



Strong growth in both product revenue and EBIT

FINANCIAL AND OPERATIONAL HIGHLIGHTS

APRIL–JUNE 2016 (SECOND QUARTER)

- License revenue amounted to SKr 190 million (Q2 '15: SKr 181 million), an increase of 10 percent, currency adjusted.
- Maintenance revenue was SKr 300 million (Q2 '15: SKr 287 million), an improvement of 9 percent currency adjusted.
- Consulting revenue amounted to SKr 421 million (Q2 '15: SKr 396 million), an increase of 10 percent currency adjusted.
- Net revenue totaled SKr 923 million (Q2 '15: SKr 867 million), an improvement of 11 percent currency adjusted.
- Adjusted EBITDA was SKr 118 million (Q2 '15: SKr 96 million). EBIT amounted to SKr 107 million (Q2 '15: SKr 64 million).
- Cash flow after investments was SKr -9 million (Q2 '15: SKr -8 million).
- Earnings per share after full dilution amounted to SKr 3.21 (Q2 '15: SKr 1.83).

JANUARY–JUNE 2016 (SIX MONTHS)

- License revenue amounted to SKr 292 million (YTD '15: SKr 296 million), an increase of 3 percent currency adjusted.
- Maintenance revenue was SKr 596 million (YTD '15: SKr 578 million), an improvement of 7 percent currency adjusted.
- Consulting revenue amounted to SKr 825 million (YTD '15: SKr 770 million), an increase of 11 percent currency adjusted.
- Net revenue totaled SKr 1,734 million (YTD '15: SKr 1,649 million), an improvement of 9 percent currency adjusted.
- Adjusted EBITDA was SKr 174 million (YTD '15: SKr 159 million). EBIT amounted to SKr 108 million (YTD '15: SKr 115 million).
- Cash flow after investments was SKr 37 million (YTD '15: SKr 64 million).
- Earnings per share after full dilution amounted to SKr 3.18 (YTD '15: SKr 3.33).

OUTLOOK

For 2016, IFS expects growth in both product revenue and EBIT.

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CHIEF EXECUTIVE SUMMARY

Strong growth in both product revenue and EBIT

Although the global economic situation continues to be a cause for concern we have seen our business grow strongly in quarter two. The intake of business has come from both the winning of new accounts in an increasingly competitive market and from sales to our ever growing customer base. The demand remains strong for the solutions IFS provides to its target markets of asset intensive manufacturing, asset maintenance and service management.

Our good growth in license sales, 10 percent, currency adjusted, is due to our track record of reliably delivering sophisticated global business solutions with a lower total cost of ownership. Combining this growth in license sales with a high level of customer retention generates good growth in maintenance revenue of 9 percent currency adjusted. This continued growth in recurring revenue with a steadily improving margin is important to achieving our goals for the business.

Our heavy investment in recent years into building a partner ecosystem can be seen to be paying off by the ever increasing numbers of consulting, technology and sales channel partners we are attracting to work with IFS. This growing ecosystem gives us greater global reach, better scalability of resources and provides our customers with ever greater choice. Our consulting

revenue grew by 10 percent currency adjusted which is higher than in recent quarters and was delivered using an increasing amount of partner resource.

Despite experiencing some headwind, the ERP market's performance remains solid. Industry analysts such as Gartner have revised their estimates slightly downwards and expect the ERP market's development to remain positive, with a growth in the 6 percent range in 2016.

Our improved EBIT, SKr 107 million (SKr 64 million), has been achieved by growing net revenue by 11 percent, currency adjusted, whilst keeping tight control on underlying costs. Having a regularly profitable business is enabling us to continue to prosecute an aggressive acquisition strategy to complement our organic growth.




We go into the second half of 2016 having a strong position to achieve our restated outlook of growth in both product revenue and EBIT.

Alastair Sorbie
PRESIDENT & CEO

SIGNIFICANT EVENTS DURING THE QUARTER

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


Aerospace and Defense

-  Affinity Flying Training Services
-  Saab
-  Terma




Asset Intensive

-  Unimin Corporation







Automotive

-  Terex Advance Mixer




Construction and Contracting

-  CCN Yatirim Holding
-  HKC - Hala Ken Consulting
-  Motrac Hydrauliek




Energy and Utilities

-  Allinq
-  Mälarenergi
-  MPK - Łódź Spółka
-  Service Stream
-  Statnett
-  Växjö Energi

High-Tech Manufacturing

-  Cimcorp
-  HIMA Paul Hildebrandt
-  Société Française Détecteurs Infrarouges

Industrial Manufacturing

-  ACR II Aluminium Group Cooperatief
-  ASMET spółka z ograniczoną odpowiedzialnością
-  Cappelen Holding

-  Circor International
-  Figeac Aéro
-  General Dynamics - IS&T
-  JLA Group
-  Kosan Crisplant
-  Rol
-  UTC CCS Manufacturing Polska




Oil and Gas

-  Maersk Supply Service






Process Manufacturing

-  Bronco Wine Company
-  National Paints Holdings
-  New Pig Corporation
-  Richardson International
-  Valeo Foods (Batchelors)


Retail and Wholesale

-  Plaček
-  Rusta
-  Systembolaget

Service Providers

-  Myanmar Industrial Port (MIP)
-  RS Connect
-  Speed Wrench
-  Swedavia
-  Xenex Disinfection Services

Other

-  Sunshine Healthcare Lanka

IFS supports Affinity Flying Training Services

May 10. IFS announced that Affinity Flying Training Services had chosen IFS Applications 9 and IFS Managed Cloud as one integrated solution for aircraft maintenance and ERP. The agreement, including licenses, is valued at approximately £ 1.2 million for the first six years of the 18-year contract.

Nordic energy and telecom service provider selects IFS

May 19. A provider of construction and maintenance services in the Nordic energy and telecommunications sector chose IFS Applications to empower more than 230 employees with robust support for processes such as service management, project management, and supply chain. The agreement is valued at approximately € 1.6 million.

National Paints selects IFS Applications

May 23. IFS announced that National Paints, the Middle East's largest paint company and a member of Sayegh Group, had chosen to implement IFS Applications 9 and IFS Managed Cloud on Microsoft Azure in a multi-million US\$ license and services agreement.

Global high-tech manufacturer chooses IFS

June 17. During the quarter, IFS signed a € 1.4 million agreement with a leading manufacturer in the high-tech sector. IFS Applications 9 will provide the company with a modern, innovative solution that will ensure increased user satisfaction and business value.

JLA to implement IFS Applications 9

June 27. JLA, one of the UK's leading suppliers of commercial and industrial laundry and catering equipment, selected IFS Applications 9 as its new finance and service contract management system in an agreement valued at £ 1 million.

Norwegian maritime company invests in IFS

June 30. IFS announced that a Norwegian company in the maritime sector had chosen to expand its investment in IFS Applications to deliver on its business transformation strategy. The agreement is valued at approximately SKr 10 million.

UK energy and utilities company selects IFS

June 30. A UK-based service provider in the energy and utilities sector has chosen to deploy IFS Applications 9 across the company's core business operations. The agreement includes licenses valued at approximately £ 1.1 million.

Hima selects IFS Applications 9

June 30. IFS announced that Hima, the world's leading independent provider of solutions for safety-critical applications, will implement IFS Applications 9 as its central enterprise resource management (ERP). The contract includes licenses and services worth approximately € 3.1 million.

Figeac Aéro deploys IFS for 1,200 employees

June 30. IFS announced that French aeronautical manufacturer Figeac Aéro had decided to implement IFS Applications to replace its current portfolio of business systems. The agreement includes licenses and services valued at approximately € 1.5 million.

FINANCIAL OVERVIEW

SKr million	Q2 2016	Q2 2015	Jan.-June 2016	Jan.-June 2015	July-June 2015/16	July-June 2014/15	Full year 2015
Net revenue	923	867	1,734	1,649	3,474	3,244	3,389
<i>whereof</i> License revenue	190	181	292	296	678	613	682
Maintenance and support revenue	300	287	596	578	1,192	1,110	1,174
Consulting revenue	421	396	825	770	1,579	1,508	1,524
Gross earnings	508	480	920	881	1,881	1,724	1,842
<i>whereof</i> Licenses	173	171	261	280	627	576	646
Maintenance and support	232	209	461	426	910	819	875
Consulting	99	98	192	174	342	328	324
EBIT	107	64	108	115	307	295	314
EBIT margin	12%	7%	6%	7%	9%	9%	9%
Earnings before tax	103	63	104	115	295	288	306
Earnings for the period	78	47	78	87	205	235	214
Cash flow after investment operations	-9	-8	37	64	169	170	196

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

Revenue

Net revenue amounted to SKr 923 million (867), an increase of 11 percent, currency adjusted. The increase in net revenue, adjusted for revenue coming from the acquisition of VisionWaves and MainIoT, was 8 percent, currency adjusted. License revenue was SKr 190 million (181), an increase of 10 percent, currency adjusted, which was mainly due to higher sales in *Europe Central*, *Europe East*, and *Africa, Asia, and Pacific*. Maintenance and support revenue was SKr 300 million (287), an increase of 9 percent, currency adjusted; *Europe North*, *Europe Central*, and *Europe West* contributed the most to the growth. Consulting revenue amounted to SKr 421 million (396), an increase of 10 percent, currency adjusted; *Europe North*, *Europe West*, and *Europe Central* contributed most to the increase.

Costs

Operating expenses amounted to SKr 816 million (803), an increase of 6 percent, currency adjusted. Adjusted for costs coming from the acquisition of VisionWaves and MainIoT, the underlying increase was 3 percent, currency adjusted, and was mainly due to ongoing investments in research and development as well as increased costs of revenue as a result of higher sales.

Earnings

Adjusted EBITDA increased to SKr 118 million (96) and EBIT increased to SKr 107 million (64). Earnings before tax amounted to SKr 103 million (63).

Earnings for the period amounted to SKr 78 million (47). Earnings were affected by tax costs with SKr 25 million (16).

Cash flow and investments

Cash flow after investments amounted to SKr -9 million (-8). The change in working capital amounted to SKr -94 million (-90).

Investments amounted to SKr -74 million (-52). Capitalized product development was SKr -56 million (-45).

Cash and cash equivalents totaled SKr 480 million (408) at the end of the period. Available liquid assets, including unutilized lines of credit, amounted to SKr 900 million (884). Liabilities to credit institutions were SKr 155 million (99) at the end of the period.

OUTLOOK

For 2016, IFS expects growth in both product revenue and EBIT.

OTHER INFORMATION

Parent Company

Net revenue amounted to SKr 17 million (7), with earnings of SKr 3 million (12) before tax. Available liquid assets, including unutilized lines of credit, amounted to SKr 582 million (644).

At the end of the period, 426,600 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 decrease in the discount rate applied in the quarter (in Sweden from 3.6 percent to 3.3 percent), the actuarial valuation of the pension obligations was increased in the second quarter by SKr 40 million, net.

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 received last year notice that the counterparty had requested a leave for a legal action in Sri Lankan courts that

entailed 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.

Miscellaneous

The report for the third quarter of 2016 will be published on October 20, 2016.

Linköping, July 21, 2016

Lars Wollung
CHAIRMAN OF THE BOARD

Per Franzén
DEPUTY CHAIRMAN OF THE BOARD

Måns Hultman
BOARD MEMBER

Neil Masom
BOARD MEMBER

Jonas Persson
BOARD MEMBER

Johannes Reichel
BOARD MEMBER

Markus Roithmeier
BOARD MEMBER

Audit report

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

CONSOLIDATED INCOME STATEMENT

SKr million	Q2 2016	Q2 2015	Jan.-June 2016	Jan.-June 2015	July-June 2015/16	July-June 2014/15	Full year 2015
License revenue	190	181	292	296	678	613	682
Maintenance and support revenue	300	287	596	578	1,192	1,110	1,174
Consulting revenue	421	396	825	770	1,579	1,508	1,524
Other net revenue	12	3	21	5	25	13	9
Net revenue	923	867	1,734	1,649	3,474	3,244	3,389
License expenses	-17	-10	-31	-16	-51	-37	-36
Maintenance and support expenses	-68	-78	-135	-152	-282	-291	-299
Consulting expenses	-322	-298	-633	-596	-1,237	-1,180	-1,200
Other net expenses	-8	-1	-15	-4	-23	-12	-12
Cost of revenue	-415	-387	-814	-768	-1,593	-1,520	-1,547
Gross earnings	508	480	920	881	1,881	1,724	1,842
Product development expenses	-99	-89	-193	-170	-356	-324	-333
Sales and marketing expenses	-199	-215	-375	-387	-757	-726	-769
Administration expenses	-104	-103	-202	-194	-375	-349	-367
Other revenue	4	1	5	1	7	3	3
Other expenses	-4	-8	-47	-14	-93	-31	-60
Result from associated companies and joint venture	1	-2	0	-2	0	-2	-2
Other operating expenses, net	-401	-416	-812	-766	-1,574	-1,429	-1,528
EBIT	107	64	108	115	307	295	314
Interest expenses	-2	-2	-3	-4	-7	-8	-8
Other financial items	-2	1	-1	4	-5	1	0
Earnings before tax	103	63	104	115	295	288	306
Tax	-25	-16	-26	-28	-90	-53	-92
Earnings for the period	78	47	78	87	205	235	214
Earnings for the period are allocated as follows:							
Owners of the Parent Company (SKr million)	79	46	79	84	206	234	211
Non-controlling interests (SKr million)	-1	1	-1	3	-1	1	3
Earnings per share pertaining to Parent Company shareholders (SKr)	3.22	1.86	3.22	3.39	8.38	9.45	8.54
Earnings per share pertaining to Parent Company shareholders, after full dilution (SKr)	3.21	1.83	3.18	3.33	8.24	9.28	8.37
Number of shares (thousands)							
At the end of the period	24,545	24,772	24,545	24,772	24,545	24,772	24,545
At the end of the period, after full dilution	24,545	25,361	24,545	25,361	24,545	25,361	25,130
Average for the period	24,545	24,772	24,545	24,772	24,594	24,772	24,706
Average for the period, after full dilution	24,632	25,202	24,851	25,190	25,010	25,216	25,207

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SKr million	Q2 2016	Q2 2015	Jan.-June 2016	Jan.-June 2015	July-June 2015/16	July-June 2014/15	Full year 2015
Earnings for the period	78	47	78	87	205	235	214
Other comprehensive income							
<i>Items not to be reversed in the income statement</i>							
Revaluation of defined-benefit pension plans	-40	124	-93	35	-95	-65	33
<i>Items that can later be reversed in the income statement</i>							
Exchange rate differences	28	-17	9	15	-18	81	-12
Other comprehensive income for the period, net of tax	-12	107	-84	50	-113	16	21
Total comprehensive income for the period	66	154	-6	137	92	251	235
Total comprehensive income allocated as follows:							
Owners of the Parent Company	67	152	-5	134	93	250	232
Non-controlling interests	-1	2	-1	3	-1	1	3

CONSOLIDATED BALANCE SHEET

SKr million	June 30 2016	June 30 2015	Dec. 31 2015
ASSETS			
Capitalized expenditure for product development	641	617	630
Goodwill	554	469	512
Other intangible fixed assets	126	69	99
Intangible fixed assets	1,321	1,155	1,241
Tangible fixed assets	121	121	119
Participations in associated companies and joint venture	2	2	2
Deferred tax receivables	177	143	130
Other long-term receivables and other participations	27	26	25
Financial fixed assets	206	171	157
Non-current assets	1,648	1,447	1,517
Accounts receivable	629	669	777
Other receivables	380	351	306
Cash and cash equivalents	480	408	533
Current assets	1,489	1,428	1,616
Assets	3,137	2,875	3,133
EQUITY AND LIABILITIES			
Share capital	499	499	499
Other capital contributed	694	688	692
Accumulated earnings, including earnings for the period and other reserves	148	192	221
Shareholders' equity pertaining to Parent Company shareholders	1,341	1,379	1,412
Non-controlling interests	0	1	1
Shareholders' equity	1,341	1,380	1,413
Liabilities to credit institutions	0	0	0
Pension obligations	221	113	109
Other provisions and other liabilities	61	20	36
Non-current liabilities	282	133	145
Accounts payable	92	102	104
Liabilities to credit institutions	155	99	172
Other provisions and other liabilities	1,267	1,161	1,299
Current liabilities	1,514	1,362	1,575
Liabilities	1,796	1,495	1,720
Equity and liabilities	3,137	2,875	3,133
Pledged assets	25	25	23
Contingent liabilities	20	15	19

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SKr, million	Pertaining to parent company shareholders						Total stockholders' equity
	Share capital	Other contributed capital	Reserves	Profit brought forward	Total	Non-controlling interests	
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
Opening balance January 1, 2016	499	692	0	221	1,412	1	1,413
Total comprehensive income for the period	-	-	9	-14	-5	-1	-6
Share-based payments	-	2	-	10	12	-	12
Dividend	-	-	-	-78	-78	-	-78
Closing balance June 30, 2016	499	694	9	139	1,341	0	1,341

CONSOLIDATED STATEMENT OF CASH FLOWS

SKr million	Q2 2016	Q2 2015	Jan.-June 2016	Jan.-June 2015	July-June 2015/16	July-June 2014/15	Full year 2015
Earnings before tax	103	63	104	115	295	288	306
Adjustments for items not included in the cash flow	56	71	135	121	252	228	238
Cash flow from operations before change in working capital	159	134	239	236	547	516	544
Change in working capital	-94	-90	6	-55	63	-109	2
Cash flow from current operations	65	44	245	181	610	407	546
Acquisition of intangible fixed assets	-62	-44	-118	-98	-218	-191	-198
Acquisition of subsidiaries	-	-	-69	-	-180	-	-111
Cash flow from other investment operations	-12	-8	-21	-19	-43	-46	-41
Cash flow after investment operations	-9	-8	37	64	169	170	196
Dividend distributed	-	-111	-78	-111	-78	-111	-111
Repurchase of own shares	-	-	-	-	-69	-	-69
Cash flow from other financing operations	-65	-8	-15	-43	57	-52	29
Cash flow for the period	-74	-127	-56	-90	79	7	45
Cash and cash equivalents at the beginning of the period	547	540	533	489	408	370	489
Exchange rate differences in cash and cash equivalents	7	-5	3	9	-7	31	-1
Cash and cash equivalents at the end of the period	480	408	480	408	480	408	533

CONSOLIDATED ORGANIC NET REVENUE AND OPERATING EXPENSES

SKr, million	Q2					January–June				
	Actual 2016	Translation effect	Structural changes	Adjusted 2016	Actual 2015	Actual 2016	Translation effect	Structural changes	Adjusted 2016	Actual 2015
NET REVENUE										
License revenue	190	10	-7	193	181	292	13	-8	297	296
Maintenance and support revenue	300	13	-6	307	287	596	23	-9	610	578
Total product revenue	490	23	-13	500	468	888	36	-17	907	874
Consulting revenue	421	16	-10	427	396	825	29	-15	839	770
Net revenue (including other net revenue)	923	40	-24	939	867	1,734	65	-36	1,763	1,649
OPERATING EXPENSES										
Operating expenses	816	34	-19	831	803	1,626	60	-32	1,654	1,534
EBIT	107	6	-5	108	64	108	5	-4	109	115
Other income/costs net	-4	0	-	-4	0	-10	0	-	-10	-2
Capital gains/losses	4	0	-	4	0	4	0	-	4	-
Exchange rate gains/losses	-2	0	-	-2	-9	-4	0	-	-4	-13
Restructuring costs/redundancy costs	3	-1	-	2	-1	-32	-2	-	-34	-1
Reversal of restructuring costs	-	-	-	-	0	-	-	-	-	0
Amortization of capitalized product development	-51	0	0	-51	-48	-101	-	-	-101	-92
Amortization of acquired intangibles	-8	-1	1	-8	-10	-17	-1	2	-16	-19
Other amortization/depreciation	-9	-1	-	-10	-9	-18	-1	0	-19	-17
Capitalized product development	56	0	0	56	45	112	-	0	112	100
Adjusted operating expenses	805	31	-18	818	771	1,560	56	-30	1,586	1,490
Adjusted EBITDA	118	9	-6	121	96	174	9	-6	177	159
Adjusted EBITDA/net revenue	13%			13%	11%	10%			10%	10%

CONSOLIDATED SEGMENT REPORTING, SECOND QUARTER

SKr million	Europe North		Europe West		Europe Central	
	2016	2015	2016	2015	2016	2015
License revenue	49	65	47	45	26	13
Maintenance and support revenue	103	95	65	63	31	27
Consulting revenue	174	168	70	57	56	45
Other net revenue	1	0	2	0	0	1
Total external revenue	327	328	184	165	113	86
Internal revenue	6	5	19	23	11	6
Total revenue	333	333	203	188	124	92
External operating expenses	-182	-180	-127	-122	-84	-66
Internal operating expenses	-28	-31	-15	-13	-13	-8
Other revenue and expenses, net	2	-1	0	-1	0	0
Operating expenses	-208	-212	-142	-136	-97	-74
EBIT, undistributed	125	121	61	52	27	18
Numbers of employees						
Average for the period	457	464	349	324	255	233
At the end of the period	436	461	353	327	257	232

SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2016	2015	2016	2015	2016	2015
License revenue	15	9	25	36	28	13
Maintenance and support revenue	17	18	61	65	23	19
Consulting revenue	17	22	74	75	30	29
Other net revenue	0	0	7	0	2	2
Total external revenue	49	49	167	176	83	63
Internal revenue	6	5	13	15	3	6
Total revenue	55	54	180	191	86	69
External operating expenses	-43	-46	-132	-133	-67	-65
Internal operating expenses	-2	-2	-8	-9	-5	-5
Other revenue and expenses, net	0	-1	-2	-1	0	0
Operating expenses	-45	-49	-142	-143	-72	-70
EBIT, undistributed	10	5	38	48	14	-1
Numbers of employees						
Average for the period	204	206	293	280	280	273
At the end of the period	205	205	291	283	286	272

SKr million	Corporate items *		GROUP	
	2016	2015	2016	2015
License revenue	-	-	190	181
Maintenance and support revenue	-	-	300	287
Consulting revenue	-	-	421	396
Other net revenue	0	0	12	3
Total external revenue	0	0	923	867
Internal revenue	-58	-60	-	-
Total revenue	-58	-60	923	867
External operating expenses	-182	-182	-817	-794
Internal operating expenses	71	68	-	-
Other revenue and expenses, net	1	-5	1	-9
Operating expenses	-110	-119	-816	-803
EBIT, undistributed	-168	-179	107	64
Numbers of employees				
Average for the period			1,059	961
At the end of the period			1,067	965

* Undistributed corporate revenue and expenses, including eliminations.

CONSOLIDATED SEGMENT REPORTING, SIX MONTHS

SKr million	Europe North		Europe West		Europe Central	
	2016	2015	2016	2015	2016	2015
License revenue	73	100	60	61	41	24
Maintenance and support revenue	203	192	130	128	62	55
Consulting revenue	349	336	130	108	111	91
Other net revenue	1	0	4	1	1	1
Total external revenue	626	628	324	298	215	171
Internal revenue	11	11	36	42	18	16
Total revenue	637	639	360	340	233	187
External operating expenses	-367	-369	-234	-235	-164	-136
Internal operating expenses	-53	-57	-26	-21	-24	-14
Other revenue and expenses, net	-24	0	-2	-2	0	0
Operating expenses	-444	-426	-262	-258	-188	-150
EBIT, undistributed	193	213	98	82	45	37
Numbers of employees						
Average for the period	455	462	347	325	252	232
At the end of the period	436	461	353	327	257	232

SKr million	Europe East		Americas		Africa, Asia, and Pacific	
	2016	2015	2016	2015	2016	2015
License revenue	27	18	48	64	43	29
Maintenance and support revenue	34	35	123	129	44	39
Consulting revenue	33	40	146	140	56	55
Other net revenue	0	0	12	0	3	3
Total external revenue	94	93	329	333	146	126
Internal revenue	10	10	26	30	7	10
Total revenue	104	103	355	363	153	136
External operating expenses	-83	-87	-267	-258	-132	-124
Internal operating expenses	-4	-3	-12	-15	-10	-9
Other revenue and expenses, net	0	-4	-4	-1	0	-1
Operating expenses	-87	-94	-283	-274	-142	-134
EBIT, undistributed	17	9	72	89	11	2
Numbers of employees						
Average for the period	204	207	294	280	279	270
At the end of the period	205	205	291	283	286	272

SKr million	Corporate items *		GROUP	
	2016	2015	2016	2015
License revenue	-	-	292	296
Maintenance and support revenue	-	-	596	578
Consulting revenue	-	-	825	770
Other net revenue	0	0	21	5
Total external revenue	0	0	1,734	1,649
Internal revenue	-108	-119	-	-
Total revenue	-108	-119	1,734	1,649
External operating expenses	-337	-311	-1,584	-1,520
Internal operating expenses	129	119	-	-
Other revenue and expenses, net	-12	-6	-42	-14
Operating expenses	-220	-198	-1,626	-1,534
EBIT, undistributed	-328	-317	108	115
Numbers of employees				
Average for the period			1,061	954
At the end of the period			1,067	965

* Undistributed corporate revenue and expenses, including eliminations.

INCOME STATEMENT OF THE PARENT COMPANY

SKr million	Q2 2016	Q2 2015	Jan.-June 2016	Jan.-June 2015	July-June 2015/16	July-June 2014/15	Full year 2015
Net revenue	17	7	26	12	38	22	28
Administration expenses	-19	-8	-32	-16	-45	-29	-34
Other operating expenses	-	-	-1	-	-27	-	-27
EBIT	-2	-1	-7	-4	-34	-7	-33
Result from participations in subsidiaries	-	-	-	-	199	118	199
Financial revenue	7	14	19	22	43	55	50
Financial expenses	-2	-1	-4	-6	-11	-29	-10
Earnings before tax	3	12	8	12	197	137	206
Tax	-1	-3	-2	-3	-6	-17	-8
Earnings for the period	2	9	6	9	191	120	198

BALANCE SHEET OF THE PARENT COMPANY

SKr million	June 30 2016	June 30 2015	Dec. 31 2015
ASSETS			
Participations in subsidiaries	1,197	994	1,197
Deferred tax receivables	3	2	2
Receivables in subsidiaries	2	2	1
Other long-term receivables and other participations	2	2	2
Financial fixed assets	1,204	1,000	1,202
Non-current assets	1,204	1,000	1,202
Receivables in subsidiaries	760	794	790
Prepaid expenses and accrued income	23	10	13
Cash and cash equivalents	162	168	225
Current assets	945	972	1,028
Assets	2,149	1,972	2,230
EQUITY AND LIABILITIES			
Share capital	499	499	499
Statutory reserve	573	573	573
Retained earnings, including earnings for the period and share premium reserve	425	365	491
Shareholders' equity	1,497	1,437	1,563
Provisions for pensions and similar commitments	14	8	11
Non-current liabilities	14	8	11
Liabilities to credit institutions	155	99	172
Liabilities to subsidiaries	448	388	418
Other liabilities	35	40	66
Current liabilities	638	527	656
Shareholders' equity and liabilities	2,149	1,972	2,230

OUTSTANDING SHARES

	Series A	Series B	TOTAL
Number of shares on January 1, 2016	1,029,341	23,942,489	24,971,830
Number of shares on June 30, 2016	1,029,341	23,942,489	24,971,830
Repurchase of shares, in own custody	-	-426,600	-426,600
Number of outstanding shares on June 30, 2016	1,029,341	23,515,889	24,545,230
Number of voting rights on June 30, 2016	1,029,341	2,351,589	3,380,930
Number of shares on June 30, 2016 after full dilution	1,029,341	23,515,889	24,545,230

KEY FIGURES FOR THE GROUP

		Q2 2016	Q2 2015	Jan.-June 2016	Jan.-June 2015	July-June 2015/16	July-June 2014/15	Full year 2015
Revenue indicator								
Net revenue per employee	SKr, '000	319	316	600	604	1,222	1,203	1,223
Expense and expenditure indicators								
Product development expenses/net revenue	%	11%	10%	11%	10%	10%	10%	10%
Sales and marketing expenses/net revenue	%	22%	25%	22%	23%	22%	22%	23%
Administration expenses/net revenue	%	11%	12%	12%	12%	11%	11%	11%
Amortization and depreciation	SKr, M	-68	-67	-136	-128	-267	-254	-259
of which amortization of capitalized product development expenditure	SKr, M	-51	-48	-101	-92	-195	-185	-186
Capitalized product development expenditure	SKr, M	56	45	112	100	222	199	210
Margin indicators								
License margin	%	91%	94%	89%	95%	92%	94%	95%
Maintenance and support margin	%	77%	73%	77%	74%	76%	74%	75%
Consulting margin	%	24%	25%	23%	23%	22%	22%	21%
Gross margin	%	55%	55%	53%	53%	54%	53%	54%
EBIT margin	%	12%	7%	6%	7%	9%	9%	9%
Earnings margin	%	11%	7%	6%	7%	8%	9%	9%
Return on average operating capital	%	9%	6%	9%	11%	26%	25%	29%
Capital indicators								
Equity/assets ratio	%	43%	48%	43%	48%	43%	48%	45%
Accounts receivable (average 12 months)/ net revenue (rolling 12 months)	%	18%	18%	18%	18%	19%	18%	18%
Interest-bearing liabilities	SKr, M	376	212	376	212	376	212	281
Liquidity indicators								
Net liquidity	SKr, M	325	309	325	309	325	309	361
Debt/equity ratio	times	0.3	0.2	0.3	0.2	0.3	0.2	0.2
Employees								
Average for the period		2,897	2,741	2,892	2,730	2,842	2,697	2,771
At the end of the period		2,895	2,745	2,895	2,745	2,895	2,745	2,838

DEFINITIONS

adjusted EBITDA. EBIT before depreciation, net of capitalized product development and adjusted for non-recurring items. Adjusted EBITDA is a measure used by the investment community to compare related companies and for purposes of valuation.

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 external 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 external 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, calculated at quarterly dates, 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	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3
License revenue	190	102	245	141	181	115	185	132	134	107	207	114
Maintenance and support revenue	300	296	303	293	287	291	274	258	256	249	234	221
Consulting revenue	421	404	419	335	396	374	402	336	354	335	337	286
Other net revenue	12	9	1	3	3	2	6	2	1	3	4	2
Net revenue	923	811	968	772	867	782	867	728	745	694	782	623
License expenses	-17	-14	-15	-5	-10	-6	-8	-13	-15	-17	-11	-7
Maintenance and support expenses	-68	-67	-74	-73	-78	-74	-76	-63	-62	-63	-59	-57
Consulting expenses	-322	-311	-319	-285	-298	-298	-308	-276	-288	-277	-270	-224
Other net expenses	-8	-7	-6	-2	-1	-3	-6	-2	-2	-2	-3	-2
Cost of revenue	-415	-399	-414	-365	-387	-381	-398	-354	-367	-359	-343	-290
Gross earnings	508	412	554	407	480	401	469	374	378	335	439	333
Product development expenses	-99	-94	-84	-79	-89	-81	-75	-79	-78	-71	-69	-61
Sales and marketing expenses	-199	-176	-206	-176	-215	-172	-181	-158	-146	-150	-179	-138
Administration expenses	-104	-98	-92	-81	-103	-91	-85	-70	-78	-79	-77	-71
Other revenue	4	1	1	1	1	0	1	1	1	1	6	7
Other expenses	-4	-43	-39	-7	-8	-6	-12	-5	-7	-11	-16	-6
Result from associated companies and joint venture	1	-1	0	0	-2	-	-	-	-	-	58	1
Other operating expenses, net	-401	-411	-420	-342	-416	-350	-352	-311	-308	-310	-277	-268
EBIT	107	1	134	65	64	51	117	63	70	25	162	65
Interest expenses	-2	-1	-2	-2	-2	-2	-2	-2	-2	-2	-3	-3
Other financial items	-2	1	0	-4	1	3	4	-7	-4	-2	1	1
Earnings before tax	103	1	132	59	63	52	119	54	64	21	160	63
Tax	-25	-1	-49	-15	-16	-13	-12	-13	-16	-6	-34	-14
Earnings for the period	78	0	83	44	47	39	107	41	48	15	126	49
Cash flow after investment operations	-9	46	133	-1	-8	72	97	9	30	133	74	-38
Number of employees at the end of the period	2,895	2,895	2,838	2,817	2,745	2,732	2,707	2,673	2,622	2,628	2,616	2,613

Values are adjusted to conform to 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, and Ukraine, 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 2015.

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 2015.

FINANCIAL INFORMATION 2016/17

Interim report January–September 2016	October 20, 2016
Year-end report 2016	February 2017

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 2,800 employees. IFS supports more than 2,400 customers worldwide from local offices and through partners in more than 60 countries.

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