

Gaining efficiency for continued growth.

## FINANCIAL AND OPERATIONAL HIGHLIGHTS

### JANUARY–MARCH 2013 (1ST QUARTER)

- License revenue amounted to SKr 84 million (Q1 '12: SKr 83 million), an increase of 6 percent currency adjusted.
- Maintenance revenue was SKr 226 million (Q1 '12: SKr 222 million), an improvement of 6 percent currency adjusted.
- Consulting revenue amounted to SKr 310 million (Q1 '12: SKr 335 million), a decrease of 4 percent currency adjusted.
- Net revenue was SKr 621 million (Q1 '12: SKr 643 million), an improvement of 1 percent currency adjusted.
- EBIT amounted to SKr -92 million (Q1 '12: SKr 13 million), including one-off costs for efficiency program amounting to SKr 92 million.
- Cash flow after investments was SKr 67 million (Q1 '12: SKr 94 million).
- Earnings per share after full dilution amounted to SKr -2.94 (Q1 '12: SKr 0.27).

## OUTLOOK

For 2013, IFS expects strong license revenue growth and an improvement in EBIT.

## INQUIRIES

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## CHIEF EXECUTIVE SUMMARY

### **Gaining efficiency for continued growth.**

The first quarter of 2013 has seen IFS execute on an efficiency program as announced in our 2012 Year-End Report. The program has been fully actioned in the first quarter and in line with our previously provided forecasts. We have charged the amount of SKr 92 million to the results for the first quarter.

The underlying business remains strong. The recently announced contract with Emirates is strong evidence that we are executing well in our target sectors. Emirates have selected IFS Applications to support their new, and Asia's most technically sophisticated, engine overhaul facility. In the first quarter we were also pleased to announce that Ericsson, the world's leading provider of communications technology and services, had chosen IFS Metrix Service Management to support business-critical processes in its Hardware Services business unit. The Metrix product was acquired by IFS in our most recent acquisition in 2012.

Consulting, which experienced a reduction of 4 percent in quarter one, currency adjusted, is expected to pick up in the coming quarters both in terms of revenue and margin. As license revenue, along with maintenance revenue, grew in

quarter one by 6 percent, adjusted for currency, product revenue as a proportion of total revenue increased to 50 percent (47). The change in revenue mix will continue. Over the longer term, we expect product revenue to grow at least at twice the rate of consulting.

Industry analyst firms such as Gartner expect overall market conditions in 2013 to be very similar to 2012, with no or only slight growth. Despite entering yet another year with challenges in the global financial market we continue to see good growth in our target markets of offshore, oil and gas, EPCI, and energy. We see this reflected in good pipeline growth and an increasing awareness of IFS being recognized as the intelligent alternative choice for global businesses. Consequently, we expect to deliver strong license revenue growth and an improvement in EBIT for the year, and that costs for improving our efficiency will be matched by savings realized in the full year.

**Alastair Sorbie**  
President and CEO

## SIGNIFICANT EVENTS DURING THE QUARTER

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

<b>Aerospace and Defense</b>	<b>High Tech</b>
 Federal Aviation Administration	 Instron
 Norwegian Defence Logistics Org.—Army	<b>Industrial Manufacturing</b>
<b>Asset Intensive</b>	
 Nucor Steel Seattle	 Belvac Production Machinery
<b>Automotive</b>	 Flare Industries
 CalsonicKansei North America	 Krinner
 DTR Industries	 Pellenc
 Manufactura Moderna de Metales	<b>Oil and Gas</b>
 Schlemmer	 Apply Sørco
<b>Construction and Contracting</b>	 Atlas Pipeline
 Babcock Infrastructure Services	 Seadrill Norge
<b>Energy and Utilities</b>	 Sevan Drilling
 Ericsson	<b>Process Manufacturing</b>
 Hafslund	 Agrovista UK
 Statnett	 major life-science manufacturer
 Vantaa Energy	<b>Miscellaneous</b>
	 George Steuarts Optimize
	 Operadora de Hoteles City Express
	 WP Beverages

### IFS released CPM Lite: a solution to optimize aerospace and defense (A&D) supply chain

CPM Lite is a pre-configured version of the Corporate Performance Management (CPM) solution designed specifically to optimize strategic supply chain performance in the A&D value chain. CPM Lite can be set up to run alongside existing business systems in just a few days, and is of particular importance in the A&D sector, where contracts increasingly demand business performance metrics.

## FINANCIAL OVERVIEW

SKr million	Q1 2013	Q1 2012	April–March 2012/13	April–March 2011/12	Full year 2012
<b>Net revenue</b>	<b>621</b>	<b>643</b>	<b>2,654</b>	<b>2,612</b>	<b>2,676</b>
whereof					
License revenue	84	83	468	440	467
Maintenance and support revenue	226	222	913	849	909
Consulting revenue	310	335	1,258	1,311	1,283
<b>Gross earnings</b>	<b>276</b>	<b>281</b>	<b>1,306</b>	<b>1,270</b>	<b>1,311</b>
whereof					
Licenses	75	77	438	419	440
Maintenance and support	153	151	630	574	628
Consulting	50	53	233	276	236
<b>EBIT</b>	<b>-92</b>	<b>13</b>	<b>94</b>	<b>236</b>	<b>199</b>
<b>EBIT margin</b>	<b>-15%</b>	<b>2%</b>	<b>4%</b>	<b>9%</b>	<b>7%</b>
<b>Earnings before tax</b>	<b>-94</b>	<b>9</b>	<b>87</b>	<b>222</b>	<b>190</b>
<b>Earnings for the period</b>	<b>-74</b>	<b>7</b>	<b>57</b>	<b>159</b>	<b>138</b>
<b>Cash flow after investment operations</b>	<b>67</b>	<b>94</b>	<b>-68</b>	<b>145</b>	<b>-41</b>

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

### Revenue

Net revenue amounted to SKr 621 million (643), an increase of 1 percent currency adjusted. Americas contributed most, with an increase in net revenue of 29 percent, currency adjusted. Finland and Europe West contributed to the increase through higher license revenue. Africa, Asia, and Pacific, Scandinavia, and Europe East showed a decline in revenue, primarily due to lower consulting revenue.

### Costs

Total costs amounted to SKr 713 million (630), of which one-off costs for the previously announced cost efficiency program represents SKr 92 million. Total costs, adjusted for the one-off costs, amounted to SKr 621 million, an increase of 3 percent currency adjusted. The total costs also excluding the effect of Metrix were in line with the previous year, currency adjusted. The benefits of the cost efficiency program will be seen primarily in consulting but there will also be efficiencies seen in sales and marketing, research and development, and G&A.

### Earnings

EBIT decreased to SKr -92 million (13), as a result of the one-off costs for the cost efficiency program.

Earnings before tax amounted to SKr -94 million (9). Net financial items amounted to SKr -2 million (-4). Net interest was SKr -1 (-1): interest income was SKr 1 million (1) and interest expenses were SKr -2 million (-2).

Earnings for the period amounted to SKr -74 million (7).

### Cash flow and investments

Cash flow from current operations before change in working capital amounted to SKr 18 million (46). The change in

working capital amounted to SKr 116 million (98); the increase is mainly explained by a movement in other liabilities and timing differences resulting from strong collections in Q4 2012.

Investments amounted to SKr -67 million (-50), whereof capitalized product development was SKr -50 million (-45) and cash flow from other investment operations amounted to SKr -17 million (-5).

Cash and cash equivalents totaled SKr 367 million (422) at the end of the period. Available liquid assets, including unutilized lines of credit, amounted to SKr 701 million (897). Liabilities to credit institutions were SKr 166 million (26) at the end of the period.

## OUTLOOK

For 2013, IFS expects strong license revenue growth and an improvement in EBIT.

## OTHER INFORMATION

### Amendment to IAS 19, “Employee Benefits”

With the amendment to IAS 19, “Employee Benefits”, which came into force on January 1, 2013, the Group no longer applies the corridor method. Instead, all actuarial profits and losses are recognized in Other comprehensive income as they arise. As the new principles have a retroactive effect, unrecognized actuarial profits and losses from December 31, 2011 have been recognized in the interim report for the first quarter of 2013 as an opening balance in Shareholders’ equity as of January 1, 2012. In addition, the comparative figures for

the quarter (Q1 2012) have been adjusted. Actuarial profits and losses arising during 2012 have been booked in Other comprehensive income (during the comparative year), as have actuarial profits and losses for the current year (2013).

The effect of the transition to the new accounting principles is an increase in net pension provisions, including special payroll tax, of SKr 130 million as of January 1, 2012. The deficit on transition is recognized against retained earnings, i.e. in Shareholders' equity, resulting in a reduction of SKr 101 million in the Group's shareholders' equity after taking into account deferred tax.

In the comparative figures from March 31, 2012, net pension provisions have been revised from SKr 43 million to SKr 175 million. The effect of the amended accounting principle is an increase of SKr 29 million in deferred tax assets. The amendment also entailed an increase of SKr 1 million in Group earnings for the first quarter of 2012 and, as a result of actuarial losses in the quarter, a decrease in Other comprehensive income of SKr 3 million. Earnings per share after full dilution increased by SKr 0.04 as a result of the amendment.

#### **Fair value of financial instruments**

The Group's financial assets and liabilities measured at fair value amounted to SKr 5 million (4) and SKr 0 million (3), respectively. The derivatives consist of forward exchange contracts and currency options, which are used for hedging purposes. The fair value is based on inputs other than quoted prices that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices) (Level 2). Investments are fair valued based on non-observable inputs (Level 3).

There have been no transfers between Level 2 and Level 3 during the period.

#### **Parent Company**

Net revenue amounted to SKr 6 million (5), with earnings of SKr 7 million (9) before tax. Available liquid assets, including unutilized lines of credit, amounted to SKr 489 million (677).

At the end of the period, 609,092 B shares were in the company's own custody. During the period the company has bought back warrants with a value of SKr 2 million.

#### **Legal dispute**

As previously reported, IFS has since 2002 been involved in a legal dispute concerning the partly-owned company IFS Sri Lanka. The counterparty has initiated legal proceedings against IFS with the Singapore International Arbitration Centre, on the basis of a shareholders agreement between the parties, with a now quantified claim for damages amounting to US\$ 43 million plus interest in the amount of US\$ 33 million calculated on an average annual interest of 10 percent starting from 1999. Since the beginning of this legal dispute, IFS has deemed the counterparty's allegations as completely unsubstantiated and without any merit. Based on the information that IFS has been provided with to date and supported by its external legal counsels, IFS's position with respect to the dispute remains unchanged: IFS rejects the counterparty's claims as being frivolous and completely unmeritorious and unfounded, and rejects the claims in their entirety.

#### **Annual general meeting of shareholders**

The annual general meeting of stockholders (AGM) held on March 26 resolved, among other things, in respect of a dividend to stockholders, an incentive program, a reduction in capital stock, and the repurchase of treasury shares. The dividend, SKr 3.50 per share, amounted in total to SKr 87 million, which was paid on April 5. A resolution was adopted to establish an incentive program by means of which the company will offer senior executives and key personnel the opportunity to subscribe for warrants in the company. The resolution entails the issue of a maximum of 253,000 warrants, each of which carries the right to subscribe for one (1) B share. A resolution was adopted to reduce the company's capital stock by SKr 8,181,840 by cancelling 409,092 B shares repurchased during 2011 and 2012. The AGM further resolved to authorize the board to acquire, on one or more occasions, during the period leading up to the next AGM, a maximum of 10 percent of the total number of shares in the company.

#### **Miscellaneous**

The interim report January–June 2013 will be published on July 18, 2013.

Linköping, April 18, 2013

#### **The Board of Directors**

#### **Audit report**

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

## CONSOLIDATED INCOME STATEMENT

SKr million	Q1 2013	Q1 2012	April–March 2012/13	April–March 2011/12	Full year 2012
License revenue	84	83	468	440	467
Maintenance and support revenue	226	222	913	849	909
Consulting revenue	310	335	1,258	1,311	1,283
Other revenue	1	3	15	12	17
<b>Net revenue</b>	<b>621</b>	<b>643</b>	<b>2,654</b>	<b>2,612</b>	<b>2,676</b>
License expenses	-9	-6	-30	-21	-27
Maintenance and support expenses	-73	-71	-283	-275	-281
Consulting expenses	-260	-282	-1,025	-1,035	-1,047
Other expenses	-3	-3	-10	-11	-10
<b>Direct expenses</b>	<b>-345</b>	<b>-362</b>	<b>-1,348</b>	<b>-1,342</b>	<b>-1,365</b>
<b>Gross earnings</b>	<b>276</b>	<b>281</b>	<b>1,306</b>	<b>1,270</b>	<b>1,311</b>
Product development expenses	-64	-61	-273	-235	-270
Sales and marketing expenses	-137	-137	-586	-525	-586
Administration expenses	-70	-71	-274	-260	-275
Other operating revenue*	1	3	40	10	42
Other operating expenses	-98	-2	-119	-24	-23
<b>Indirect expenses, net</b>	<b>-368</b>	<b>-268</b>	<b>-1,212</b>	<b>-1,034</b>	<b>-1,112</b>
<b>EBIT</b>	<b>-92</b>	<b>13</b>	<b>94</b>	<b>236</b>	<b>199</b>
Result from participations in associated companies	-1	0	-1	0	0
Interest expenses	-2	-2	-8	-7	-8
Other financial items	1	-2	2	-7	-1
<b>Earnings before tax</b>	<b>-94</b>	<b>9</b>	<b>87</b>	<b>222</b>	<b>190</b>
Tax	20	-2	-30	-63	-52
<b>Earnings for the period</b>	<b>-74</b>	<b>7</b>	<b>57</b>	<b>159</b>	<b>138</b>
<b>Earnings for the period are allocated as follows:</b>					
Owners of the Parent Company (SKr million)	-74	7	57	159	138
Non-controlling interests (SKr million)	0	0	0	0	0
Earnings per share pertaining to Parent Company shareholders (SKr)	-2.99	0.28	2.29	6.23	5.52
Earnings per share pertaining to Parent Company shareholders, after full dilution (SKr)	-2.94	0.27	2.24	6.10	5.39
<b>Number of shares</b> (thousands)					
At the end of the period	24,772	25,134	24,772	25,134	24,772
At the end of the period, after full dilution	25,078	25,725	25,078	25,725	25,237
Average for the period	24,772	25,247	24,871	25,524	24,988
Average for the period, after full dilution	25,151	25,838	25,468	26,062	25,616

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SKr million	Q1 2013	Q1 2012	April–March 2012/13	April–March 2011/12	Full year 2012
<b>Earnings for the period</b>	<b>-74</b>	<b>7</b>	<b>57</b>	<b>159</b>	<b>138</b>
<i>Other comprehensive income</i>					
Revaluation of defined-benefit pension plans	7	-3	-10	-3	-20
Exchange rate differences	-14	-16	-34	11	-36
<b>Other comprehensive income for the period, net of tax</b>	<b>-7</b>	<b>-19</b>	<b>-44</b>	<b>8</b>	<b>-56</b>
<b>Total comprehensive income for the period</b>	<b>-81</b>	<b>-12</b>	<b>13</b>	<b>167</b>	<b>82</b>
<b>Total comprehensive income allocated as follows:</b>					
Owners of the Parent Company	-81	-12	13	167	82
Non-controlling interests	0	0	0	0	0

**CONSOLIDATED BALANCE SHEET**

SKr million	March 31 2013	March 31 2012	Dec. 31 2012
Capitalized expenditure for product development	572	540	560
Goodwill	386	346	393
Other intangible fixed assets	100	63	108
<b>Intangible fixed assets</b>	<b>1,058</b>	<b>949</b>	<b>1,061</b>
<b>Tangible fixed assets</b>	<b>98</b>	<b>92</b>	<b>90</b>
Participations in associated companies	3	3	3
Deferred tax receivables	183	183	148
Other long-term receivables and other participations	27	31	28
<b>Financial fixed assets</b>	<b>213</b>	<b>217</b>	<b>179</b>
<b>Non-current assets</b>	<b>1,369</b>	<b>1,258</b>	<b>1,330</b>
Accounts receivable	496	503	718
Other receivables	287	270	242
Cash and cash equivalents	367	422	316
<b>Current assets</b>	<b>1,150</b>	<b>1,195</b>	<b>1,276</b>
<b>Assets</b>	<b>2,519</b>	<b>2,453</b>	<b>2,606</b>
<b>Equity and liabilities</b>			
SKr million	March 31 2013	March 31 2012	Dec. 31 2012
Share capital	508	520	508
Other capital contributed	699	703	701
Accumulated earnings, including earnings for the period and other reserves	-154	-54	-73
<b>Shareholders' equity pertaining to Parent Company shareholders</b>	<b>1,053</b>	<b>1,169</b>	<b>1,136</b>
Non-controlling interests	0	1	1
<b>Shareholders' equity</b>	<b>1,053</b>	<b>1,170</b>	<b>1,137</b>
Liabilities to credit institutions	0	1	1
Pension obligations	169	175	187
Other provisions and other liabilities	43	25	27
<b>Non-current liabilities</b>	<b>212</b>	<b>201</b>	<b>215</b>
Accounts payable	84	81	93
Liabilities to credit institutions	166	25	178
Other provisions and other liabilities	1,004	976	983
<b>Current liabilities</b>	<b>1,254</b>	<b>1,082</b>	<b>1,254</b>
<b>Liabilities</b>	<b>1,466</b>	<b>1,283</b>	<b>1,469</b>
<b>Equity and liabilities</b>	<b>2,519</b>	<b>2,453</b>	<b>2,606</b>
Pledged assets	506	528	578
Contingent liabilities	15	8	14

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

SKr, million	Pertaining to parent company shareholders						
	Share capital	Other contributed capital	Reserves	Profit brought forward	Total	Non-controlling interests	Total stockholders' equity
Opening balance January 1, 2012	520	703	-54	132	<b>1,301</b>	1	<b>1,302</b>
Revaluation of defined-benefit pension plans	-	-	-	-101	<b>-101</b>	-	<b>-101</b>
Adjusted opening balance January 1, 2012	520	703	-54	31	<b>1,200</b>	1	<b>1,201</b>
Total comprehensive income for the period	-	-	-16	4	<b>-12</b>	0	<b>-12</b>
Repurchase of own shares	-	-	-	-19	<b>-19</b>	-	<b>-19</b>
<b>Closing balance March 31, 2012</b>	<b>520</b>	<b>703</b>	<b>-70</b>	<b>16</b>	<b>1,169</b>	<b>1</b>	<b>1,170</b>
Opening balance January 1, 2013	508	701	-90	17	<b>1,136</b>	1	<b>1,137</b>
Total comprehensive income for the period	-	-	-14	-67	<b>-81</b>	-1	<b>-82</b>
Repurchase of call options	-	-2	-	-	<b>-2</b>	-	<b>-2</b>
<b>Closing balance March 31, 2013</b>	<b>508</b>	<b>699</b>	<b>-104</b>	<b>-50</b>	<b>1,053</b>	<b>0</b>	<b>1,053</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

SKr million	Q1 2013	Q1 2012	April–March 2012/13	April–March 2011/12	Full year 2012
Earnings before tax	-94	9	87	222	190
Adjustments for items not included in the cash flow	112	37	248	179	173
<b>Cash flow from operations before change in working capital</b>	<b>18</b>	<b>46</b>	<b>335</b>	<b>401</b>	<b>363</b>
Change in working capital	116	98	-62	-47	-80
<b>Cash flow from current operations</b>	<b>134</b>	<b>144</b>	<b>273</b>	<b>354</b>	<b>283</b>
Acquisition of subsidiaries	-	-	-123	-12	-123
Acquisition of intangible fixed assets	-50	-45	-183	-173	-178
Cash flow from other investment operations	-17	-5	-35	-24	-23
<b>Cash flow after investment operations</b>	<b>67</b>	<b>94</b>	<b>-68</b>	<b>145</b>	<b>-41</b>
Dividend distributed	-	-	-88	-78	-88
Repurchase of own shares	-	-19	-38	-76	-57
Cash flow from other financing operations	-14	-23	147	-	138
<b>Cash flow for the period</b>	<b>53</b>	<b>52</b>	<b>-47</b>	<b>-9</b>	<b>-48</b>
Cash and cash equivalents at the beginning of the period	316	374	422	430	374
Exchange rate differences in cash and cash equivalents	-2	-4	-8	1	-10
<b>Cash and cash equivalents at the end of the period</b>	<b>367</b>	<b>422</b>	<b>367</b>	<b>422</b>	<b>316</b>

## CONSOLIDATED ORGANIC NET REVENUE

SKr, million	<b>Q1</b>				
	Actual 2013	Translation effect	Structural changes	Adjusted 2013	Actual 2012
License revenue	84	4	-3	85	83
Maintenance and support revenue	226	10	-5	231	222
<b>Total product revenue</b>	<b>310</b>	<b>14</b>	<b>-8</b>	<b>316</b>	<b>305</b>
Consulting revenue	310	12	-6	316	335
<b>Net revenue (including other revenue)</b>	<b>621</b>	<b>26</b>	<b>-14</b>	<b>633</b>	<b>643</b>

## CONSOLIDATED ORGANIC OPERATING EXPENSES

SKr, million	<b>Q1</b>				
	Actual 2013	Translation effect	Structural changes	Adjusted 2013	Actual 2012
Operating expenses	713	27	-15	725	630
Capital gains/losses	-	-	-	0	0
Exchange rate gains/losses	-3	-1	0	-4	2
Restructuring costs/ redundancy costs	-92	-1	-	-93	-4
Amortization/depreciation and net capitalization of prod. development	-2	0	1	-1	-1
<b>Adjusted operating expenses</b>	<b>616</b>	<b>25</b>	<b>-14</b>	<b>627</b>	<b>627</b>

## CONSOLIDATED SEGMENT REPORTING, FIRST QUARTER

<b>FIRST QUARTER</b> SKr million		<b>Europe North</b> 2013 2012		<b>Europe West</b> 2013 2012		<b>Europe Central</b> 2013 2012	
License revenue	22	18		21	15	5	6
Maintenance and support revenue	85	85		43	43	21	19
Consulting revenue	152	161		36	44	31	36
Other revenue	0	1		0	0	0	1
<b>Total external revenue</b>	<b>259</b>	<b>265</b>		<b>100</b>	<b>102</b>	<b>57</b>	<b>62</b>
Internal revenue	6	9		13	13	11	7
<b>Total revenue</b>	<b>265</b>	<b>274</b>		<b>113</b>	<b>115</b>	<b>68</b>	<b>69</b>
External operating expenses	-180	-192		-80	-80	-56	-59
Internal operating expenses	-19	-16		-8	-5	-3	-4
Other operating items, net	-43	0		-5	0	-9	0
<b>Operating expenses</b>	<b>-242</b>	<b>-208</b>		<b>-93</b>	<b>-85</b>	<b>-68</b>	<b>-63</b>
<b>EBIT, undistributed</b>	<b>23</b>	<b>66</b>		<b>20</b>	<b>30</b>	<b>0</b>	<b>6</b>
<b>Numbers of employees</b>							
Average for the period	526	557		298	297	200	193
At the end of the period	506	550		294	299	196	189
<b>FIRST QUARTER</b> SKr million		<b>Europe East</b> 2013 2012		<b>Americas</b> 2013 2012		<b>Africa, Asia, and Pacific</b> 2013 2012	
License revenue	5	8		26	19	6	17
Maintenance and support revenue	15	14		41	36	15	16
Consulting revenue	15	20		50	42	18	22
Other revenue	0	0		0	0	1	1
<b>Total external revenue</b>	<b>35</b>	<b>42</b>		<b>117</b>	<b>97</b>	<b>40</b>	<b>56</b>
Internal revenue	4	4		14	9	5	2
<b>Total revenue</b>	<b>39</b>	<b>46</b>		<b>131</b>	<b>106</b>	<b>45</b>	<b>58</b>
External operating expenses	-43	-42		-87	-77	-45	-53
Internal operating expenses	0	0		-12	-3	-3	-3
Other operating items, net	-5	-1		-1	0	-3	2
<b>Operating expenses</b>	<b>-48</b>	<b>-43</b>		<b>-100</b>	<b>-80</b>	<b>-51</b>	<b>-54</b>
<b>EBIT, undistributed</b>	<b>-9</b>	<b>3</b>		<b>31</b>	<b>26</b>	<b>-6</b>	<b>4</b>
<b>Numbers of employees</b>							
Average for the period	269	274		286	252	277	294
At the end of the period	256	272		285	252	259	298
<b>FIRST QUARTER</b> SKr million		<b>Defense</b> 2013 2012		<b>Corporate items *</b> 2013 2012		<b>GROUP</b> 2013 2012	
License revenue	-1	0		0	0	84	83
Maintenance and support revenue	5	7		1	2	226	222
Consulting revenue	7	9		1	1	310	335
Other revenue	0	0		0	0	1	3
<b>Total external revenue</b>	<b>11</b>	<b>16</b>		<b>2</b>	<b>3</b>	<b>621</b>	<b>643</b>
Internal revenue	3	4		-56	-48	0	0
<b>Total revenue</b>	<b>14</b>	<b>20</b>		<b>-54</b>	<b>-45</b>	<b>621</b>	<b>643</b>
External operating expenses	-12	-14		-113	-114	-616	-631
Internal operating expenses	-1	-4		46	35	0	0
Other operating items, net	0	0		-31	0	-97	1
<b>Operating expenses</b>	<b>-13</b>	<b>-18</b>		<b>-98</b>	<b>-79</b>	<b>-713</b>	<b>-630</b>
<b>EBIT, undistributed</b>	<b>1</b>	<b>2</b>		<b>-152</b>	<b>-124</b>	<b>-92</b>	<b>13</b>
<b>Numbers of employees</b>							
Average for the period	44	45		899	910	2,799	2,822
At the end of the period	44	45		898	917	2,738	2,822

\* Undistributed corporate revenue and expenses

**INCOME STATEMENT OF THE PARENT COMPANY**

SKr million	Q1 2013	Q1 2012	April–March 2012/13	April–March 2011/12	Full year 2012
<b>Net revenue</b>	<b>6</b>	<b>5</b>	<b>20</b>	<b>18</b>	<b>19</b>
Administration expenses	-9	-7	-23	-26	-21
Other operating revenue	0	0	0	0	0
<b>EBIT</b>	<b>-3</b>	<b>-2</b>	<b>-3</b>	<b>-8</b>	<b>-2</b>
Result from participations in subsidiaries	-1	-1	20	170	20
Financial revenue	19	17	90	68	88
Financial expenses	-8	-5	-30	-23	-27
<b>Earnings before tax</b>	<b>7</b>	<b>9</b>	<b>77</b>	<b>207</b>	<b>79</b>
Tax	-1	-2	-23	-39	-24
<b>Earnings for the period</b>	<b>6</b>	<b>7</b>	<b>54</b>	<b>168</b>	<b>55</b>

**BALANCE SHEET OF THE PARENT COMPANY**

Assets	March 31 2013	March 31 2012	Dec. 31 2012
Participations in subsidiaries	992	991	992
Deferred tax receivables	13	35	14
Receivables in subsidiaries	67	72	71
Other long-term receivables and other participations	2	6	2
<b>Financial fixed assets</b>	<b>1,074</b>	<b>1,104</b>	<b>1,079</b>
<b>Non-current assets</b>	<b>1,074</b>	<b>1,104</b>	<b>1,079</b>
Receivables in subsidiaries	782	746	889
Prepaid expenses and accrued income	13	10	15
Cash and cash equivalents	155	202	101
<b>Current assets</b>	<b>950</b>	<b>958</b>	<b>1,005</b>
<b>Assets</b>	<b>2,024</b>	<b>2,062</b>	<b>2,084</b>
<b>Equity and liabilities</b>	March 31 2013	March 31 2012	Dec. 31 2012
SKr million			
Share capital	508	520	508
Statutory reserve	573	573	573
Retained earnings, including earnings for the period and share premium reserve	531	595	527
<b>Shareholders' equity</b>	<b>1,612</b>	<b>1,688</b>	<b>1,608</b>
<b>Provisions for pensions and similar commitments</b>	<b>2</b>	<b>2</b>	<b>2</b>
Liabilities to credit institutions	166	25	178
Liabilities to subsidiaries	231	332	282
Other liabilities	13	15	14
<b>Current liabilities</b>	<b>408</b>	<b>372</b>	<b>474</b>
<b>Shareholders' equity and liabilities</b>	<b>2,024</b>	<b>2,062</b>	<b>2,084</b>

**OUTSTANDING SHARES**

	Series A	Series B	TOTAL
Number of shares on January 1, 2013	1,368,913	24,012,009	<b>25,380,922</b>
Conversion of series-A shares into series-B shares	-72,800	72,800	-
<b>Number of shares on March 31, 2013</b>	<b>1,296,113</b>	<b>24,084,809</b>	<b>25,380,922</b>
Repurchasing of shares, in own custody	-	-609,092	<b>-609,092</b>
<b>Number of outstanding shares on March 31, 2013</b>	<b>1,296,113</b>	<b>23,475,717</b>	<b>24,771,830</b>
<b>Number of voting rights on March 31, 2013</b>	<b>1,296,113</b>	<b>2,347,572</b>	<b>3,643,685</b>
Additional shares after full dilution	-	306,542	<b>306,542</b>
<b>Number of shares on March 31, 2013 after full dilution</b>	<b>1,296,113</b>	<b>23,782,259</b>	<b>25,078,372</b>

## KEY FIGURES FOR THE GROUP

		Q1 2013	Q1 2012	April–March 2012/13	April–March 2011/12	Full year 2012
<b>Revenue indicator</b>						
Net revenue per employee	SKr, '000	222	228	940	951	946
<b>Expense and expenditure indicators</b>						
Product development expenses/net revenue	%	10%	9%	10%	9%	10%
Sales and marketing expenses/net revenue	%	22%	21%	22%	20%	22%
Administration expenses/net revenue	%	11%	11%	10%	10%	10%
Amortization and depreciation	SKr, M	-52	-46	-206	-171	-200
of which amortization of capitalized product development expenditure	SKr, M	-38	-36	-154	-132	-152
Capitalized product development expenditure	SKr, M	50	45	187	170	182
<b>Margin indicators</b>						
License margin	%	89%	93%	94%	95%	94%
Maintenance and support margin	%	68%	68%	69%	68%	69%
Consulting margin	%	16%	16%	19%	21%	18%
Gross margin	%	44%	44%	49%	49%	49%
EBIT margin	%	-15%	2%	4%	9%	7%
Earnings margin	%	-15%	1%	3%	8%	7%
Return on average operating capital	%	-9%	1%	10%	24%	20%
<b>Capital indicators</b>						
Equity/assets ratio	%	42%	48%	42%	48%	44%
Accounts receivable (average 12 months)/net revenue (rolling 12 months)	%	20%	19%	19%	19%	19%
Interest-bearing liabilities	SKr, M	335	201	335	201	366
<b>Liquidity indicators</b>						
Net liquidity	SKr, M	201	396	201	396	137
Debt/equity ratio	times	0.3	0.2	0.3	0.2	0.3
<b>Employees</b>						
Average for the period		2,799	2,822	2,822	2,747	2,830
At the end of the period		2,738	2,822	2,738	2,822	2,829

## 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	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1
License revenue	84	183	109	92	83	166	98	93	74	135	99	103	65
Maintenance and support revenue	226	231	224	232	222	220	208	199	196	206	201	205	199
Consulting revenue	310	353	268	327	335	355	288	333	335	383	309	343	322
Other revenue	1	2	11	1	3	4	2	3	2	5	3	4	3
<b>Net revenue</b>	<b>621</b>	<b>769</b>	<b>612</b>	<b>652</b>	<b>643</b>	<b>745</b>	<b>596</b>	<b>628</b>	<b>607</b>	<b>729</b>	<b>612</b>	<b>655</b>	<b>589</b>
License expenses	-9	-7	-6	-8	-6	-3	-7	-5	-10	-7	-15	-10	-7
Maintenance and support expenses	-73	-71	-67	-72	-71	-75	-64	-65	-68	-79	-72	-83	-74
Consulting expenses	-260	-270	-229	-266	-282	-267	-234	-252	-275	-270	-249	-254	-268
Other expenses	-3	-1	-5	-1	-3	-3	-3	-2	-1	-3	-1	-4	-1
<b>Direct expenses</b>	<b>-345</b>	<b>-349</b>	<b>-307</b>	<b>-347</b>	<b>-362</b>	<b>-348</b>	<b>-308</b>	<b>-324</b>	<b>-354</b>	<b>-359</b>	<b>-337</b>	<b>-351</b>	<b>-350</b>
<b>Gross earnings</b>	<b>276</b>	<b>420</b>	<b>305</b>	<b>305</b>	<b>281</b>	<b>397</b>	<b>288</b>	<b>304</b>	<b>253</b>	<b>370</b>	<b>275</b>	<b>304</b>	<b>239</b>
Product development expenses	-64	-72	-72	-65	-61	-56	-60	-58	-55	-51	-53	-58	-53
Sales and marketing expenses	-137	-175	-136	-138	-137	-144	-116	-128	-122	-136	-107	-120	-108
Administration expenses	-70	-70	-66	-68	-71	-65	-58	-66	-62	-70	-65	-62	-64
Other operating revenue	1	39	2	-2	3	0	6	1	1	0	1	1	1
Other operating expenses	-98	-12	-4	-5	-2	-6	-15	-1	-5	-3	-12	-1	-7
<b>Indirect expenses, net</b>	<b>-368</b>	<b>-290</b>	<b>-276</b>	<b>-278</b>	<b>-268</b>	<b>-271</b>	<b>-243</b>	<b>-252</b>	<b>-243</b>	<b>-260</b>	<b>-236</b>	<b>-240</b>	<b>-231</b>
<b>EBIT</b>	<b>-92</b>	<b>130</b>	<b>29</b>	<b>27</b>	<b>13</b>	<b>126</b>	<b>45</b>	<b>52</b>	<b>10</b>	<b>110</b>	<b>39</b>	<b>64</b>	<b>8</b>
Result from participations in associated companies	-1	0	0	0	0	-1	1	0	1	1	0	0	0
Interest expenses	-2	-2	-2	-2	-2	-2	-1	-2	-1	-2	-2	-1	-1
Other financial items	1	2	2	-3	-2	-1	-1	-3	-5	-8	-4	-12	-3
<b>Earnings before tax</b>	<b>-94</b>	<b>130</b>	<b>29</b>	<b>22</b>	<b>9</b>	<b>122</b>	<b>44</b>	<b>47</b>	<b>5</b>	<b>101</b>	<b>33</b>	<b>51</b>	<b>4</b>
Tax	20	-36	-7	-7	-2	-36	-11	-14	-1	-32	-7	-15	-1
<b>Earnings for the period</b>	<b>-74</b>	<b>94</b>	<b>22</b>	<b>15</b>	<b>7</b>	<b>86</b>	<b>33</b>	<b>33</b>	<b>4</b>	<b>69</b>	<b>26</b>	<b>36</b>	<b>3</b>
Cash flow after investment operations	67	55	-28	-162	94	18	33	0	43	70	-2	92	74
No. of employees at the end of the period	2,738	2,829	2,839	2,851	2,822	2,821	2,742	2,695	2,695	2,675	2,621	2,628	2,658

## 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, 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 2012.

## 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. As of January 1, 2013, amendments to IAS 19 “Employee Benefits” and the new standard IFRS 13 “Fair Value Measurement” have come into force. Both have an impact on the Group’s financial reports.

As a result of the amended Employee Benefits (IAS 19) standard, accounting principles for defined-benefit pension plans have been changed compared with the Group’s accounting principles in Annual Report 2012 and in previously published interim reports in 2012. See section

“Other information” for the effects of the changes in accounting principles.

The new standard IFRS 13 “Fair Value Measurement” does not describe when fair value should be used, but consolidates fair value guidance into a single source. The new standard has affected the Group’s reporting in that additional information has been disclosed about the fair value of financial instruments. The information provided about the fair value of financial instruments in the annual report (according to IFRS 7) shall also be included in the interim reports.

For detailed information about the accounting principles: see annual report 2012.

## FINANCIAL INFORMATION 2013/2014

Interim report January–June 2013	July 18, 2013
Interim report January–September 2013	October 24, 2013
Year-end report 2013	February 2014

## ABOUT IFS

IFS is a public company (XSTO: IFS) founded in 1983 that develops, supplies, and implements IFS Applications™, a component-based extended ERP suite built on SOA technology. IFS focuses on industries where any of four core processes are strategic: service & asset management, manufacturing, supply chain, and projects. The company has 2,000 customers and is present in approximately 60 countries with 2,800 employees in total. Net revenue in 2012 was SKr 2.7 billion.

**[www.IFSWORLD.com](http://www.IFSWORLD.com)**

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