



YEAR-END REPORT

JANUARY–DECEMBER 2011

Strong license sales

FINANCIAL AND OPERATIONAL HIGHLIGHTS

OCTOBER–DECEMBER 2011 (FOURTH QUARTER)

- License revenue amounted to SKr 166 million (Q4 '10: SKr 135 million), an improvement of 26 percent currency adjusted.
- Maintenance revenue was SKr 220 million (Q4 '10: SKr 206 million), an increase by 8 percent currency adjusted.
- Consulting revenue amounted to SKr 355 million (Q4 '10: SKr 383 million), a decrease by 6 percent currency adjusted.
- Net revenue was SKr 745 million (Q4 '10: SKr 729 million), an improvement of 4 percent currency adjusted.
- EBIT amounted to SKr 126 million (Q4 '10: SKr 110 million). Cash flow after investments was SKr 18 million (Q4 '10: SKr 70 million).
- Earnings per share after full dilution grew by 31 percent and amounted to SKr 3.31 (Q4 '10: SKr 2.52).

JANUARY–DECEMBER 2011 (FULL YEAR)

- License revenue amounted to SKr 431 million ('10: SKr 402 million), an improvement of 13 percent currency adjusted.
- Maintenance revenue was SKr 823 million ('10: SKr 811 million), an increase by 7 percent currency adjusted.
- Consulting revenue amounted to SKr 1,311 million ('10: SKr 1,357 million), an improvement of 1 percent currency adjusted.
- Net revenue was SKr 2,576 million ('10: SKr 2,585 million), an increase by 5 percent currency adjusted.
- EBIT amounted to SKr 233 million ('10: SKr 221 million). Cash flow after investments was SKr 94 million ('10: SKr 234 million).
- Earnings per share after full dilution grew by 20 percent and amounted to SKr 5.96 ('10: SKr 4.96).
- Proposed dividend for 2011 amounting to SKr 3.50 per share ('10: SKr 3.00).

OUTLOOK

IFS expects strong organic license growth and improved EBIT in 2012.

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CHIEF EXECUTIVE SUMMARY

The financial year 2011 saw us executing well in our target markets, as reflected in license sales which grew, adjusted for currency, by 13 percent for the full year and by 26 percent in quarter four. As this growth was not the result of any single abnormally large deal, such as typically seen in for example Defense, means the underlying business has continued to show strong performance.

A number of global events disturbed the world economy in 2011 and trading conditions for the year became more difficult than expected at the onset. In particular, the conflict in Libya and the suspension of trading in that country had a negative impact on EBIT of an estimated SKr 16 million. Delays and changes in projects also negatively impacted our consulting business, and the reorganization of our Scandinavian business, even though beneficial going forward, led to a non-recurring charge in the third quarter of SKr 16 million. Also, even though we maintain focus on strict cost efficiency, we have increased our investment in sales & marketing. This we expect will yield results in the longer term but it has, in the shorter term, added to our cost base. Despite this, 2011 was yet again a year when we succeeded in improving our results as EBIT increased with 7 percent (currency adjusted) to SKr 233 million (221), a clear evidence of the resilience of our business.

The troubles of the global financial markets are a concern for all businesses, including IFS. However as was seen in 2008 and 2009, we were able to continue to grow because our target sectors—such as Oil & Gas, EPCI, Power Generation, Defense, and Homeland Security—tend to be less impacted by financial instability. Against this downbeat global economic backdrop industry analysts such as Gartner forecast the software market in general, and the enterprise application market in particular, to grow in the region of 6–7 percent in 2012.

We continue to be recognized as the intelligent choice for global businesses that need to implement sophisticated international business solutions in a timely and cost effective manner. The ERP market is largely a replacement business and our product, IFS Applications, is an increasingly attractive choice as it offers strong integrated industry functionality on a market leading technology platform.

Overall product revenue adjusted for currency grew by 9 percent while consulting revenue increased by 1 percent. The higher growth stemming from license, maintenance and support revenue means product revenue as a percentage of total revenue increased to 49 percent (47), and this ongoing shift in revenue mix is important to maintain as we pursue higher EBIT margins.



In quarter four we acquired our partner in Brazil. This transaction provides us with a well-established direct operation in a country which sees strong activity in our target sectors; with many international customers having operations in the country or are planning to invest there. Brazil also provides us with a base from which to penetrate other Latin American countries. With this acquisition we now have a direct and established presence in all the BRIC economies. As previously commented upon, although we had identified and engaged with a number of other attractive targets during the year, we found the valuations required by their owners to be unattractively high. However, we remain committed to acquisitions. We reaffirm that our target of a 15 percent EBIT margin remains achievable over time and will be reached by a combination of organic and inorganic growth as has been demonstrated over recent years.

For 2012, we expect yet another year with strong organic growth in license revenue and an improved EBIT.


SIGNIFICANT EVENTS DURING THE QUARTER

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

Aerospace and Defense

-  Lockheed Martin
-  Vectra S.A.






Asset-Intensive Industries

-  Nucor Corporation





Automotive

-  Bosmal Sp. z o.o.
-  Falken Tyre Europe GmbH
-  Fortuna Engineering Pvt. Ltd.
-  Sumitomo Rubber Co. Ltd
-  TRI Poland
-  TVS Lanka (PVT) Ltd

Construction, Contracting, and Infrastructure

-  Blue Mountain Properties
-  Clancy Docwra
-  Krishnapatnam Port Company Ltd.
-  Stocznia Gdańsk SA
-  Vigor Industrial LLC


















Energy and Utilities

-  APTransco (Transmission corporation of Andhra Pradesh)
-  Sprint Sp. z o.o.
-  Sri Lanka Telecom Limited
-  VWS Westgarth






High Tech

-  Aspen Surgical Products Inc.
-  Beijer Electronics AB
-  Eizo GmbH
-  Elektron plc
-  Equip-Test Ltd
-  Prevac Sp. z o.o.
-  TCIL (Telecommunications Consultants India Limited)
-  Thoratec Corporation
-  Ultra Electronics PMES
-  Zakład Elektroniki Górniczej "ZEG" S.A.





Industrial Manufacturing

-  Arvind Ltd
-  Baier + Köppel GmbH & Co.
-  Drutex S.A.
-  FCPK Bytów
-  Hexagon - Midco India Private Limited
-  Hoshizaki Co. Ltd
-  Instron (Illinois Tool Works Inc.)
-  Intelligent Energy
-  Olympus Keyed
-  Plast Team
-  Powen S.A.
-  Profim
-  Simplex Engineering & Foundry Works Pvt. Ltd.
-  SITS Sp. z o.o.
-  Sky Aircraft
-  Soil Machines Dynamics
-  TIM SA




Oil and Gas

-  Archer Management AS
-  Bergen Group Hanøytangen
-  Bergen Group Rosenberg
-  Seadrill Management AS
-  Technip

Process Manufacturing

-  Akbar Brothers Limited
-  Daler Rowney
-  Graal S.A.
-  W.M. Mendis & Co. Ltd

Retail

-  Finlays Flowers
-  Thompson and Morgan
-  V-Zug AG

Service Providers

-  DEF

New solution for the Brazilian market

IFS released standard functionality that supports Brazilian legal requirements in IFS Applications, eliminating the need for expensive third-party solutions. Today, IFS has over 100 customers active in Brazil—many of which are global companies in the oil and gas industry. The new version complies with the many complex legal requirements that regulate the Brazilian market, including handling of a number of taxes and so-called *nota fiscal* documents.

Acquisition

On December 14, the Group acquired 100 percent of the capital stock in LatinIFS Tecnologia da Informação S.A. The fair value of identified net assets and liabilities in LatinIFS Tecnologia da Informação S.A. amounts to SKr -58 million, of which SKr 17 million in accounts receivable and tangible assets, SKr 16 million in customer relations, SKr 31 million in tax liabilities and deferred tax, and SKr 50 million in other liabilities. The remaining SKr 48 million represents group goodwill.

The goodwill recognized for the acquisition corresponds to the company's market position and its highly skilled and experienced workforce. Based in São Paulo, with an office in Rio de Janeiro, and with established partners across the Latin American region, the company is well positioned to benefit from the high forecast growth in IFS's target sectors (notably Oil & Gas, Utilities, and Engineering & Construction) in Brazil and across the wider region, leveraging its proven competence in selling and implementing IFS Applications.

The acquired company is included in consolidated revenue for the fourth quarter with SKr 2 million and in EBIT with SKr 0 million. Deferred license revenue of SKr 19 million and acquisition-related expenditure, amounting to SKr 2 million and recognized as other operating expenses, has been recognized in the consolidated earnings for the period.

The prepared acquisition analysis is preliminary.

FINANCIAL OVERVIEW

SKr million	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Net revenue	745	729	2,576	2,585
<i>whereof</i>				
License revenue	166	135	431	402
Maintenance and support revenue	220	206	823	811
Consulting revenue	355	383	1,311	1,357
Gross earnings	397	370	1,242	1,188
<i>whereof</i>				
Licenses	163	128	406	363
Maintenance and support	145	127	551	503
Consulting	88	113	283	316
EBIT	126	110	233	221
EBIT margin	17%	15%	9%	9%
Earnings before tax	122	101	218	189
Earnings for the period	86	69	156	134
Cash flow after investment operations	18	70	94	234

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

Revenue

Net revenue amounted to SKr 745 million (729), an increase of 4 percent currency adjusted. *Americas* contributed most, with an increase in net revenue of 24 percent currency adjusted, mainly due to some large license deals, including Latin. *Europe West* also increased its revenue, primarily its license revenue, which increased by 40 percent currency adjusted. Lower consultancy led to a decrease in revenue in *Europe Central*.

Costs

Total costs amounted to SKr 619 million (619). The on-going focus on cost control and productivity improvements across the group saw total costs increase limited to 2 percent year-over-year currency adjusted. G&A costs were reduced by 9 percent year-over-year currency adjusted. There were investments in sales and marketing in selected markets such as Australia and France. R&D expenditure increased with the launch of IFS Applications 8 coming up in 2012 and work on mobile client solutions.

Earnings

EBIT increased to SKr 126 million (110). The segments contributing most to the improvement were *Americas* and *Eastern Europe*. *Africa, Asia and Pacific* had a lower EBIT, resulting from lower revenue partly due to the continuous uncertain situation in Libya.

Earnings before tax amounted to SKr 122 million (101). Net financial items amounted to SKr -4 million (-9), whereof SKr 0 million (-1) pertain to realized/unrealized exchange losses. Net interest was SKr -1 (-1): interest income was SKr 1million (1) and interest expenses were SKr -2 million (-2).

Tax for the year amounted to SKr 62 million (55), equivalent to a tax rate of 28 percent (29). Tax actually paid amounted to SKr 13 million (13), due to the significant tax losses carried forward.

Earnings for the period amounted to SKr 86 million (69).

Cash flow and investments

Cash flow after investments amounted to SKr 18 million (70). The change in working capital amounted to SKr -79 million (4). The changes in working capital between the years are mainly explained by an increase in accounts receivables, due to timing differences, and a reduction in the change in other current liabilities.

Investments amounted to SKr -68 million (-101), whereof capitalized product development was SKr -44 million (-48).

Cash and cash equivalents totaled SKr 374 million (445) at the end of the period. Available liquid assets, including unutilized lines of credit, amounted to SKr 832 million (894). Liabilities to credit institutions were SKr 52 million (60) at the end of the period.

OUTLOOK

IFS expects strong organic license growth and improved EBIT in 2012.

OTHER INFORMATION

Legal dispute

As previously reported, IFS has been involved since 2002 in a legal dispute concerning the partly-owned company IFS Sri Lanka. This dispute was initiated in Sri Lankan court by one of the other shareholders and pertained to an alleged violation of the articles of association and an agreement between the shareholders. The Court of First Instance dismissed the plaintiff's action in 2008, upon which the plaintiff appealed to the Sri Lankan Court of Appeal. That appeal was subsequently withdrawn in November 2010. The counterparty has now indicated its intention to instigate arbitration proceedings in Singapore, though no formal proceedings have been initiated as yet. Supported by its external legal counsels, IFS's position with respect to the dispute remains unchanged: IFS rejects the counterparty's claims as being completely unmeritorious and unfounded.

Parent Company

Net revenue for the fourth quarter amounted to SKr 4 million (3), with earnings of SKr 159 million (231) before tax. Available liquid assets, including unutilized lines of credit, amounted to SKr 572 million (613).

During the quarter, in accordance with a decision at the AGM, it was resolved to reduce the Group's capital stock by SKr 10,000,000 by cancelling 500,000 series B shares repurchased during 2010. The cancellation process was finalized during the quarter. At the end of the period, 666,981 B shares were in the company's own custody, of which 170,416 were acquired during the quarter for SKr 15 million.

Annual general meeting of shareholders

The annual general meeting of shareholders for 2012 will be held on March 29, 2012 in Stockholm, Sweden. The notification convening the annual general meeting will be published on March 1, 2012, at the latest.

Proposals for resolution of the nomination committee to the annual general meeting (AGM) in Industrial and Financial Systems, IFS AB (publ.)

The nomination committee of Industrial and Financial Systems, IFS AB (“IFS”, the “company”), consisting of Gustaf Douglas (Förvaltnings AB Wasatornet, committee chairman), Ulf Strömsten (Catella Capital), Lars Bergkvist (Lannebo Fonder), Bengt Nilsson (founders), and Anders Böös (chairman of the board of IFS), jointly representing approximately 57 percent of the voting rights in the company, submits the following proposals to the AGM:

- That Anders Böös be appointed to chair the AGM.
- That, as the previous year, the board of directors shall consist of six members without deputies.
- That directors’ fees (including remuneration for work on the audit committee) shall amount to a total of SKr 2,700,000, of which SKr 1,250,000 shall be paid to the chairman of the board and SKr 325,000 shall be paid to each of the remaining board members, with the exception of the CEO. A fee of SKr 100,000 shall be paid to the chairman and SKr 50,000 to other members of the audit committee, both unchanged from the previous year.
- That that auditors’ fees be paid to the company’s auditors according to approved invoices.
- That Anders Böös, Ulrika Hagdahl, Birgitta Klasén, Neil Masom, Bengt Nilsson, and Alastair Sorbie be re-elected to the board, and that Anders Böös remain chairman of the board and Bengt Nilsson remain deputy chairman of the board.
- That, as regards the establishment of a nomination committee for the AGM 2013, the same principles and procedures be applied as for the AGM 2012.

The proposals of the nomination committee will be further outlined in the notice of the AGM. No later than upon the release of the notice will the justification of the committee’s proposals be available on the company website. The complete proposals of the nomination committee, alongside all other proposals and documents to be presented at the AGM, will be available for the shareholders and posted on the company website no later than on March 8, 2012. Said documents will also be sent free of charge to shareholders upon request.

Dividend

The Board of Directors is proposing a dividend for 2011 amounting to SKr 3.50 per share (2010: SKr 3.00).

Annual report

The Annual Report for 2011 will be available on the IFS Web site, www.ifsworld.com, and at the company’s headquarters no later than March 8, 2012. There will be no hard-copy version of the annual report for 2011.

Miscellaneous

The report for the first quarter of 2012 will be published on April 20, 2012.

Linköping, February 8, 2012

The Board of Directors

Audit report

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

CONSOLIDATED INCOME STATEMENT

SKr million	Q4 2011	Q4 2010	Full year 2011	Full year 2010
License revenue	166	135	431	402
Maintenance and support revenue	220	206	823	811
Consulting revenue	355	383	1,311	1,357
Other revenue	4	5	11	15
Net revenue	745	729	2,576	2,585
License expenses	-3	-7	-25	-39
Maintenance and support expenses	-75	-79	-272	-308
Consulting expenses	-267	-270	-1,028	-1,041
Other expenses	-3	-3	-9	-9
Direct expenses	-348	-359	-1,334	-1,397
Gross earnings	397	370	1,242	1,188
Product development expenses	-56	-51	-229	-215
Sales and marketing expenses	-144	-136	-510	-471
Administration expenses	-65	-70	-251	-261
Other operating revenue*	0	0	8	3
Other operating expenses	-6	-3	-27	-23
Indirect expenses, net	-271	-260	-1,009	-967
EBIT	126	110	233	221
Result from participations in associated companies	-1	1	1	1
Interest expenses	-2	-2	-6	-6
Other financial items	-1	-8	-10	-27
Earnings before tax	122	101	218	189
Tax	-36	-32	-62	-55
Earnings for the period	86	69	156	134
Earnings for the period are allocated as follows:				
Owners of the Parent Company (SKr million)	86	68	156	134
Non-controlling interests (SKr million)	0	1	0	0
Earnings per share pertaining to Parent Company shareholders (SKr)	3.38	2.57	6.07	5.06
Earnings per share pertaining to Parent Company shareholders, after full dilution (SKr)	3.31	2.52	5.96	4.96
Number of shares (thousands)				
At the end of the period	25,313	25,943	25,313	25,943
At the end of the period, after full dilution	25,905	26,418	25,905	26,418
Average for the period	25,424	26,442	25,690	26,488
Average for the period, after full dilution	26,016	26,974	26,189	27,029

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SKr million	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Earnings for the period	86	69	156	134
<i>Other comprehensive income</i>				
Exchange rate differences	-5	4	3	-43
Other comprehensive income for the period, net of tax	-5	4	3	-43
Total comprehensive income for the period	81	73	159	91
Total comprehensive income allocated as follows:				
Owners of the Parent Company	81	72	159	91
Non-controlling interests	0	1	0	0

CONSOLIDATED BALANCE SHEET

Assets SKr million	Dec 31 2011	Dec 31 2010
Capitalized expenditure for product development	531	501
Goodwill	354	302
Other intangible fixed assets	68	65
Intangible fixed assets	953	868
Tangible fixed assets	97	84
Participations in associated companies	3	3
Deferred tax receivables	151	189
Other long-term receivables and other participations	35	36
Financial fixed assets	189	228
Non-current assets	1,239	1,180
Accounts receivable	701	664
Other receivables	245	227
Cash and cash equivalents	374	445
Current assets	1,320	1,336
Assets	2,559	2,516
Equity and liabilities SKr million	Dec 31 2011	Dec 31 2010
Share capital	520	529
Other capital contributed	703	701
Accumulated earnings, including earnings for the period and other reserves	78	65
Shareholders' equity pertaining to Parent Company shareholders	1,301	1,295
Non-controlling interests	1	0
Shareholders' equity	1,302	1,295
Liabilities to credit institutions	1	1
Pension obligations	49	57
Other provisions and other liabilities	39	17
Non-current liabilities	89	75
Accounts payable	94	91
Liabilities to credit institutions	51	59
Other provisions and other liabilities	1,023	996
Current liabilities	1,168	1,146
Liabilities	1,257	1,221
Equity and liabilities	2,559	2,516
Pledged assets	663	851
Contingent liabilities	8	9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SKr million	Pertaining to parent company shareholders					Total	Minority interest	Total stockholders' equity
	Share capital	Other contributed capital	Reserves	Profit brought forward				
Opening balance January 1, 2010	531	697	-14	91	1,305	0	1,305	
Total comprehensive income for the period	-	-	-43	134	91	0	91	
New share issue	1	2	-	-	3	-	3	
Issue of call option program, T08B	-	2	-	-	2	-	2	
Dividend	-	-	-	-53	-53	-	-53	
Repurchase of own shares	-	-	-	-50	-50	-	-50	
Repurchase of call options	-	-	-	-3	-3	-	-3	
Cancellation of repurchased shares	-3	-	-	3	0	-	0	
Closing balance December 31, 2010	529	701	-57	122	1,295	0	1,295	
Opening balance January 1, 2011	529	701	-57	122	1,295	0	1,295	
Total comprehensive income for the period	-	-	3	156	159	1	160	
New share issue	1	2	-	-	3	-	3	
Issue of call option program, T09B	-	-	-	1	1	-	1	
Dividend	-	-	-	-78	-78	-	-78	
Repurchase of own shares	-	-	-	-69	-69	-	-69	
Repurchase of call options	-	-	-	-3	-3	-	-3	
Cancellation of repurchased shares	-10	-	-	10	0	-	0	
Changes in participating interest in subsidiaries	-	-	-	-7	-7	-	-7	
Closing balance December 31, 2011	520	703	-54	132	1,301	1	1,302	

CONSOLIDATED STATEMENT OF CASH FLOWS

SKr million	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Earnings before tax	122	101	218	189
Adjustments for items not included in the cash flow	43	66	188	184
Cash flow from operations before change in working capital	165	167	406	373
Change in working capital	-79	4	-96	93
Cash flow from current operations	86	171	310	466
Acquisition of subsidiaries	-10	-53	-19	-53
Acquisition of intangible fixed assets	-49	-41	-168	-154
Cash flow from other investment operations	-9	-7	-29	-25
Cash flow after investment operations	18	70	94	234
Dividend distributed	-	-	-78	-53
Repurchase of own shares	-15	-	-69	-50
Cash flow from other financing operations	43	0	-16	-27
Cash flow for the period	46	70	-69	104
Cash and cash equivalents at the beginning of the period	333	377	445	355
Exchange rate differences in cash and cash equivalents	-5	-2	-2	-14
Cash and cash equivalents at the end of the period	374	445	374	445

CONSOLIDATED ORGANIC NET REVENUE

SKr, million	Q4					Full year				
	Actual 2011	Translation effect	Structural changes	Adjusted 2011	Actual 2010	Actual 2011	Translation effect	Structural changes	Adjusted 2011	Actual 2010
License revenue	166	4	-	170	135	431	24	-10	445	402
Maintenance and support revenue	220	2	-	222	206	823	42	-8	857	811
Total product revenue	386	6	0	392	341	1,254	66	-18	1,302	1,213
Consulting revenue	355	4	-2	357	383	1,311	61	-5	1,367	1,357
Net revenue (including other revenue)	745	11	-2	754	729	2,576	128	-23	2,681	2,585

CONSOLIDATED ORGANIC OPERATING EXPENSES

SKr, million	Q4					Full year				
	Actual 2011	Translation effect	Structural changes	Adjusted 2011	Actual 2010	Actual 2011	Translation effect	Structural changes	Adjusted 2011	Actual 2010
Operating expenses	619	12	-2	629	619	2,343	124	-25	2,442	2,364
Capital gains/losses	0	0	-	0	0	0	0	-	0	0
Exchange rate gains/losses	-5	1	0	-4	-3	1	1	0	2	-13
Restructuring costs/redundancy costs	-5	0	-	-5	1	-24	0	-	-24	-8
Reversal of restructuring costs	3	0	-	3	0	3	0	-	3	1
Amortization/depreciation and net capitalization of prod. development	10	-1	-	9	-3	-9	-3	0	-12	-16
Adjusted operating expenses	622	12	-2	632	614	2,314	122	-25	2,411	2,328

CONSOLIDATED SEGMENT REPORTING, FOURTH QUARTER

FOURTH QUARTER SKr million	Europe North		Europe West		Europe Central	
	2011	2010	2011	2010	2011	2010
License revenue	42	35	35	28	22	22
Maintenance and support revenue	85	80	44	37	21	19
Consulting revenue	187	192	40	38	35	46
Other revenue	0	3	0	1	1	0
Total external revenue	314	310	119	104	79	87
Internal revenue	9	11	15	17	7	5
Total revenue	323	321	134	121	86	92
External operating expenses	-197	-186	-89	-80	-59	-63
Internal operating expenses	-17	-20	-6	-2	-5	-6
Other operating items, net	-2	0	-1	-1	0	-1
Operating expenses	-216	-206	-96	-83	-64	-70
EBIT, undistributed	107	115	38	38	22	22
Numbers of employees						
Average for the period	576	574	289	255	198	189
At the end of the period	567	571	295	263	196	190
FOURTH QUARTER SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2011	2010	2011	2010	2011	2010
License revenue	9	10	39	14	19	24
Maintenance and support revenue	13	14	31	29	17	20
Consulting revenue	24	25	39	41	21	31
Other revenue	0	1	0	0	2	1
Total external revenue	46	50	109	84	59	76
Internal revenue	4	4	9	12	4	6
Total revenue	50	54	118	96	63	82
External operating expenses	-40	-47	-61	-61	-52	-48
Internal operating expenses	0	0	-4	-2	-4	-6
Other operating items, net	2	-1	0	0	-3	-1
Operating expenses	-38	-48	-65	-63	-59	-55
EBIT, undistributed	12	6	53	33	4	27
Numbers of employees						
Average for the period	273	268	206	193	291	294
At the end of the period	275	268	248	193	291	295
FOURTH QUARTER SKr million	Defense		Corporate items *		GROUP	
	2011	2010	2011	2010	2011	2010
License revenue	0	0	0	2	166	135
Maintenance and support revenue	7	7	2	0	220	206
Consulting revenue	7	5	2	5	355	383
Other revenue	0	0	1	-1	4	5
Total external revenue	14	12	5	6	745	729
Internal revenue	3	8	-51	-63	0	0
Total revenue	17	20	-46	-57	745	729
External operating expenses	-9	-12	-106	-119	-613	-616
Internal operating expenses	-4	-6	40	42	0	0
Other operating items, net	-1	1	-1	0	-6	-3
Operating expenses	-14	-17	-67	-77	-619	-619
EBIT, undistributed	3	3	-113	-134	126	110
Numbers of employees						
Average for the period	46	44	896	834	2,775	2,651
At the end of the period	46	45	903	850	2,821	2,675

* Undistributed corporate revenue and expenses

CONSOLIDATED SEGMENT REPORTING, FULL YEAR

FULL YEAR SKr million	Europe North		Europe West		Europe Central	
	2011	2010	2011	2010	2011	2010
License revenue	104	104	103	97	44	43
Maintenance and support revenue	331	321	151	132	75	71
Consulting revenue	637	624	164	140	153	171
Other revenue	1	5	0	1	2	1
Total external revenue	1,073	1,054	418	370	274	286
Internal revenue	32	48	49	46	22	16
Total revenue	1,105	1,102	467	416	296	302
External operating expenses	-698	-686	-316	-282	-225	-231
Internal operating expenses	-67	-69	-21	-22	-20	-23
Other operating items, net	-19	-3	-1	-1	0	-1
Operating expenses	-784	-758	-338	-305	-245	-255
EBIT, undistributed	321	344	129	111	51	47
Numbers of employees						
Average for the period	576	574	279	244	193	191
At the end of the period	567	571	295	263	196	190
FULL YEAR SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2011	2010	2011	2010	2011	2010
License revenue	44	57	90	43	45	54
Maintenance and support revenue	55	59	117	124	61	70
Consulting revenue	94	106	150	159	83	122
Other revenue	2	2	0	0	4	4
Total external revenue	195	224	357	326	193	250
Internal revenue	15	17	35	43	16	14
Total revenue	210	241	392	369	209	264
External operating expenses	-178	-203	-243	-254	-195	-189
Internal operating expenses	-1	-1	-10	-9	-10	-24
Other operating items, net	5	-3	0	0	0	-5
Operating expenses	-174	-207	-253	-263	-205	-218
EBIT, undistributed	36	34	139	106	4	46
Numbers of employees						
Average for the period	269	271	198	193	289	294
At the end of the period	275	268	248	193	291	295
FULL YEAR SKr million	Defense		Corporate items *		GROUP	
	2011	2010	2011	2010	2011	2010
License revenue	1	2	0	2	431	402
Maintenance and support revenue	27	29	6	5	823	811
Consulting revenue	25	27	5	8	1,311	1,357
Other revenue	0	0	2	2	11	15
Total external revenue	53	58	13	17	2,576	2,585
Internal revenue	16	25	-185	-209	0	0
Total revenue	69	83	-172	-192	2,576	2,585
External operating expenses	-46	-52	-423	-447	-2,324	-2,344
Internal operating expenses	-19	-24	148	172	0	0
Other operating items, net	-1	-2	-3	-5	-19	-20
Operating expenses	-66	-78	-278	-280	-2,343	-2,364
EBIT, undistributed	3	5	-450	-472	233	221
Numbers of employees						
Average for the period	45	48	867	829	2,716	2,644
At the end of the period	46	45	903	850	2,821	2,675

* Undistributed corporate revenue and expenses

INCOME STATEMENT OF THE PARENT COMPANY

SKr million	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Net revenue	4	3	17	18
Administration expenses	-8	-9	-23	-29
Other operating revenue	0	0	0	0
EBIT	-4	-6	-6	-11
Result from participations in subsidiaries	149	229	171	228
Financial revenue	19	22	65	63
Financial expenses	-5	-14	-28	-59
Earnings before tax	159	231	202	221
Tax	-32	-6	-38	-4
Earnings for the period	127	225	164	217

BALANCE SHEET OF THE PARENT COMPANY

SKr million	Dec 31 2011	Dec 31 2010
Assets		
Participations in subsidiaries	992	987
Deferred tax receivables	38	76
Receivables in subsidiaries	73	72
Other long-term receivables and other participations	8	8
Financial fixed assets	1,111	1,143
Non-current assets	1,111	1,143
Receivables in subsidiaries	1,109	700
Prepaid expenses and accrued income	9	12
Cash and cash equivalents	114	164
Current assets	1,232	876
Assets	2,343	2,019
Equity and liabilities		
Share capital	520	529
Statutory reserve	573	573
Retained earnings, including earnings for the period and share premium reserve	608	581
Shareholders' equity	1,701	1,683
Provisions for pensions and similar commitments	2	2
Liabilities to credit institutions	41	56
Liabilities to subsidiaries	579	258
Other liabilities	20	20
Current liabilities	640	334
Shareholders' equity and liabilities	2,343	2,019

OUTSTANDING SHARES

	A shares	B shares	TOTAL
Number of shares on January 1, 2011	1,387,270	25,055,652	26,442,922
Conversion of series-A shares into series-B shares	-12,262	12,262	-
Cancellation of shares bought back	-	-500,000	-500,000
Use of options TO6B and TO7B	-	37,000	37,000
Number of shares on December 31, 2011	1,375,008	24,604,914	25,979,922
Repurchasing of shares, in own custody	-	-666,981	-666,981
Number of outstanding shares on December 31, 2011	1,375,008	23,937,933	25,312,941
Number of voting rights on December 31, 2011	1,375,008	2,393,793	3,768,801
Additional shares after full dilution	-	591,616	591,616
Number of shares on December 31, 2011 after full dilution	1,375,008	24,529,549	25,904,557

KEY FIGURES FOR THE GROUP

		Q4 2011	Q4 2010	Full year 2011	Full year 2010
Revenue indicator					
Net revenue per employee	SKr, '000	268	275	948	978
Expense and expenditure indicators					
Product development expenses/net revenue	%	8%	7%	9%	8%
Sales and marketing expenses/net revenue	%	19%	19%	20%	18%
Administration expenses/net revenue	%	9%	10%	10%	10%
Amortization and depreciation	SKr, M	-34	-51	-172	-173
of which amortization of capitalized product development expenditure	SKr, M	-23	-35	-132	-136
Capitalized product development expenditure	SKr, M	44	48	164	157
Margin indicators					
License margin	%	98%	95%	94%	90%
Maintenance and support margin	%	66%	62%	67%	62%
Consulting margin	%	25%	30%	22%	23%
Gross margin	%	53%	51%	48%	46%
EBIT margin	%	17%	15%	9%	9%
Earnings margin	%	16%	14%	8%	7%
Return on average operating capital	%	13%	12%	26%	23%
Capital indicators					
Equity/assets ratio	%	51%	51%	51%	51%
Accounts receivable (average 12 months)/net revenue (rolling 12 months)	%	19%	21%	20%	21%
Interest-bearing liabilities	SKr, M	101	117	101	117
Liquidity indicators					
Net liquidity	SKr, M	322	385	322	385
Debt/equity ratio	times	0.1	0.1	0.1	0.1
Employees					
Average for the period		2,775	2,651	2,716	2,644
At the end of the period		2,821	2,675	2,821	2,675

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

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 2010.

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 revised RFR 2 is applied from 2011 regarding the reporting of Group contributions, which also results in adjustment of the comparative year.

As of January 1, 2011, certain amendments to existing standards and new interpretations (IFRIC) came into force. Our assessment is that these will not have any impact on Group accounting.

For detailed information about the accounting principles: see annual report 2010.

FINANCIAL INFORMATION 2012

Interim report January–March 2012	April 20, 2012
Interim report January–June 2012	July 19, 2012
Interim report January–September 2012	October 25, 2012

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 2,800 employees and net revenue in 2011 was SKr 2.6 billion.

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