounted to SKr 92 million (32). The change in working capital amounted to SKr 48 million (9). This constitutes an increase compared with the previous year due mainly to a sharper reduction in other receivables in the quarter compared with the corresponding movement in the second quarter last year.

Investments amounted to SKr -49 million (-47), whereof capitalized product development was SKr -39 million (-37).

Cash and cash equivalents totaled SKr 354 million (360) at the end of the period. Available assets amounted to SKr 354 million (584). Liabilities to credit institutions amounted to SKr 14 million (103) at the end of the period.

OUTLOOK

The outlook for the full year remains unchanged. In 2010, IFS expects moderate growth, excluding any effects from acquisitions.

OTHER INFORMATION

Parent Company

Net revenue for the second quarter amounted to SKr 6 million (6), with earnings of SKr -2 million (-1) before tax. Available assets amounted to SKr 94 million (289).

During the quarter, in accordance with a resolution adopted at the AGM, a dividend of SKr 2.00 per share was paid, corresponding to a total of SKr 53 million. In addition, 255,000 warrants were issued, each of which carries the right to subscribe for one (1) Series B share. It was resolved to reduce the Group's capital stock by SKr 2,950,020 by cancelling 147,501 Series B shares repurchased during the first quarter. The cancellation process was ongoing at the end of the second quarter.

During the second quarter, 500,000 Series B shares were repurchased for an amount of approximately SKr 38 million.

The number of shares increased by 35,500 Series B shares during the quarter as previously issued warrant programs were exercised.

Events occurring after the end of the period

After the close of the quarter, the Group signed a new financing agreement of SKr 500 million with a term of 5 years.

Miscellaneous

The interim report for the third quarter 2010 will be published on October 27, 2010.

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 21, 2010

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

CONSOLIDATED INCOME STATEMENT

SKr million	Jan–June 2010	Jan–June 2009	Q2 2010	Q2 2009	July–June 2009/10	July–June 2008/09	Full year 2009
License revenue	168	160	103	86	434	447	426
Maintenance and support revenue	404	389	205	193	804	764	789
Consulting revenue	665	713	343	357	1 325	1 391	1 373
Other revenue	7	12	4	4	12	28	17
Net revenue	1 244	1 274	655	640	2 575	2 630	2 605
License expenses	-17	-27	-10	-17	-40	-50	-50
Maintenance and support expenses	-157	-147	-83	-69	-313	-311	-303
Consulting expenses	-522	-585	-254	-286	-1 047	-1 116	-1 110
Other expenses	-5	-6	-4	-2	-10	-11	-11
Direct expenses	-701	-765	-351	-374	-1 410	-1 488	-1 474
Gross earnings	543	509	304	266	1 165	1 142	1 131
Product development expenses	-111	-98	-58	-48	-207	-209	-194
Sales and marketing expenses	-228	-225	-120	-114	-465	-458	-462
Administration expenses	-126	-128	-62	-61	-261	-260	-263
Other operating revenue*	2	9	1	-9	3	20	10
Other operating expenses	-8	-4	-1	-1	-28	-25	-24
Indirect expenses, net	-471	-446	-240	-233	-958	-932	-933
EBIT	72	63	64	33	207	210	198
Result from participations in associated companies	0	-1	0	-1	0	-1	-1
Interest expenses	-2	-3	-1	-1	-5	-8	-6
Other financial items	-15	-18	-12	-5	-20	1	-23
Earnings before tax	55	41	51	26	182	202	168
Tax	-16	-14	-15	-9	-47	-81	-45
Earnings for the period	39	27	36	17	135	121	123
Earnings for the period are allocated as follows:							
Owners of the Parent Company (SKr million)	39	27	36	17	135	121	123
Non-controlling interests (SKr million)	0	0	0	0	0	0	0
Earnings per share pertaining to Parent Company shareholders (SKr)	1.48	1.01	1.38	0.64	5.10	4.54	4.63
Earnings per share pertaining to Parent Company shareholders, after full dilution (SKr)	1.46	1.00	1.35	0.63	5.01	4.49	4.57
Number of shares (thousands)							
At the end of the period	25 941	26 553	25 941	26 553	25 941	26 553	26 553
At the end of the period, after full dilution	26 607	26 946	26 607	26 946	26 607	26 946	26 999
Average for the period	26 315	26 553	26 143	26 553	26 462	26 646	26 553
Average for the period, after full dilution	26 798	26 852	26 662	26 881	26 920	26 931	26 920

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SKr million	Jan–June 2010	Jan–June 2009	Q2 2010	Q2 2009	July–June 2009/10	July–June 2008/09	Full year 2009
Earnings for the period	39	27	36	17	135	121	123
Other comprehensive income							
Exchange rate differences	7	17	22	-14	-25	73	-15
Other comprehensive income for the period, net of tax	7	17	22	-14	-25	73	-15
Total comprehensive income for the period	46	44	58	3	110	194	108
Total comprehensive income allocated as follows:							
Owners of the Parent Company	46	44	58	3	110	194	108
Non-controlling interests	0	0	0	0	0	0	0

CONSOLIDATED BALANCE SHEET

Assets SKr million	June 30 2010	June 30 2009	Dec 31 2009
Capitalized expenditure for product development	489	468	481
Goodwill	273	257	262
Other intangible fixed assets	22	6	26
Intangible fixed assets	784	731	769
Tangible fixed assets	83	90	83
Participations in associated companies	3	3	3
Deferred tax receivables	240	266	231
Other long-term receivables and other participations	44	30	30
Financial fixed assets	287	299	264
Non-current assets	1 154	1 120	1 116
Accounts receivable	548	605	765
Other receivables	265	277	238
Cash and cash equivalents	354	360	355
Current assets	1 167	1 242	1 358
Assets	2 321	2 362	2 474
Equity and liabilities SKr million	June 30 2010	June 30 2009	Dec 31 2009
Share capital	532	539	531
Other capital contributed	699	697	697
Accumulated earnings, including earnings for the period and other reserves	22	4	77
Shareholders' equity pertaining to Parent Company shareholders	1 253	1 240	1 305
Non-controlling interests	0	0	0
Shareholders' equity	1 253	1 240	1 305
Liabilities to credit institutions	0	13	7
Pension obligations	74	56	68
Other provisions and other liabilities	7	13	5
Non-current liabilities	81	82	80
Accounts payable	83	108	102
Liabilities to credit institutions	14	90	74
Other provisions and other liabilities	890	842	913
Current liabilities	987	1 040	1 089
Liabilities	1 068	1 122	1 169
Equity and liabilities	2 321	2 362	2 474
Pledged assets	101	928	982
Contingent liabilities	10	9	9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Mkr	Pertaining to parent company shareholders					Minority interest	Total stockholders' equity
	Share capital	Other contributed capital	Reserves	Profit brought forward	Total		
Opening balance January 1, 2009	539	697	1	-8	1 229	0	1 229
Total comprehensive income for the period	-	-	17	27	44	0	44
Issue of call option program, TO7B	-	-	-	1	1	-	1
Dividend	-	-	-	-34	-34	-	-34
Closing balance June 30, 2009	539	697	18	-14	1 240	0	1 240
Opening balance January 1, 2010	531	697	-14	91	1 305	0	1 305
Total comprehensive income for the period	-	-	7	39	46	0	46
New share issue	1	2	-	-	3	-	3
Issue of call option program, TO8B	-	-	-	2	2	-	2
Dividend	-	-	-	-53	-53	-	-53
Repurchase of own shares	-	-	-	-50	-50	-	-50
Closing balance June 30, 2010	532	699	-7	29	1 253	0	1 253

CONSOLIDATED STATEMENT OF CASH FLOWS

SKr million	Jan–June 2010	Jan–June 2009	Q2 2010	Q2 2009	July–June 2009/10	July–June 2008/09	Full year 2009
Earnings before tax	55	41	51	26	182	202	168
Adjustments for items not included in the cash flow	71	79	42	44	169	165	177
Cash flow from operations before change in working capital	126	120	93	70	351	367	345
Change in working capital	130	118	48	9	65	-35	53
Cash flow from current operations	256	238	141	79	416	332	398
Acquisition of subsidiaries	-	-	-	-	-44	-2	-44
Acquisition of intangible fixed assets	-75	-73	-39	-37	-154	-147	-152
Cash flow from other investment operations	-15	-12	-10	-10	-19	-20	-16
Cash flow after investment operations	166	153	92	32	199	163	186
Dividend distributed	-53	-34	-53	-34	-52	-34	-33
Repurchase of own shares	-50	-	-38	-	-50	-20	-
Cash flow from other financing operations	-68	-91	4	6	-90	-41	-113
Cash flow for the period	-5	28	5	4	7	68	40
Cash and cash equivalents at the beginning of the period	355	317	341	346	360	263	317
Exchange rate differences in cash and cash equivalents	4	15	8	10	-13	29	-2
Cash and cash equivalents at the end of the period	354	360	354	360	354	360	355

CONSOLIDATED ORGANIC NET REVENUE

SKr, million	January–June					Q2				
	Actual 2010	Translation effect	Structural changes	Adjusted 2010	Actual 2009	Actual 2010	Translation effect	Structural changes	Adjusted 2010	Actual 2009
License revenue	168	9	-1	176	160	103	5	0	108	86
Maintenance and support revenue	404	19	-9	414	389	205	8	-4	209	193
Total product revenue	572	28	-10	590	549	308	13	-4	317	279
Consulting revenue	665	28	-9	684	713	343	12	-5	350	357
Net revenue (including other revenue)	1 244	56	-19	1 281	1 274	655	25	-9	671	640

CONSOLIDATED ORGANIC OPERATING EXPENSES

SKr, million	January–June					Q2				
	Actual 2010	Translation effect	Structural changes	Adjusted 2010	Actual 2009	Actual 2010	Translation effect	Structural changes	Adjusted 2010	Actual 2009
Operating expenses	1 172	55	-26	1 201	1 211	591	26	-13	604	607
Capital gains/losses	0	-	-	0	0	0	-	-	0	0
Exchange rate gains/losses	-3	-1	-	-4	7	3	0	-	3	-7
Restructuring costs/redundancy costs	-5	0	0	-5	-2	-3	0	0	-3	0
Reversal of restructuring costs	1	0	-	1	-	0	0	-	0	-
Amortization/depreciation and net capitalization of prod. development	-6	-1	1	-6	1	-2	0	0	-2	3
Adjusted operating expenses	1 159	53	-25	1 187	1 217	589	26	-13	602	603

CONSOLIDATED SEGMENT REPORTING, SECOND QUARTER

SECOND QUARTER SKr million	Europe North		Europe West		Europe Central	
	2010	2009	2010	2009	2010	2009
License revenue	23	23	41	17	10	10
Maintenance and support revenue	83	75	33	30	18	18
Consulting revenue	159	167	29	38	45	42
Other revenue	0	0	0	1	0	0
Total external revenue	265	265	103	86	73	70
Internal revenue	15	6	11	11	4	5
Total revenue	280	271	114	97	77	75
External operating expenses	-170	-168	-73	-75	-58	-64
Internal operating expenses	-16	-15	-12	-5	-7	-4
Other operating items, net	0	-1	0	0	0	-1
Operating expenses	-186	-184	-85	-80	-65	-69
EBIT, undistributed	94	87	29	17	12	6
Numbers of employees						
Average for the period	571	572	238	241	192	196
At the end of the period	567	563	237	240	191	192

SECOND QUARTER SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2010	2009	2010	2009	2010	2009
License revenue	12	10	5	13	11	11
Maintenance and support revenue	15	13	33	34	15	14
Consulting revenue	29	28	46	41	24	30
Other revenue	1	1	0	0	2	1
Total external revenue	57	52	84	88	52	56
Internal revenue	5	3	13	10	5	1
Total revenue	62	55	97	98	57	57
External operating expenses	-55	-52	-68	-71	-47	-50
Internal operating expenses	0	-1	-1	0	-6	-2
Other operating items, net	3	-8	0	0	-4	1
Operating expenses	-52	-61	-69	-71	-57	-51
EBIT, undistributed	10	-6	28	27	0	6
Numbers of employees						
Average for the period	271	276	193	203	296	296
At the end of the period	268	277	194	200	292	293

SECOND QUARTER SKr million	Defense		Corporate items *		GROUP	
	2010	2009	2010	2009	2010	2009
License revenue	0	2	1	0	103	86
Maintenance and support revenue	8	7	0	2	205	193
Consulting revenue	9	10	2	1	343	357
Other revenue	0	0	1	1	4	4
Total external revenue	17	19	4	4	655	640
Internal revenue	4	4	-57	-40	0	0
Total revenue	21	23	-53	-36	655	640
External operating expenses	-14	-18	-106	-99	-591	-597
Internal operating expenses	-6	-8	48	35	0	0
Other operating items, net	-2	-1	3	0	0	-10
Operating expenses	-22	-27	-55	-64	-591	-607
EBIT, undistributed	-1	-4	-108	-100	64	33
Numbers of employees						
Average for the period	50	57	830	838	2 641	2 679
At the end of the period	50	56	829	835	2 628	2 656

* Undistributed corporate revenue and expenses

CONSOLIDATED SEGMENT REPORTING, FIRST SIX MONTHS

JANUARY–JUNE SKr million	Europe North		Europe West		Europe Central	
	2010	2009	2010	2009	2010	2009
License revenue	45	42	53	22	18	20
Maintenance and support revenue	161	147	65	60	35	36
Consulting revenue	298	330	68	83	83	88
Other revenue	1	1	0	5	0	0
Total external revenue	505	520	186	170	136	144
Internal revenue	28	13	20	19	7	9
Total revenue	533	533	206	189	143	153
External operating expenses	-351	-344	-140	-145	-115	-133
Internal operating expenses	-31	-32	-16	-9	-11	-7
Other operating items, net	-1	0	0	2	0	-1
Operating expenses	-383	-376	-156	-152	-126	-141
EBIT, undistributed	150	157	50	37	17	12
Numbers of employees						
Average for the period	575	578	240	242	194	195
At the end of the period	567	563	237	240	191	192

JANUARY–JUNE SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2010	2009	2010	2009	2010	2009
License revenue	18	17	11	22	21	37
Maintenance and support revenue	30	26	64	71	32	29
Consulting revenue	58	55	81	84	59	49
Other revenue	1	2	0	0	3	2
Total external revenue	107	100	156	177	115	117
Internal revenue	10	6	21	18	6	3
Total revenue	117	106	177	195	121	120
External operating expenses	-104	-102	-128	-148	-93	-97
Internal operating expenses	0	-1	-2	-1	-15	-3
Other operating items, net	3	-3	0	0	-6	1
Operating expenses	-101	-106	-130	-149	-114	-99
EBIT, undistributed	16	0	47	46	7	21
Numbers of employees						
Average for the period	272	276	193	207	296	298
At the end of the period	268	277	194	200	292	293

JANUARY–JUNE SKr million	Defense		Corporate items *		GROUP	
	2010	2009	2010	2009	2010	2009
License revenue	1	3	1	-3	168	160
Maintenance and support revenue	15	16	2	4	404	389
Consulting revenue	15	21	3	3	665	713
Other revenue	0	1	2	1	7	12
Total external revenue	31	41	8	5	1 244	1 274
Internal revenue	7	9	-99	-77	0	0
Total revenue	38	50	-91	-72	1 244	1 274
External operating expenses	-27	-39	-208	-208	-1 166	-1 216
Internal operating expenses	-12	-15	87	68	0	0
Other operating items, net	-2	-1	0	7	-6	5
Operating expenses	-41	-55	-121	-133	-1 172	-1 211
EBIT, undistributed	-3	-5	-212	-205	72	63
Numbers of employees						
Average for the period	51	58	826	841	2 647	2 695
At the end of the period	50	56	829	835	2 628	2 656

* Undistributed corporate revenue and expenses

INCOME STATEMENT OF THE PARENT COMPANY

SKr million	Jan–June 2010	Jan–June 2009	Q2 2010	Q2 2009	July–June 2009/10	July–June 2008/09	Full year 2009
Net revenue	11	6	6	6	19	15	14
Administration expenses	-12	-12	-6	-8	-27	-25	-27
Other operating revenue	0	-	0	-	0	-	-
Other operating expenses	-	-	-	-	-4	-	-4
EBIT	-1	-6	0	-2	-12	-10	-17
Result from participations in subsidiaries	0	-	0	-	0	-	0
Result from participations in associated companies	-	-	-	-	-	-	0
Financial revenue	18	41	5	12	66	109	89
Financial expenses	-20	-32	-7	-11	-57	-90	-69
Earnings before tax	-3	3	-2	-1	-3	9	3
Tax	1	-1	2	0	-1	-9	-3
Earnings for the period	-2	2	0	-1	-4	0	0

BALANCE SHEET OF THE PARENT COMPANY

Assets SKr million	June 30 2010	June 30 2009	Dec 31 2009
Participations in subsidiaries	978	978	978
Deferred tax receivables	82	86	81
Receivables in subsidiaries	25	29	28
Other long-term receivables and other participations	12	3	3
Financial fixed assets	1 097	1 096	1 090
Non-current assets	1 097	1 096	1 090
Receivables in subsidiaries	574	636	663
Prepaid expenses and accrued income	9	12	8
Cash and cash equivalents	94	71	98
Current assets	677	719	769
Assets	1 774	1 815	1 859
Equity and liabilities SKr million	June 30 2010	June 30 2009	Dec 31 2009
Share capital	532	539	531
Statutory reserve	573	573	573
Retained earnings, including earnings for the period and share premium reserve	359	446	462
Shareholders' equity	1 464	1 558	1 566
Provisions for pensions and similar commitments	3	2	3
Liabilities to credit institutions	-	10	5
Non-current liabilities	0	10	5
Liabilities to credit institutions	10	86	70
Liabilities to subsidiaries	283	141	198
Other liabilities	14	18	17
Current liabilities	307	245	285
Shareholders' equity and liabilities	1 774	1 815	1 859

OUTSTANDING SHARES

	Series A	Series B	TOTAL
Number of shares on January 1, 2010	1 391 664	25 161 259	26 552 923
Use of options TO6B and TO7B	-	35 500	35 500
Number of shares on June 30, 2010	1 391 664	25 196 759	26 588 423
Repurchasing of shares, in own custody *	-	-647 501	-647 501
Number of outstanding shares on June 30, 2010	1 391 664	24 549 258	25 940 922
Number of voting rights on June 30, 2010	1 391 664	2 454 926	3 846 590
Additional shares after full dilution	-	665 920	665 920
Number of shares on June 30, 2010 after full dilution	1 391 664	25 215 178	26 606 842

* of which 147 501 currently in the process of being cancelled

KEY FIGURES FOR THE GROUP

		Jan–June 2010	Jan–June 2009	Q2 2010	Q2 2009	July–June 2009/10	July–June 2008/09	Full year 2009
Revenue indicator								
Net revenue per employee	SKr, '000	470	473	248	239	970	978	972
Expense and expenditure indicators								
Product development expenses/net revenue	%	9%	8%	9%	8%	8%	8%	7%
Sales and marketing expenses/net revenue	%	18%	18%	18%	18%	18%	17%	18%
Administration expenses/net revenue	%	10%	10%	9%	10%	10%	10%	10%
Amortization and depreciation	SKr, M	-80	-72	-41	-34	-153	-160	-145
of which amortization of capitalized product development expenditure	SKr, M	-66	-58	-34	-28	-126	-129	-118
Capitalized product development expenditure	SKr, M	74	73	39	37	144	143	143
Margin indicators								
License margin	%	90%	83%	90%	80%	91%	89%	88%
Maintenance and support margin	%	61%	62%	60%	64%	61%	59%	62%
Consulting margin	%	22%	18%	26%	20%	21%	20%	19%
Gross margin	%	44%	40%	46%	42%	45%	43%	43%
EBIT margin	%	6%	5%	10%	5%	8%	8%	8%
Earnings margin	%	4%	3%	8%	4%	7%	8%	6%
Return on average operating capital	%	8%	6%	7%	3%	21%	20%	19%
Capital indicators								
Equity/assets ratio	%	54%	52%	54%	52%	54%	52%	53%
Accounts receivable (average 12 months)/net revenue (rolling 12 months)	%	22%	24%	22%	24%	23%	24%	24%
Interest-bearing liabilities	SKr, M	88	159	88	159	88	159	149
Liquidity indicators								
Net liquidity	SKr, M	340	257	340	257	340	257	274
Debt/equity ratio	times	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Employees								
Average for the period		2 647	2 695	2 641	2 679	2 655	2 690	2 681
At the end of the period		2 628	2 656	2 628	2 656	2 628	2 656	2 664

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	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2
License revenue	103	65	176	90	86	74	145	142	111
Maintenance and support revenue	205	199	204	196	193	196	200	175	165
Consulting revenue	343	322	366	294	357	356	391	287	324
Other revenue	4	3	4	1	4	8	8	8	6
Net revenue	655	589	750	581	640	634	744	612	606
License expenses	-10	-7	-11	-12	-17	-10	-12	-11	-10
Maintenance and support expenses	-83	-74	-84	-72	-69	-78	-93	-71	-74
Consulting expenses	-254	-268	-284	-241	-286	-299	-285	-246	-266
Other expenses	-4	-1	-3	-2	-2	-4	-4	-1	-3
Direct expenses	-351	-350	-382	-327	-374	-391	-394	-329	-353
Gross earnings	304	239	368	254	266	243	350	283	253
Product development expenses	-58	-53	-51	-45	-48	-50	-50	-61	-61
Sales and marketing expenses	-120	-108	-124	-113	-114	-111	-124	-109	-112
Administration expenses	-62	-64	-72	-63	-61	-67	-73	-59	-68
Other operating revenue	1	1	5	-4	-9	18	8	3	1
Other operating expenses	-1	-7	-10	-10	-1	-3	-6	-15	-9
Indirect expenses, net	-240	-231	-252	-235	-233	-213	-245	-241	-249
EBIT	64	8	116	19	33	30	105	42	4
Result from participations in associated companies	0	0	-1	1	-1	0	1	-1	1
Interest expenses	-1	-1	1	-4	-1	-2	-2	-3	-3
Other financial items	-12	-3	2	-7	-5	-13	11	8	5
Earnings before tax	51	4	118	9	26	15	115	46	7
Tax	-15	-1	-28	-3	-9	-5	-51	-16	-1
Earnings for the period	36	3	90	6	17	10	64	30	6
Cash flow after investment operations	92	74	96	-63	32	121	25	-15	-46
Number of employees at the end of the period	2 628	2 658	2 664	2 690	2 656	2 711	2 723	2 699	2 648

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 2009.

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 1.3, 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 2.3, Accounting for Legal Entities, have been applied.

The changes in IFRS that came into force in 2010 have not affected consolidated statements during the period. The changes in IFRAS 3, Business Combinations, and IAS 27, Consolidated and Separate Financial Statements are mandatory for accounting periods that begin on July 1, 2009 or later. With respect to IFRS 3, the changes will apply only to acquisitions made on or after the change came into force, i.e. January 1, 2010. The Group has made no acquisitions or divestments during the second quarter of 2010, but the new principles will be applied to any future acquisitions or divestments. With the exception of these changes, the accounting principles applied are the same as those applied during the previous year.

For detailed information about the accounting principles: see annual report 2009.

FINANCIAL INFORMATION 2010

Interim report, third quarter 2010

October 27, 2010

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 2009 was SKr 2.6 billion.

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