

Strong license growth

FINANCIAL AND OPERATIONAL HIGHLIGHTS

APRIL–JUNE 2015 (SECOND QUARTER)

- License revenue amounted to SKr 181 million (Q2 '14: SKr 134 million), an increase of 25 percent currency adjusted.
- Maintenance revenue was SKr 287 million (Q2 '14: SKr 256 million), an improvement of 3 percent currency adjusted.
- Consulting revenue amounted to SKr 396 million (Q2 '14: SKr 354 million), an increase of 5 percent currency adjusted.
- Net revenue totaled SKr 867 million (Q2 '14: SKr 745 million), an improvement of 8 percent currency adjusted.
- Adjusted EBITDA was SKr 96 million (Q2 '14: SKr 85 million). EBIT amounted to SKr 64 million (Q2 '14: SKr 70 million).
- Cash flow after investments was SKr -8 million (Q2 '14: SKr 30 million).
- Earnings per share after full dilution amounted to SKr 1.83 (Q2 '14: SKr 1.91).

JANUARY–JUNE 2015 (SIX MONTHS)

- License revenue amounted to SKr 296 million (YTD '14: SKr 241 million), an increase of 12 percent currency adjusted.
- Maintenance revenue was SKr 578 million (YTD '14: SKr 505 million), an improvement of 4 percent currency adjusted.
- Consulting revenue amounted to SKr 770 million (YTD '14: SKr 689 million), an increase of 4 percent currency adjusted.
- Net revenue totaled SKr 1,649 million (YTD '14: SKr 1,439 million), an improvement of 5 percent currency adjusted.
- Adjusted EBITDA was SKr 159 million (YTD '14: SKr 135 million). EBIT amounted to SKr 115 million (YTD '14: SKr 95 million).
- Cash flow after investments was SKr 64 million (YTD '14: SKr 163 million).
- Earnings per share after full dilution amounted to SKr 3.33 (YTD '14: SKr 2.50).

OUTLOOK

For 2015, IFS expects good growth in both license revenue and EBIT.

INQUIRIES

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CHIEF EXECUTIVE SUMMARY

Strong license growth

License revenue saw strong growth in quarter two, 25 percent currency adjusted. This growth is attributable to good performance in our target market that includes offshore, EPCI, infrastructure, service management, process and industrial manufacturing. IFS not only provides an advanced solution for these businesses but is also able to demonstrate notable success in delivering global projects at lower cost and risk. This combination in capabilities is the main factor contributing to our attractiveness for demanding global customers. The expected pick up in license revenue growth in quarter two means our year-to-date growth now stands at 12 percent currency adjusted.

During May we announced the release of Applications 9 at our World User Conference in Boston. This new version has further increased the appeal of our product in the market and created additional interest within our customer base in upgrading its systems to this new release. We also announced that we had now passed the milestone of having one million IFS Applications users. This is significant as this expanding population is increasing its investment in our product, which has also contributed to the growth in license sales.

Our retention of customers remains high. The growth in maintenance and support revenue, 3 percent currency adjusted, was lower than previous quarters but the same quarter last year benefitted from a one-off recognition in previously unrecognized revenue. The underlying growth was 6 percent, with a margin of 73 percent. The increase in our consulting margin to 25 percent (Q2 '14: 19) is in part the result of the heavy investment made in recent years in developing our partner ecosystem. Our activity with partners continues to increase in momentum and especially our partner-based cloud offering.

Adjusted EBITDA in the quarter improved to SKr 96 million (85) whereas EBIT decreased to SKr 64 million (70), reflecting

higher amortization and currency-related losses. In addition, a major impact on overall earnings in quarter two was the temporary increase of SKr 50 million in sales and marketing expenses following the release of Applications 9 and the World User Conference in Boston. Spikes in sales and marketing expenses could be expected from time to time in connection with major events and releases. Our underlying operating expenses continue to be in good shape, with an increase of 2 percent in quarter two, adjusted for the aforementioned temporary spike in sales and marketing expenses and currency.

We continue to pursue an active agenda for mergers and acquisitions to add further breadth to our offering and to add value to our business. This can be seen in our recent acquisition of VisionWaves, which was announced after the close of the second quarter. The acquisition of VisionWaves adds a strategic complimentary product that provides operational intelligence, one of the fastest-growing sectors for enterprise applications. VisionWaves, which has been sold previously as a partner product, is expected to further improve the perception of IFS by both industry analysts and global system integrators.

For 2015, industry analyst firms such as Gartner remain cautious and expect the ERP market's development to be slightly below the past year's, with a growth in software revenue in the 7 percent range.


We continue to expect good growth in both license revenue and EBIT in 2015.

Alastair Sorbie
PRESIDENT & CEO


SIGNIFICANT EVENTS DURING THE QUARTER

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

Aerospace and Defense


 BAE Systems

Asset Intensive


 Holmen

Construction and Contracting


 AIC Steel


 Mostostal Zabrze S.A.


 MWH Treatment


 NG Bailey Group

Energy and Utilities


 Chesapeake Utilities Corporation


 Jönköping Energi

 JSC Energo-Pro

 Nordmøre Energiverk

High Tech


 BHE Bonn Hungary Elektronikai


 Sierra Wireless

 Sunbelt Transformer


Industrial Manufacturing

 Aludium Transformación de Productos

 AOA Apparatebau Gauting


 CC Höganäs Byggkeramik

 OSMA-Aufzüge

 Polypipe


 Robertson Fuel System

 Saueressig

 Shapes Precision Manufacturing

 Superior Graphite Company

 Tennsco Corporation

 Vegum


Oil and Gas

 Interwell

 Maersk Drilling Services


Process Manufacturing


 Açotubo

 Diamond Pet Foods

 Evotec (UK)


 Kanes Foods

 Marabu


 Oxford Biomedica

 Richardson International

Retail and Wholesale


 Ingram Micro Mobility

 Sanitec Europe


 Systembolaget

Service Providers

 Eitel Networks Infranet


 J Tomlinson

 Lassila & Tikanoja

 Reliance Home Comfort

 Sporveien Oslo

Other

 Tribunal de Justiça RJ

Major company announcements at IFS World Conference

May 5–7. At IFS World Conference in Boston, IFS launched IFS Applications 9, the new core version of its enterprise applications suite. During the conference, IFS also announced the global availability of the cloud offering IFS Managed Cloud on Microsoft Azure, its plans to launch in-memory capabilities, as well as a host of updates of its enterprise service management suite. In addition, IFS was proud to announce that it had reached the one million mark in terms of users.

Finnish L&T selects IFS Enterprise Service Management

May 11. L&T, a leading provider of property maintenance and recycling services, chose to implement IFS Applications 9 to support processes including service management, mobile work order, and mobile workforce management. The IFS solution will be deployed for more than 1,000 employees.

ARC Advisory Group identifies IFS as industry leader

May 28. Leading information technology research and advisory firm ARC Advisory Group identified IFS as the number one vendor in terms of market share of enterprise asset management (EAM) and field service management (FSM) solutions for the aerospace & defense and oil & gas industries.

Maersk Drilling and IFS strengthen partnership

May 29. IFS announced that Maersk Drilling is live on IFS Applications and that the companies will collaborate on the development of advanced maintenance planning functionality. The agreement included additional licenses worth approximately US\$ 1.8 million.

Engineering company signs £ 1 million contract with IFS

June 1. MWH is a global company providing technical engineering, construction services and consulting solutions to protect, enhance, store and distribute water. MWH expanded its use of IFS Applications by purchasing additional user licenses to support its expansion through a number of joint venture projects.

Capgemini joins IFS Partner Network

June 3. Through the partnership, Capgemini will train and certify consultants through IFS Academy to develop its IFS competence. Capgemini's IFS Solution Centers in France and India employ around 90 consultants providing implementation, rollout, support, and maintenance services worldwide.

Aluminum producer to optimize efficiency with IFS Applications

June 15. Aludium, a leading European producer of aluminum products, has chosen to deploy a comprehensive ERP solution from IFS at its plants in Spain and France. The agreement is worth in excess of € 1 million and the solution is expected to be fully implemented during Q1 2016.

Steel producer Açotubo Group invests in IFS Applications

June 15. São Paulo-based Açotubo, one of Brazil's largest steel producers and distributors, invested US\$ 1.3 million to deploy a comprehensive cloud-based ERP solution from IFS to manage the company's complex operations, including procurement, manufacturing, planning, and maintenance.

IFS aims for African growth with Fourier-E

June 17. South African consultancy Fourier-E Consultation Services joined the IFS Partner Network as implementation partner to help expand IFS's African business. The companies will collaborate to support customers with ERP and EAM solutions in South Africa and Sub-Saharan Africa.

Global telecom company expands use of IFS Applications

June 25. A telecom company chose to expand its use of IFS's solutions to support a smart metering project. IFS Applications will be the central engine for handling cases and assigning work orders to field service staff. The agreement is valued at approximately SKr 12.5 million.

Elevator manufacturer OSMA selects IFS Applications 9

June 26. Germany's second largest elevator manufacturer OSMA chose IFS Applications to replace a legacy ERP solution and streamline work processes for 600 employees, including 180 service technicians. The agreement includes licenses and services valued at approximately € 2.4 million.

High-tech manufacturer invests in IFS Applications 9

June 26. A global high-tech manufacturer based in Northern Europe has chosen to invest in IFS Applications 9 to help the company enhance its core business processes, comprising high-tech manufacturing and service management. The agreement is valued at approximately SKr 11.5 million.

IFS signs US\$ 2 million deal with oil and gas company

June 30. Norwegian Interwell, a leading provider of well solutions for oil and gas recovery, has chosen IFS Applications to enhance its operational efficiency. The IFS solution will be used by some 400 Interwell staff in Norway, the UK, the US, and the United Arab Emirates.

The Swedish alcohol monopoly upgrades to IFS Applications 9

June 30. Systembolaget will upgrade and expand its current IFS solution to ensure increased user satisfaction and business value. IFS Applications 9 will be used by 4,000 employees in more than 400 stores. The agreement includes licenses worth approximately SKr 13 million.

FINANCIAL OVERVIEW

SKr million	Q2 2015	Q2 2014	Jan.–June 2015	Jan.–June 2014	July–June 2014/15	July–June 2013/14	Full year 2014
Net revenue	867	745	1,649	1,439	3,244	2,844	3,034
<i>whereof</i>							
License revenue	181	134	296	241	613	562	558
Maintenance and support revenue	287	256	578	505	1,110	960	1,037
Consulting revenue	396	354	770	689	1,508	1,312	1,427
Gross earnings	480	378	881	713	1,724	1,485	1,556
<i>whereof</i>							
Licenses	171	119	280	209	576	512	505
Maintenance and support	209	194	426	380	819	719	773
Consulting	98	66	174	124	328	253	278
EBIT	64	70	115	95	295	322	275
EBIT margin	7%	9%	7%	7%	9%	11%	9%
Earnings before tax	63	64	115	85	288	308	258
Earnings for the period	47	48	87	63	235	238	211
Cash flow after investment operations	-8	30	64	163	170	199	269

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

Revenue

Net revenue amounted to SKr 867 million (745), an increase of 8 percent currency adjusted, mainly due to higher license sales but all revenue lines were up. Europe North and Europe West contributed the most to the license growth, with an increase of 23 percent and 118 percent respectively, currency adjusted.

Costs

Operating expenses amounted to SKr 803 million (675), an increase of 9 percent, currency adjusted. Cost of revenue decreased by 3 percent, currency adjusted, mainly as a result of lower sales of third-party products. Other operating expenses, net, increased by 23 percent, currency adjusted, due mainly to higher costs in sales, marketing, and R&D, including a temporary increase of SKr 50 million in sales and marketing expenses following the release of Applications 9 and the World User Conference in Boston in May. Adjusted for these planned temporarily higher costs, operating expenses increased by 2 percent, currency adjusted.

Earnings

Adjusted EBITDA increased to SKr 96 million (85) and EBIT decreased to SKr 64 million (70).

Earnings before tax amounted to SKr 63 million (64). Net financial items amounted to SKr -1 million (-6), whereof SKr 1 million (-3) pertain to realized/unrealized exchange gains/losses. Interest expenses were SKr -2 (-2).

Earnings for the period amounted to SKr 47 million (48).

Cash flow and investments

Cash flow after investments amounted to SKr -8 million (30). The change in working capital amounted to SKr -90 million (-19). Investments amounted to SKr -52 million (-58), whereof capitalized product development was SKr -45 million (-47).

Cash and cash equivalents totaled SKr 408 million (370) at the end of the period. Available liquid assets, including unutilized lines of credit, amounted to SKr 884 million (731). Liabilities to credit institutions were SKr 99 million (139) at the end of the period.

OUTLOOK

For 2015, IFS expects good growth in both license revenue and EBIT.

OTHER INFORMATION

Parent Company

Net revenue amounted to SKr 7 million (4), with earnings of SKr 12 million (-1) before tax. Available liquid assets, including unutilized lines of credit, amounted to SKr 644 million (475). During the quarter, the company signed a new financing facility of SKr 575 million with a term of three years. The facility is unsecured and certain Group subsidiaries have provided guarantees.

During the quarter, the company bought back warrants with a value of SKr 9 million and a dividend amounting to SKr 111 million was paid. At the end of the period, 200,000 B shares were in the company's own custody.

Pensions

The movements arising on the revaluation of the defined-benefit pension plans are booked in 'other comprehensive income.' Due mainly to the increase in the discount rate applied in the quarter (in Sweden from 2.7 percent to 3.7 percent) the actuarial valuation of the pension obligations has been decreased in the second quarter by SKr 124 million.

Legal dispute in Sri Lanka

As reported previously, IFS has been involved in a legal dispute that was instituted in Sri Lankan courts in 2002 by the other major shareholder of the partly-owned company IFS Sri Lanka.

Following dismissal of the case by the local court in 2008 and ensuing arbitration proceedings in Singapore, the dispute was finally decided in a Final Award issued in June 2014. Confirming IFS's position that the counterparty's allegations were completely unfounded, the Final Award rejected the counterparty's claims, declared that IFS had not committed any of the alleged contract breaches, and awarded IFS compensation from the counterparty for legal costs. The Final Award has gained full legal force.

IFS has recently received notice that the counterparty has requested a leave for a legal action in Sri Lankan courts that entails a reexamination of the merits of the case. It is IFS's unequivocal position that the case has been finally settled by the Final Award and that there are no grounds whatsoever for any leave to be granted by the court.

Event occurring after the end of the period

Acquisition. On July 6, IFS acquired 100 percent of the capital stock in VisionWaves B.V. (Netherlands, reg. no. 30165276) for a total consideration of up to € 12.4 million. Of this, € 1.2 million is contingent on achievement of license revenue targets in full-year 2015 and full-year 2016. All of the consideration is payable in cash.

The purpose of the acquisition of VisionWaves is to strengthen IFS products, leveraging VisionWaves' ability to map, monitor, and manage end-to-end business processes across multiple business units, data sources, and applications, to enable IFS customers globally, across all IFS focus industries, to accelerate strategy realization and boost business performance. Based in the Netherlands and with a sales office in the United States, the company is recognized by key industry analysts as a leader in operational intelligence.

The acquisition of VisionWaves was carried out close to the date of publication of this interim report. Therefore, the accounting for business combination is still incomplete, meaning that most of the information as required by IFRS 3 paragraph B64 cannot be disclosed in this report. VisionWaves will be included in IFS's consolidated statements as of quarter three 2015 and is expected to have a relative limited positive impact on earnings per share in 2015.

A preliminary acquisition analysis will be presented in the report of quarter three 2015.

Repurchase of own shares. The board of directors has decided, on the basis of the authorization received from the annual general meeting 2015, to repurchase a maximum of 250,000 B shares in IFS, which corresponds to approximately 1 percent of all shares in the company, for a maximum aggregate consideration of SKr 70 million. The purpose of the repurchase program is to hedge the company's long-term incentive programs, accord the board a greater possibility to adjust the company's capital structure, and thereby contribute to increased stockholder value. Repurchases will be made as soon as possible, during the period from July 21 up to December 23, 2015 at the latest, subject to prevailing legal provisions.

Miscellaneous

The report for the third quarter of 2015 will be published on October 22, 2015.

Linköping, July 21, 2015

Anders Böös
CHAIRMAN OF THE BOARD

Gunilla Carlsson
BOARD MEMBER

Ulrika Hagdahl
BOARD MEMBER

Birgitta Klasén
BOARD MEMBER

Neil Masom
BOARD MEMBER

Bengt Nilsson
DEPUTY CHAIRMAN OF THE BOARD

Alastair Sorbie
PRESIDENT & CEO

Audit report

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

CONSOLIDATED INCOME STATEMENT

SKr million	Q2 2015	Q2 2014	Jan.–June 2015	Jan.–June 2014	July–June 2014/15	July–June 2013/14	Full year 2014
License revenue	181	134	296	241	613	562	558
Maintenance and support revenue	287	256	578	505	1,110	960	1,037
Consulting revenue	396	354	770	689	1,508	1,312	1,427
Other net revenue	3	1	5	4	13	10	12
Net revenue	867	745	1,649	1,439	3,244	2,844	3,034
License expenses	-10	-15	-16	-32	-37	-50	-53
Maintenance and support expenses	-78	-62	-152	-125	-291	-241	-264
Consulting expenses	-298	-288	-596	-565	-1,180	-1,059	-1,149
Other net expenses	-1	-2	-4	-4	-12	-9	-12
Cost of revenue	-387	-367	-768	-726	-1,520	-1,359	-1,478
Gross earnings	480	378	881	713	1,724	1,485	1,556
Product development expenses	-89	-78	-170	-149	-324	-279	-303
Sales and marketing expenses	-215	-146	-387	-296	-726	-613	-635
Administration expenses	-103	-78	-194	-157	-349	-305	-312
Other revenue	1	1	1	2	3	15	4
Other expenses*	-8	-7	-14	-18	-31	-40	-35
Result from associated companies and joint venture	-2	-	-2	-	-2	59	-
Other operating expenses, net	-416	-308	-766	-618	-1,429	-1,163	-1,281
EBIT	64	70	115	95	295	322	275
Interest expenses	-2	-2	-4	-4	-8	-10	-8
Other financial items	1	-4	4	-6	1	-4	-9
Earnings before tax	63	64	115	85	288	308	258
Tax	-16	-16	-28	-22	-53	-70	-47
Earnings for the period	47	48	87	63	235	238	211
Earnings for the period are allocated as follows:							
Owners of the Parent Company (SKr million)	46	48	84	63	234	238	213
Non-controlling interests (SKr million)	1	0	3	0	1	0	-2
Earnings per share pertaining to Parent Company shareholders (SKr)	1.86	1.94	3.39	2.54	9.45	9.61	8.60
Earnings per share pertaining to Parent Company shareholders, after full dilution (SKr)	1.83	1.91	3.33	2.50	9.28	9.44	8.45
Number of shares (thousands)							
At the end of the period	24,772	24,772	24,772	24,772	24,772	24,772	24,772
At the end of the period, after full dilution	25,361	25,244	25,361	25,244	25,361	25,244	25,177
Average for the period	24,772	24,772	24,772	24,772	24,772	24,772	24,772
Average for the period, after full dilution	25,202	25,131	25,190	25,161	25,216	25,204	25,202

* Other expenses includes exchange rate differences, net, and other expenses.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SKr million	Q2 2015	Q2 2014	Jan.–June 2015	Jan.–June 2014	June–July 2014/15	June–July 2013/14	Full year 2014
Earnings for the period	46	48	87	63	235	238	211
Other comprehensive income							
<i>Items not to be reversed in the income statement</i>							
Revaluation of defined-benefit pension plans	124	32	35	-	-65	16	-100
Revaluation of defined-benefit pension plans related to joint venture	-	-	-	-	-	5	-
<i>Items that can later be reversed in the income statement</i>							
Exchange rate differences	-17	30	15	40	81	34	106
Other comprehensive income for the period, net of tax	107	62	50	40	16	55	6
Total comprehensive income for the period	153	110	137	103	251	293	217
Total comprehensive income allocated as follows:							
Owners of the Parent Company	152	110	134	103	250	293	219
Non-controlling interests	1	0	3	0	1	0	-2

CONSOLIDATED BALANCE SHEET

SKr million	June 30 2015	June 30 2014	Dec. 31 2014
ASSETS			
Capitalized expenditure for product development	617	603	608
Goodwill	469	419	452
Other intangible fixed assets	69	98	84
Intangible fixed assets	1,155	1,120	1,144
Tangible fixed assets			
Participations in associated companies and joint venture	2	4	4
Deferred tax receivables	143	134	146
Other long-term receivables and other participations	26	24	28
Financial fixed assets	171	162	178
Non-current assets	1,447	1,379	1,437
Accounts receivable	669	543	790
Other receivables	351	265	312
Cash and cash equivalents	408	370	489
Current assets	1,428	1,178	1,591
Assets	2,875	2,557	3,028
EQUITY AND LIABILITIES			
Share capital	499	499	499
Other capital contributed	688	691	694
Accumulated earnings, including earnings for the period and other reserves	192	53	169
Shareholders' equity pertaining to Parent Company shareholders	1,379	1,243	1,362
Non-controlling interests	1	-1	-2
Shareholders' equity	1,380	1,242	1,360
Liabilities to credit institutions	0	0	0
Pension obligations	113	54	168
Other provisions and other liabilities	20	49	14
Non-current liabilities	133	103	182
Accounts payable	102	87	127
Liabilities to credit institutions	99	139	130
Other provisions and other liabilities	1,161	986	1,229
Current liabilities	1,362	1,212	1,486
Liabilities	1,495	1,315	1,668
Equity and liabilities	2,875	2,557	3,028
Pledged assets	25	820	903
Contingent liabilities	15	21	17

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SKr, million	Pertaining to parent company shareholders					Non-controlling interests	Total stockholders' equity
	Share capital	Other contributed capital	Reserves	Profit brought forward	Total		
Opening balance January 1, 2014	499	701	-94	131	1,237	0	1,237
Total comprehensive income for the period	-	-	40	63	103	-1	102
Dividend	-	-	-	-87	-87	-	-87
Repurchase of call options	-	-10	-	-	-10	-	-10
Closing balance June 30, 2014	499	691	-54	107	1,243	-1	1,242
Opening balance January 1, 2015	499	694	12	157	1,362	-2	1,360
Total comprehensive income for the period	-	-	15	119	134	3	137
Share-based payments	-	4	-	-	4	-	4
Dividend	-	-	-	-111	-111	-	-111
Repurchase of call options	-	-10	-	-	-10	-	-10
Closing balance June 30, 2015	499	688	27	165	1,379	1	1,380

CONSOLIDATED STATEMENT OF CASH FLOWS

SKr million	Q2 2015	Q2 2014	Jan.–June 2015	Jan.–June 2014	July–June 2014/15	July–June 2013/14	Full year 2014
Earnings before tax	63	64	115	85	288	308	258
Adjustments for items not included in the cash flow	71	43	121	85	228	105	192
Cash flow from operations before change in working capital	134	107	236	170	516	413	450
Change in working capital	-90	-19	-55	105	-109	64	51
Cash flow from current operations	44	88	181	275	407	477	501
Acquisition of intangible fixed assets	-44	-51	-98	-99	-191	-241	-192
Cash flow from other investment operations	-8	-7	-19	-13	-46	-37	-40
Cash flow after investment operations	-8	30	64	163	170	199	269
Dividend distributed	-111	-87	-111	-87	-111	-87	-87
Cash flow from other financing operations	-8	-11	-43	-68	-52	-12	-77
Cash flow for the period	-127	-68	-90	8	7	100	105
Cash and cash equivalents at the beginning of the period	540	431	489	354	370	272	354
Exchange rate differences in cash and cash equivalents	-5	7	9	8	31	-2	30
Cash and cash equivalents at the end of the period	408	370	408	370	408	370	489

CONSOLIDATED ORGANIC NET REVENUE AND OPERATING EXPENSES

SKr, million	Q2				January–June			
	Actual 2015	Translation effect	Adjusted 2015	Actual 2014	Actual 2015	Translation effect	Adjusted 2015	Actual 2014
NET REVENUE								
License revenue	181	-14	167	134	296	-26	270	241
Maintenance and support revenue	287	-23	264	256	578	-52	526	505
Total product revenue	468	-37	431	390	874	-78	796	746
Consulting revenue	396	-25	371	354	770	-55	715	689
Net revenue (including other net revenue)	867	-63	804	745	1,649	-134	1,515	1,439
OPERATING EXPENSES								
Operating expenses	803	-67	736	675	1,534	-136	1,398	1,344
EBIT	64	4	68	70	115	2	117	95
Other income/costs net	0	0	0	0	-2	0	-2	-1
Capital gains/losses	0	-	0	0	-	-	-	0
Exchange rate gains/losses	-9	0	-9	-3	-13	0	-13	-9
Restructuring costs/redundancy costs	-1	-	-1	-2	-1	0	-1	-7
Reversal of restructuring costs	0	-	0	1	0	-	0	1
Amortization of capitalized product development	-48	-	-48	-41	-92	-	-92	-82
Amortization of acquired intangibles	-10	1	-9	-10	-19	2	-17	-19
Other amortization/depreciation	-9	1	-8	-7	-17	1	-16	-14
Capitalized product development	45	-	45	47	100	-	100	91
Adjusted operating expenses	771	-65	706	660	1,490	-133	1,357	1,304
Adjusted EBITDA	96	2	98	85	159	-1	158	135
Adjusted EBITDA/net revenue	11%		12%	11%	10%		10%	9%

CONSOLIDATED SEGMENT REPORTING, SECOND QUARTER

SKr million	Europe North		Europe West		Europe Central	
	2015	2014	2015	2014	2015	2014
License revenue	65	54	45	19	13	11
Maintenance and support revenue	95	90	63	57	27	23
Consulting revenue	168	165	57	43	45	43
Other net revenue	0	0	0	0	1	0
Total external revenue	328	309	165	119	86	77
Internal revenue	5	7	23	21	6	9
Total revenue	333	316	188	140	92	86
External operating expenses	-180	-189	-122	-98	-66	-63
Internal operating expenses	-31	-29	-13	-7	-8	-6
Other revenue and expenses, net	-1	0	-1	-3	0	0
Operating expenses	-212	-218	-136	-108	-74	-69
EBIT, undistributed	121	98	52	32	18	17
Numbers of employees						
Average for the period	464	447	324	316	233	207
At the end of the period	461	450	327	308	232	208
SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2015	2014	2015	2014	2015	2014
License revenue	9	9	36	23	13	18
Maintenance and support revenue	18	15	65	49	19	22
Consulting revenue	22	19	75	59	29	25
Other net revenue	0	0	0	0	2	1
Total external revenue	49	43	176	131	63	66
Internal revenue	5	6	15	15	6	7
Total revenue	54	49	191	146	69	73
External operating expenses	-46	-43	-133	-106	-65	-51
Internal operating expenses	-2	-1	-9	-6	-5	-3
Other revenue and expenses, net	-1	1	-1	-1	0	1
Operating expenses	-49	-43	-143	-113	-70	-53
EBIT, undistributed	5	6	48	33	-1	20
Numbers of employees						
Average for the period	206	217	280	282	273	253
At the end of the period	205	213	283	284	272	251
SKr million			Corporate items *		GROUP	
			2015	2014	2015	2014
License revenue			-	0	181	134
Maintenance and support revenue			-	0	287	256
Consulting revenue			-	0	396	354
Other net revenue			0	0	3	1
Total external revenue			0	0	867	745
Internal revenue			-60	-65	-	-
Total revenue			-60	-65	867	745
External operating expenses			-182	-119	-794	-669
Internal operating expenses			68	52	-	-
Other revenue and expenses, net			-5	-4	-9	-6
Operating expenses			-119	-71	-803	-675
EBIT, undistributed			-179	-136	64	70
Numbers of employees						
Average for the period			961	904	2,741	2,626
At the end of the period			965	908	2,745	2,622

* Undistributed corporate revenue and expenses, including eliminations.

CONSOLIDATED SEGMENT REPORTING, SIX MONTHS

SKr million	Europe North		Europe West		Europe Central	
	2015	2014	2015	2014	2015	2014
License revenue	100	84	61	42	24	25
Maintenance and support revenue	192	175	128	108	55	49
Consulting revenue	336	328	108	88	91	80
Other revenue	0	0	1	1	1	1
Total external revenue	628	587	298	239	171	155
Internal revenue	11	11	42	39	16	16
Total revenue	639	598	340	278	187	171
External operating expenses	-369	-369	-235	-194	-136	-133
Internal operating expenses	-57	-51	-21	-14	-14	-13
Other operating items, net	0	-1	-2	-8	0	0
Operating expenses	-426	-421	-258	-216	-150	-146
EBIT, undistributed	213	177	82	62	37	25
Numbers of employees						
Average for the period	462	445	325	321	232	203
At the end of the period	461	450	327	308	232	208
SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2015	2014	2015	2014	2015	2014
License revenue	18	15	64	49	29	26
Maintenance and support revenue	35	31	129	96	39	46
Consulting revenue	40	37	140	111	55	45
Other revenue	0	1	0	0	3	1
Total external revenue	93	84	333	256	126	118
Internal revenue	10	10	30	29	10	10
Total revenue	103	94	363	285	136	128
External operating expenses	-87	-81	-258	-206	-124	-96
Internal operating expenses	-3	-1	-15	-12	-9	-5
Other operating items, net	-4	-1	-1	6	-1	-1
Operating expenses	-94	-83	-274	-212	-134	-102
EBIT, undistributed	9	11	89	73	2	26
Numbers of employees						
Average for the period	207	219	280	282	270	254
At the end of the period	205	213	283	284	272	251
SKr million	Corporate items *		GROUP			
	2015	2014	2015	2014	2015	2014
License revenue	-	0	-	0	296	241
Maintenance and support revenue	-	0	-	0	578	505
Consulting revenue	-	0	-	0	770	689
Other revenue	0	0	0	0	5	4
Total external revenue	0	0	0	0	1,649	1,439
Internal revenue	-119	-115	-119	-115	-	-
Total revenue	-119	-115	-119	-115	1,649	1,439
External operating expenses	-311	-249	-311	-249	-1,520	-1,328
Internal operating expenses	119	96	119	96	-	-
Other operating items, net	-6	-11	-6	-11	-14	-16
Operating expenses	-198	-164	-198	-164	-1,534	-1,344
EBIT, undistributed	-317	-279	-317	-279	115	95
Numbers of employees						
Average for the period	954	895	954	895	2,730	2,619
At the end of the period	965	908	965	908	2,745	2,622

* Undistributed corporate revenue and expenses, including eliminations.

INCOME STATEMENT OF THE PARENT COMPANY

SKr million	Q2 2015	Q2 2014	Jan. – June 2015	Jan. – June 2014	July–June 2014/15	July–June 2013/14	Full year 2014
Net revenue	7	4	12	9	22	20	19
Administration expenses	-8	-7	-16	-20	-29	-39	-33
EBIT	-1	-3	-4	-11	-7	-19	-14
Result from participations in subsidiaries	-	0	-	0	118	0	118
Financial revenue	14	12	22	25	55	57	58
Financial expenses	-1	-10	-6	-15	-29	-23	-38
Earnings before tax	12	-1	12	-1	137	15	124
Tax	-3	0	-3	0	-17	-4	-14
Earnings for the period	9	-1	9	-1	120	11	110

BALANCE SHEET OF THE PARENT COMPANY

SKr million	June 30 2015	June 30 2014	Dec. 31 2014
ASSETS			
Participations in subsidiaries	994	992	994
Deferred tax receivables	2	11	2
Receivables in subsidiaries	2	77	57
Other long-term receivables and other participations	2	2	2
Financial fixed assets	1,000	1,082	1,055
Non-current assets	1,000	1,082	1,055
Receivables in subsidiaries	794	779	851
Prepaid expenses and accrued income	10	9	6
Cash and cash equivalents	168	114	217
Current assets	972	902	1,074
Assets	1,972	1,984	2,129
EQUITY AND LIABILITIES			
Share capital	499	499	499
Statutory reserve	573	573	573
Retained earnings, including earnings for the period and share premium reserve	365	363	476
Shareholders' equity	1,437	1,435	1,548
Provisions for pensions and similar commitments	8	7	7
Non-current liabilities	8	7	7
Liabilities to credit institutions	99	139	130
Liabilities to subsidiaries	388	372	409
Other liabilities	40	31	35
Current liabilities	527	542	574
Shareholders' equity and liabilities	1,972	1,984	2,129

OUTSTANDING SHARES

	Series A	Series B	TOTAL
Number of shares on January 1, 2015	1,084,103	23,887,727	24,971,830
Conversion of series-A shares into series-B shares	-50,000	50,000	-
Number of shares on June 30, 2015	1,034,103	23,937,727	24,971,830
Repurchase of shares, in own custody	-	-200,000	-200,000
Number of outstanding shares on June 30, 2015	1,034,103	23,737,727	24,771,830
Number of voting rights on June 30, 2015	1,034,103	2,373,773	3,407,876
Additional shares after full dilution	-	589,227	589,227
Number of shares on June 30, 2015 after full dilution	1,034,103	24,326,954	25,361,057

KEY FIGURES FOR THE GROUP

		Q2 2015	Q2 2014	Jan.–June 2015	Jan.–June 2014	July–June 2014/15	July–June 2013/14	Full year 2014
Revenue indicator								
Net revenue per employee	SKr, '000	316	284	604	549	1,203	1,085	1,147
Expense and expenditure indicators								
Product development expenses/net revenue	%	10%	10%	10%	10%	10%	10%	10%
Sales and marketing expenses/net revenue	%	25%	20%	23%	21%	22%	22%	21%
Administration expenses/net revenue	%	12%	10%	12%	11%	11%	11%	10%
Amortization and depreciation	SKr, M	-67	-58	-128	-115	-254	-221	-242
of which amortization of capitalized product development expenditure	SKr, M	-48	-41	-92	-82	-185	-158	-175
Capitalized product development expenditure	SKr, M	45	47	100	91	199	179	190
Margin indicators								
License margin	%	94%	89%	95%	87%	94%	91%	91%
Maintenance and support margin	%	73%	76%	74%	75%	74%	75%	75%
Consulting margin	%	25%	19%	23%	18%	22%	19%	20%
Gross margin	%	55%	51%	53%	50%	53%	52%	51%
EBIT margin	%	7%	9%	7%	7%	9%	11%	9%
Earnings margin	%	7%	9%	7%	6%	9%	11%	9%
Return on average operating capital	%	6%	7%	11%	10%	25%	32%	24%
Capital indicators								
Equity/assets ratio	%	48%	49%	48%	49%	48%	49%	45%
Accounts receivable (average 12 months)/ net revenue (rolling 12 months)	%	18%	18%	18%	18%	18%	18%	18%
Interest-bearing liabilities	SKr, M	212	193	212	193	212	193	298
Liquidity indicators								
Net liquidity	SKr, M	309	231	309	231	309	231	359
Debt/equity ratio	times	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Employees								
Average for the period		2,741	2,626	2,730	2,619	2,697	2,622	2,645
At the end of the period		2,745	2,622	2,745	2,622	2,745	2,622	2,707

DEFINITIONS

adjusted EBITDA. EBIT before depreciation, net of capitalized product development and adjusted for non-recurring items.

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.

non-recurring items. Non-recurring items comprise capital gains and losses, impairment losses, restructuring programs (costs for phasing out operations and personnel redundancy costs), and other costs with the character of not being part of normal daily operations.

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	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
License revenue	181	115	185	132	134	107	207	114	128	86	183	109
Maintenance and support revenue	287	291	274	258	256	249	234	221	226	221	231	224
Consulting revenue	396	374	402	336	354	335	337	286	329	304	353	268
Other net revenue	3	2	6	2	1	3	4	2	3	2	2	11
Net revenue	867	782	867	728	745	694	782	623	686	613	769	612
License expenses	-10	-6	-8	-13	-15	-17	-11	-7	-13	-9	-7	-6
Maintenance and support expenses	-78	-74	-76	-63	-62	-63	-59	-57	-67	-71	-71	-67
Consulting expenses	-298	-298	-308	-276	-288	-277	-270	-224	-265	-256	-270	-229
Other net expenses	-1	-3	-6	-2	-2	-2	-3	-2	1	-3	-1	-5
Cost of revenue	-387	-381	-398	-354	-367	-359	-343	-290	-344	-339	-349	-307
Gross earnings	480	401	469	374	378	335	439	333	342	274	420	305
Product development expenses	-89	-81	-75	-79	-78	-71	-69	-61	-66	-64	-72	-72
Sales and marketing expenses	-215	-172	-181	-158	-146	-150	-179	-138	-138	-136	-175	-136
Administration expenses	-103	-91	-85	-70	-78	-79	-77	-71	-72	-69	-69	-66
Other revenue	1	0	1	1	1	1	6	7	1	2	39	2
Other expenses	-8	-6	-12	-5	-7	-11	-16	-6	-1	-98	-12	-4
Result from associated companies and joint venture	-2	-	-	-	-	-	58	1	0	0	-	-
Other operating expenses, net	-416	-350	-352	-311	-308	-310	-277	-268	-276	-365	-289	-276
EBIT	64	51	117	63	70	25	162	65	66	-91	131	29
Interest expenses	-2	-2	-2	-2	-2	-2	-3	-3	-2	-2	-2	-2
Other financial items	1	3	4	-7	-4	-2	1	1	-9	-1	1	2
Earnings before tax	63	52	119	54	64	21	160	63	55	-94	130	29
Tax	-16	-13	-12	-13	-16	-6	-34	-14	-13	20	-36	-7
Earnings for the period	47	39	107	41	48	15	126	49	42	-74	94	22
Cash flow after investment operations	-8	72	97	9	30	133	74	-38	9	77	55	-28
Number of employees at the end of the period	2,745	2,732	2,707	2,673	2,622	2,628	2,616	2,613	2,656	2,738	2,829	2,839

Values are adjusted to conform with new IFRS11 as of Q1 2013.

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, the Middle East, Ukraine, and Greece, the assessment is that no new significant risks or uncertainties have arisen. For a detailed account of risks and uncertainty factors, please see the annual report for fiscal 2014.

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.

For detailed information about the accounting principles: see annual report 2014.

FINANCIAL INFORMATION 2015

Interim report January–September 2015	October 22, 2015
Year-end report 2015	February 2016

ABOUT IFS

IFS is a globally recognized leader in developing and delivering business software for enterprise resource planning (ERP), enterprise asset management (EAM), and enterprise service management (ESM). IFS brings customers in targeted sectors closer to their business, helps them be more agile, and enables them to profit from change. IFS is a public company (XSTO: IFS) that was founded in 1983 and currently has over 2,700 employees. IFS supports more than 2,400 customers worldwide from local offices and through partners in more than 60 countries.

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