



## Orc Software AB – Interim report January 1 – March 31, 2004

- **Revenue for January-March 2004 increased by 2 percent to SEK 65 (64) million.**
- **Operating income decreased by 26 percent to SEK 14 (19) million, giving an operating margin of 21.2 (30.3) percent.**
- **Income after taxes amounted to SEK 10 (15) million.**
- **Earnings per share amounted to SEK 0.69 (0.99).**

### Markets

The first quarter was marked by recovery and certain optimism. The increased activity that was noticed towards the end of 2003 continued and the willingness among market participants to invest in new technology in order to take advantage of the improved market conditions increased.

During the first quarter Europe was characterized by a continued positive trend on several markets. A certain change could also be noticed in the Nordic region, where especially Sweden showed signs of recovery.

It was an eventful first quarter on the North American market. The New York Stock Exchange has indicated that the exchange will establish an electronic hybrid market in the future. At the same time the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange (CME) are actively marketing the possibility of trading options electronically. During the quarter three new marketplaces were started in the US: Eurex US, Boston Options Exchange (BOX) and Chicago Futures Exchange (CFE). In addition, CBOT also launched a new electronic platform, e-CBOT, based on LIFFE CONNECT, the electronic trading platform from Euronext.liffe.

The transition to electronic trading in the US increases Orc Software's possibilities of expanding and the company's office in Chicago, which was established at the end of last year, has already started to generate revenues and further strengthens the company's potential to grow in this region. In order to take advantage of these opportunities the company will continue to invest in the US business.

*Orc Software provides technology for advanced market making, trading and brokerage. The Orc technology is used in 19 countries and allows users to access 80 markets. The company is listed at Stockholmsbörsen and has operations in Chicago, Frankfurt, Hong Kong, London, Milan, Moscow, New York, Stockholm, St Petersburg, Sydney, Tokyo, Toronto, Vienna and Zurich. In 2003, the company's total revenue amounted to SEK 249 million with an operating income of SEK 74 million.*

An interesting trend is that the exchanges in Europe and the US are starting to compete with each other by offering comparable contracts, which creates opportunities for trading these products on several marketplaces with technology from Orc Software.

The entire Asian region and Australia showed increased activity and optimism during the period, for example trading volumes increased on all Australian marketplaces. Technological upgrades took place on the exchanges in Japan, China, Taiwan and Singapore and a recovery has been seen in the Japanese markets. During the quarter, the banks began to rehire and to increase their investments in new technology. In general a continued demand for access to additional Asian marketplaces from participants in Europe, Australia and the US were noticed. The interest for regional trading also increased on marketplaces in India, Taiwan and Korea.

Interest in Orc Software's most advanced technology Orc Liquidator continued to be strong during the quarter due to the most advanced clients looking for technology that could provide them with a competitive advantage. Even though interest has been considerable there was no new sales of the Liquidator technology during the quarter.

## **Future outlook**

Orc Software has a positive outlook for future market development, which is strengthened by increased activity among the market's participants. However, this is not estimated to have any significant financial impact in the short run, since the international market is still characterized by a cautious approach to new investments with longer lead times as a result. The underlying trend for the continuous license revenues, expressed in local currencies, was slightly positive for the first quarter of 2004 compared to the fourth quarter of 2003. During the upcoming quarter, however, Orc Software will be negatively affected by the weakened US dollar in conjunction with the expiration of the company's previous foreign exchange hedges. Orc Software expects an increased demand in the longer term, and the company continues to invest in growth, most recently with a number of positions at management level in Europe and the US.

## **Significant events during the period**

### **Reuters alliance**

The alliance with Reuters continued to follow a positive trend during the first quarter. Reuters has both expanded the existing ROMEX sites and entered into agreements with new ROMEX clients. The new clients primarily include brokers and so called execution desks within equity and equity derivatives trading.

The consolidation of exchange technology in Europe to more proven technology has created increased sales opportunities for ROMEX, for example, Switch Amsterdam has changed to Liffe technology, which favors Orc Software and ROMEX since Orc Software has a long history of experience with Liffe's technology.

The ROMEX offering will, later this year, include an ASP solution (Application Service Provider) where the front-end applications from Orc Software will be made available to the users over a network without the necessity of installing the software locally. This will open up the possibility to reach midsize clients and retail firms within the equity trading segment in Europe with an advanced order management system.

## **Orc ExNet**

During the period Orc ExNet launched a service for order routing for cash and derivatives products. With the help of this service the end-user has effective access to all large equity and equity derivatives markets globally via other Orc Software users, without the requirement of exchange membership. In order to guarantee maximum speed there is the possibility of prioritizing orders and transaction data from other types of data, such as market data and static data.

During the period Orc ExNet entered into an agreement with an additional partner, E\*Trade Securities, the institutional division of E\*TRADE FINANCIAL, which provides Orc Software's clients with improved possibilities for trading on leading equity exchanges in North America and Asia. E\*TRADE FINANCIAL will also provide straight through processing and settlement services for Orc Software clients.

As of March 31, 2004, via its cooperation partners, Orc ExNet offered 36 market connections in Asia, Australia, Europe and North America.

## **Market connections**

As of March 31, 2004, Orc Software had direct market connections to 70 exchanges. During the quarter connections to the following markets were established:

- Archipelago, US
- Chicago Futures Exchange, US
- Nord Pool, the Nordic region (energy exchange)

## **Product development**

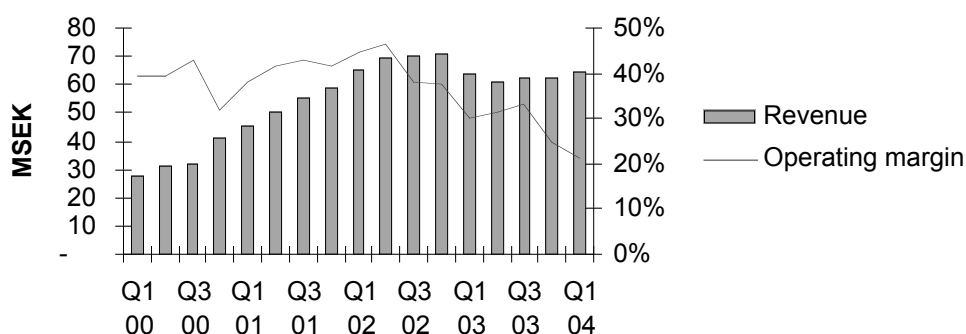
New versions of Orc Trader, Orc Futures and Orc Broker were completed during the first quarter. Orc Trader and Orc Futures were updated with a number of new functions, among other things, for auto quotes, basket trading, conditional orders and alert functions. Orc Broker was upgraded with new functions for contract searching and a more effective order entry. A new version of Orc Liquidator was also completed during the period.

## **Strengthening the organization**

During the period Orc Software completed a number of new recruitments in order to strengthen the organization on a number of key markets. Among others Peter Sibirzeff brings experience from NeoNet Securities, Jiway and Hagströmer & Qviberg. Peter is responsible for Orc Software's US business. Anders Bruzelius will be the new head of Orc Software's Nordic operations and most recently worked for Handelsbanken Capital Markets. Anders was previously one of the founders of Aragon Fondkommission. Matteo Carcano is the new head for Orc Software in Italy. Matteo most recently comes from OMHEX as head of the Italian business and prior to this position he worked at SIA/Cedborsa. Mark Thornberry strengthens the sales organization in London with experience from, among others, Trading Technologies and Tradeware.

## Revenue<sup>1</sup>

### Quarterly revenue and operating margin

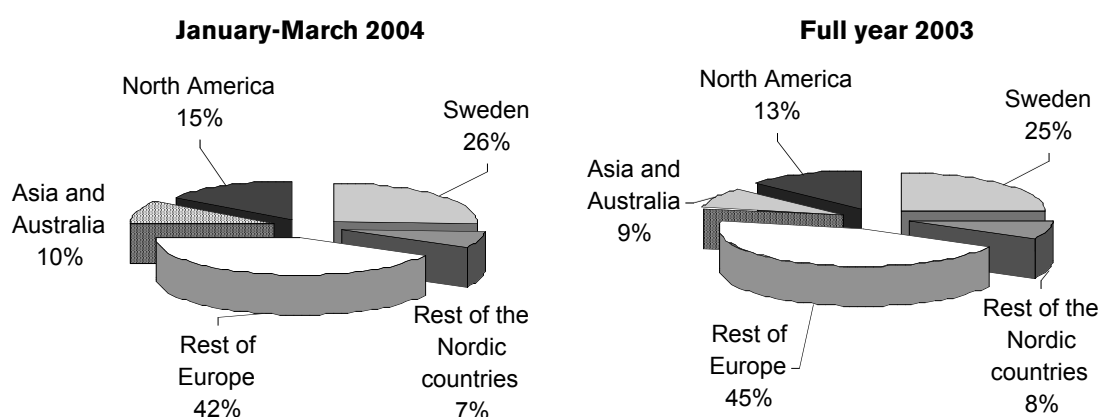


The Group's revenue increased during January-March 2004 by 2 percent to SEK 65 (64 in the corresponding period 2003) million. Systems revenue increased by 9 percent and amounted to SEK 59 (54) million, which equaled 91 (85) percent of total revenue. Compared to the previous quarter systems revenue was largely unchanged. No new sales of Orc Liquidator took place during the period. Systems revenue for January-March includes, however, allocated revenue for Liquidator sales that were completed during the fourth quarter of 2003.

Other operating revenue increased to SEK 5.6 (4.6) million and primarily represents hardware sales and consulting revenue. Compared to the previous quarter other operating revenue increased by SEK 2.5 million.

During January-March, revenue from clients located outside Sweden represented approximately 74 (74) percent of total revenue. At the end of March 2004, OrcSoftware had clients in a total of 19 (19) countries.

### Revenue per geographic market



<sup>1</sup> Revenue and operating margin are calculated after taking into account an increase in revenue of SEK 0.3 (4.9) million subsequent to the capitalization of development expenditure, in accordance with the Swedish Financial Accounting Standards Council's recommendation no.15 (RR15).

The number of client sites<sup>2</sup> amounted to 154 (168) at the end of March 2004. Average revenue per client site<sup>3</sup> amounted during January-March to SEK 1.5 (1.3) million. During the period 8 new client sites were added from the US, Canada, UK and Australia. The number of lost client sites equaled 8 and are mostly related to the Nordic region. During the period Orc Software received cancellations regarding 3 client sites, which will impact the number of client sites during the upcoming quarters.

Orc ExNet's revenue during the period was for the most part unchanged compared to the fourth quarter.

## Earnings

Operating income decreased during the quarter by 26 percent to SEK 14 (19) million. The decrease is primarily due to lower revenues from work performed by the company for its own use and capitalized, which is due to the completion of the development project in St Petersburg. Furthermore, the amortization of this intangible asset also contributed to the lower operating income. Compared to the previous quarter operating income decreased by 12 percent and the decrease is primarily related to higher personnel costs. The operating margin for January-March 2004 amounted to 21.2 (30.3) percent, which may be compared to the operating margin of 24.9 percent for the previous quarter.

The effect of foreign exchange fluctuations, calculated as a change in the respective average exchange rates between January-March 2003 and January-March 2004, amounted to SEK -3.6 (-6.2) million. Foreign exchange hedging resulted in an effect on operating level of SEK 4.1 (2.3) million.

As of March 31, 2004, future flows equivalent to SEK 80 (158) million had been hedged, consisting of US dollar 6 (10) million and Euro 3 (6) million secured against Swedish kronor at an average forward rate of 8.71 (10.15) and 9.37 (9.35) with a total average remaining duration of around 7 (8) months.

At the end of the period non-realized foreign exchange gains amounted to SEK 2.5 (9.8) million, valued at a SEK/USD rate of 7.52 (8.50) and SEK/EUR rate of 9.23 (9.23).

## Operating expenses<sup>4</sup>

Operating expenses increased during January-March 2004 by 16 percent to SEK 51 (44) million. Compared with the previous quarter operating expenses increased by 9 percent.

Personnel costs increased by 22 percent to SEK 28 (23) million. During the same period the average number of employees increased by 7 percent. In relation to the previous quarter the personnel costs increased by 11 percent. The increase in costs is to a certain extent due to one-time costs, for example recruitment costs.

The purchase cost of goods sold amounted to SEK 3.0 (2.2) million. In relation to the previous quarter the cost of goods sold increased by SEK 1.3 million as a result of increased hardware sales.

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<sup>2</sup> The number of client sites includes those sites that at the end of the accounting period paid a license fee.

<sup>3</sup> Calculated as total systems revenue divided by the average number of client sites during the period.

<sup>4</sup> Due to OrcSoftware's working methods, whereby there is a considerable overlap between sales and support work and sales and development work, OrcSoftware reports its results according to the principles for an income statement presented by type of cost.

Cost of premises increased marginally to SEK 4.4 (4.3) million. The cost increased somewhat in comparison to the previous quarter.

Telecom expenses increased by 17 percent both in relation to the equivalent period in the previous year and in relation to the previous quarter. The increase is mainly due to one-time costs for development of market connections that vary between the quarters.

Consulting fees, related to product development, decreased by 37 percent to SEK 1.7 (2.7) million. Compared with the previous quarter these costs increased by SEK 0.7 million. The increase is mostly related to external development of a program application.

Other external expenses increased by 4 percent to SEK 7.4 (7.1) million. In relation to the previous quarter these costs decreased by 17 percent, primarily as a result of a reduced utilization of external resources.

Depreciation and amortization increased by 52 percent to SEK 4.4 (2.9) million, a result of the completion of the development project in St Petersburg during the third quarter 2003 and that amortization of this intangible asset thereby began during the fourth quarter. Depreciation and amortization increased by 5 percent compared to the fourth quarter 2003.

### **Capitalized development expenditure**

Capitalized development expenditure during January-March 2004 amounted to SEK 0.3 (4.9) million. The decrease is primarily related to the development project in St Petersburg that is no longer capitalized since it was completed during the third quarter of 2003. Amortization of the accumulated capitalized development expenditure amounted to SEK 2.2 (0.6) million.

### **Equity/assets ratio and earning capacity**

The equity/assets ratio amounted at the end of March 2004 to 73 (72) percent. Return on capital employed decreased to 24 (35) percent, and return on equity to 16 (23) percent.

### **Cash flow and investments**

The Group's cash flow before changes in working capital and investments equaled SEK 11 (4) million in January-March 2004. The increased cash flow was primarily a result of a decrease in paid income taxes.

The change in working capital amounted to SEK 1.9 (-2.9) million. Operating capital amounted to SEK -1.1 (-16) million. The increase in operating capital was primarily due to the decrease in liquid funds.

The Group's investments amounted to SEK 4.9 (5.8) million during the period, and primarily consisted of computer equipment amounting to SEK 3.9 million.

The Group's cash flow after investments amounted to SEK 4.1 (1.4) million.

The company did not have any interest-bearing liabilities during the period. Liquid funds amounted to SEK 256 (275) million as of March 31, 2004.

The ratio between cash flow before financial items and tax, and operating income before depreciation and amortization, amounted to 0.6 (0.9) during the period.

### **Taxation**

The tax rate during the period amounted to 30 (30) percent. Tax expenses are calculated after estimated tax for parent company and respective subsidiaries.

### **Employees**

At the end of March 2004, Orc Software had 149 (134) employees. The average number of employees during January-March 2004 was 145 (136). The total number of employees increased by 6 percent compared to the previous quarter, primarily within sales, support and account management. Among other areas the expansion took place in the US. The number of women amounted at the end of March to 26 (21), and the number of men 123 (113).

### **Share repurchase**

During the period Orc Software did not repurchase any Orc shares. In total Orc Software has purchased 225 000 Orc shares for SEK 11.2 million, which equals 1.5 percent of the 14850000 shares issued, in accordance with the decision from the General Annual Meeting 2003. Excluding Orc Software's shares the number of shares equals 14 625 000.

During the first quarter, Orc Software's Board of Directors also decided to propose that the Annual General Meeting 2004 grant the Board of Directors authorization to acquire and sell Orc Software's own shares. The purpose of the authorization to repurchase shares is to provide the Board with the opportunity to create additional value for the company's shareholders, during the period until the next Annual General Meeting, by adjusting the capital structure of the Group.

The company's available non-restricted shareholders' equity, following the proposal for dividends and the reduction of the company's share premium reserve, limits a new repurchase program to a maximum of approximately SEK 83 million.

### **Transactions with affiliated companies**

Orc Software has purchased development services from E2E infotech Limited, in which Orc Software owns 34 percent, for SEK 0.8 million.

OM Treasury AB is the counterpart on SEK 30 million of the Group's total hedged foreign exchange positions of SEK 80 million.

## The Parent company

The Parent company's revenue<sup>5</sup> increased by 5 percent to SEK 60 (57) million. Income after financial items decreased and amounted to SEK 14 (18) million. Liquid funds amounted at the end of the period to SEK 230 (250) million, of which SEK 212 (200) million consisted of short-term investments.

## Accounting principles

This interim report has been prepared in accordance with the Swedish Accounting Standards Council's recommendation on interim reporting (RR 20). The same accounting principles have been used as in the last annual accounts. As of January 1, 2004, OrcSoftware follows the new recommendation from the Swedish Accounting Standards Council, Remuneration to employees (RR29). According to the recommendation, programs for remuneration following discontinued employment shall either be classified as a defined contribution plan or as a defined benefit plan. Orc Software only has defined contribution plan and shall therefore continue to expense fees for pensions and other commitments. This principle is in total agreement with the financial reports for previous years.

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<sup>5</sup> Most of Orc Software's invoicing is administered by the Parent company. The subsidiaries invoice the Parent company an amount that is based on the subsidiaries' actual costs plus a profit margin mark-up. Revenues in the Parent company's accounting have previously offset these costs. As of the fourth quarter 2003 the Parent company's revenues and costs are accounted for in gross terms. Comparable figures have been adjusted for this change.

## Income statement

SEK thousands	Jan-Mar 2004	Jan-Mar 2003	2003
<b>Operating revenue</b>			
Systems revenue	58 574	54 005	223 943
Work performed by the company for its own use and capitalized	348	4 931	11 988
Other operating revenue	5 621	4 575	13 178
<b>Total revenue</b>	<b>64 543</b>	<b>63 511</b>	<b>249 109</b>
<b>Operating expenses</b>			
Purchase cost of goods sold	-3 039	-2 247	-5 742
External expenses			
Cost of premises	-4 364	-4 300	-17 030
Telecom expenses	-2 244	-1 917	-7 542
Consulting fees	-1 724	-2 719	-7 839
Other external expenses	-7 432	-7 050	-30 165
Personnel costs	-27 648	-23 071	-93 222
Depreciation and amortization	-4 421	-2 949	-13 076
<b>Total expenses</b>	<b>-50 872</b>	<b>-44 253</b>	<b>-174 616</b>
<b>Operating income</b>	<b>13 671</b>	<b>19 258</b>	<b>74 493</b>
<b>Financial items</b>			
Income from participation in associated companies	-548	-915	-1 379
Financial income	1 521	2 734	7 316
Financial expenses	-3	-2	-332
<b>Net financial income</b>	<b>970</b>	<b>1 817</b>	<b>5 605</b>
<b>Income after financial items</b>	<b>14 641</b>	<b>21 075</b>	<b>80 098</b>
Tax on net income for the period	-4 335	-6 328	-23 717
Minority's part of the income for the period	-184	-97	-775
<b>Net income for the period</b>	<b>10 122</b>	<b>14 650</b>	<b>55 606</b>
Earnings per share <sup>6</sup> , SEK	0.69	0.99	3.78
Number of shares at the end of period, thousands	14 625	14 850	14 625
Average number of shares, thousands	14 625	14 850	14 712

<sup>6</sup> Orc Software does not have any convertible loans or warrants.

## Balance sheet

SEK thousands	Mar 31, 2004	Mar 31, 2003	Dec 31, 2003
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets			
Capitalized development expenditure	20 039	18 132	21 888
Goodwill	262	358	286
Other intangible fixed assets <sup>7</sup>	1 979	2 721	2 164
Tangible assets			
Equipment	19 552	19 021	17 530
Financial assets			
Shares in associated companies	1 497	961	1 545
Other long-term financial fixed assets	5 353	3 397	5 229
<b>Total fixed assets</b>	<b>48 682</b>	<b>44 590</b>	<b>48 642</b>
<b>Current assets</b>			
Current receivables			
Accounts receivable	31 353	29 727	40 681
Prepaid tax	3 364	-	-
Other receivables	3 206	5 507	6 165
Prepaid expenses and accrued income	8 792	6 000	6 868
Short-term investments	211 620	200 060	216 206
Cash and bank balances	44 813	74 854	35 661
<b>Total current assets</b>	<b>303 148</b>	<b>316 148</b>	<b>305 581</b>
<b>TOTAL ASSETS</b>	<b>351 830</b>	<b>360 738</b>	<b>354 223</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Restricted equity			
Share capital	1 485	1 485	1 485
Restricted reserves	101 565	138 737	101 461
Non-restricted equity			
Non-restricted reserves	142 199	104 283	85 726
Net income for the period	10 122	14 650	55 606
<b>Total shareholders' equity</b>	<b>255 371</b>	<b>259 155</b>	<b>244 278</b>
<b>Minority interest</b>	<b>1 443</b>	<b>581</b>	<b>1 259</b>
<b>Provisions</b>			
Deferred tax liability	23 636	19 573	23 636
<b>Total provisions</b>	<b>23 636</b>	<b>19 573</b>	<b>23 636</b>
<b>Current liabilities</b>			
Accounts payable	3 771	6 127	5 969
Tax liabilities	-	5 447	1 685
Other liabilities	3 564	3 295	4 596
Accrued expenses and prepaid income	64 045	66 560	72 800
<b>Total current liabilities</b>	<b>71 380</b>	<b>81 429</b>	<b>85 050</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>351 830</b>	<b>360 738</b>	<b>354 223</b>
Pledged assets	None	None	None
Contingent liabilities	None	None	None

<sup>7</sup> This item pertains to Orc ExNet.

### Specification of the Group's goodwill

The goodwill arose in conjunction with the establishment of Orc ExNet and is being amortized over a period of 60 months, with the adjustment for possible write-downs.

	SEK thousands
Acquisition value less accumulated amortization January 1, 2004	286
Amortization for the period	-24
Acquisition value less accumulated amortization March 31, 2004	262

### Specification of equity (SEK thousands)

<b>Jan-Mar 2004</b>	<b>Share Capital</b>	<b>Restricted Reserves</b>	<b>Non-restricted Equity</b>	<b>Total</b>
Opening balance January 1, 2004	1 485	101 461	141 332	244 278
Translation difference etc.	-	104	867	971
Net income for the period	-	-	10 122	10 122
Closing balance March 31, 2004	1 485	101 565	152 321	255 371

<b>Jan-Mar 2003</b>	<b>Share Capital</b>	<b>Restricted Reserves</b>	<b>Non-restricted Equity</b>	<b>Total</b>
Opening balance January 1, 2003	1 485	138 818	104 840	245 143
Translation difference etc.	-	-81	-557	-638
Net income for the period	-	-	14 650	14 650
Closing balance March 31, 2003	1 485	138 737	118 933	259 155

## Cash flow statement

SEK thousands	Jan-Mar 2004	Jan-Mar 2003	2003
<b>Operating activities</b>			
Operating income	13 671	19 258	74 493
Adjustment for items not included in cash flow			
Depreciation and amortization	4 421	2 949	13 075
Other adjustments for items not included in cash flow	295	-249	376
Financial items	1 810	2 389	7 102
Income tax paid	-9 384	-19 987	-36 404
<b>Cash flow from operating activities before changes in working capital</b>	<b>10 813</b>	<b>4 360</b>	<b>58 642</b>
<b>Changes in working capital</b>			
Changes in accounts receivable	9 328	6 479	-4 242
Changes in operating assets	1 186	1 062	-1 157
Changes in accounts payable	-2 198	-1 318	-1 479
Changes in operating liabilities	-10 194	-3 315	4 252
<b>Total change in working capital</b>	<b>-1 878</b>	<b>2 908</b>	<b>-2 626</b>
<b>Cash flow from operating activities</b>	<b>8 935</b>	<b>7 268</b>	<b>56 016</b>
<b>Investment activities</b>			
Investments in intangible fixed assets	-348	-4 931	-11 988
Investments in tangible fixed assets	-3 944	-1 586	-6 125
Changes in financial fixed assets	-571	671	-3 421
<b>Cash flow from investment activities</b>	<b>-4 863</b>	<b>-5 846</b>	<b>-21 534</b>
<b>Financing activities</b>			
Share repurchase	-	-	-11 177
Dividend	-	-	-44 550
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>-55 727</b>
Change in liquid funds	4 072	1 422	-21 245
Opening liquid funds	251 867	273 822	273 822
Translation difference/exchange differences in liquid funds	494	-330	-710
Closing liquid funds	256 433	274 914	251 867

## Key ratios

	Jan-Mar 2004	Jan-Mar 2003	2003
Operating margin, %	21.2	30.3	29.9
Return on equity, %	16	23	23
Return on capital employed, %	24	35	33
Asset turnover ratio	1.0	1.0	1.0
Equity/assets ratio, %	73	72	69
Average number of employees	145	136	137
Earnings per share, SEK	0.69	0.99	3.78
Equity per share, SEK	17.46	17.45	16.70
Share price at end of the period, SEK	85.00	62.00	84.50
Number of shares at end of period, thousands	14 625	14 850	14 625

## Geographical segments

Orc Software's risks and opportunities are mainly influenced by the company being operational within different geographical areas based on the location of clients. This determines the primary segment division of the geographical areas. Orc Software's products and services are of similar character, aimed at similar client groups, distributed in a similar manner and have a similar production process. In this way the business consists of only one operating structure and information regarding the classification of the operating structure is not provided.

The local operations mainly consist of sales and support efforts and in certain cases development. Functions such as Group management, legal, human resources, accounting and administration, marketing, development, etc. are located centrally and are considered joint Group resources. This means that a great part of the Group's expenses cannot be attributed to a specific geographical area in a reliable way and they therefore remain unallocated.

### Group Jan-Mar 2004

<b>SEK thousands</b>	<b>Europe</b>	<b>North America</b>	<b>Asia/ Australia</b>	<b>Other</b>	<b>Total</b>
Operating revenue for external clients	47 806	9 649	6 740	-	64 195
Work performed by the company for its own use and capitalized	-	-	-	348	348
<b>Total</b>	<b>47 806</b>	<b>9 649</b>	<b>6 740</b>	<b>348</b>	<b>64 543</b>
Income per segment before joint Group expenses	32 905	7 088	1 056	348	41 397
Unallocated costs	-	-	-	-27 726	-27 726
<b>Operating income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 671</b>
Net financial income	-	-	-	970	970
<b>Income after financial items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 641</b>
Tax on net income for the period	-	-	-	-4 335	-4 335
Minority's part of the income	-	-	-	-184	-184
<b>Net income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 122</b>

### Group Jan-Mar 2003

<b>SEK thousands</b>	<b>Europe</b>	<b>North America</b>	<b>Asia/ Australia</b>	<b>Other</b>	<b>Total</b>
Operating revenue for external clients	47 156	6 078	5 346	-	58 580
Work performed by the company for its own use and capitalized	-	-	-	4 931	4 931
<b>Total</b>	<b>47 156</b>	<b>6 078</b>	<b>5 346</b>	<b>4 931</b>	<b>63 511</b>
Income per segment before joint Group expenses	36 532	3 432	1 628	4 931	46 523
Unallocated costs	-	-	-	-27 265	-27 265
<b>Operating income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19 258</b>
Net financial income	-	-	-	1 817	1 817
<b>Income after financial items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21 075</b>
Tax on net income for the period	-	-	-	-6 328	-6 328
Minority's part of the income	-	-	-	-97	-97
<b>Net income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 650</b>

## Quarterly figures

### Income statement

SEK thousands	<b>Q1 2003</b>	<b>Q2 2003</b>	<b>Q3 2003</b>	<b>Q4 2003</b>	<b>Q1 2004</b>
<b>Operating revenue</b>					
Systems revenue	54 005	54 593	56 457	58 888	58 574
Work performed by the company for own use and capitalized	4 931	4 181	2 336	540	348
Other operating revenue	4 575	2 148	3 383	3 071	5 621
<b>Total revenue</b>	<b>63 511</b>	<b>60 922</b>	<b>62 176</b>	<b>62 499</b>	<b>64 543</b>
<b>Operating expenses</b>					
Personnel costs	-23 071	-22 496	-22 836	-24 819	-27 648
Depreciation and amortization	-2 949	-3 025	-2 900	-4 201	-4 421
Other expenses	-18 233	-16 346	-15 804	-17 935	-18 803
<b>Total expenses</b>	<b>-44 253</b>	<b>-41 867</b>	<b>-41 540</b>	<b>-46 955</b>	<b>-50 872</b>
<b>Operating income</b>	<b>19 258</b>	<b>19 055</b>	<b>20 636</b>	<b>15 544</b>	<b>13 671</b>
<b>Net financial items</b>	<b>1 817</b>	<b>1 814</b>	<b>676</b>	<b>1 298</b>	<b>970</b>
Tax on income for the period	-6 328	-6 254	-6 388	-4 747	-4 335
Minority's part of the income for the period	-97	-369	-266	-43	-184
<b>Net income for the period</b>	<b>14 650</b>	<b>14 246</b>	<b>14 658</b>	<b>12 052</b>	<b>10 122</b>

### Balance Sheet

SEK thousands	<b>Mar 31, 2003</b>	<b>Jun 30, 2003</b>	<b>Sept 30, 2003</b>	<b>Dec 31, 2003</b>	<b>Mar 31, 2004</b>
<b>Fixed assets</b>					
Intangible assets	21 211	24 447	25 814	24 338	22 280
Tangible assets	19 021	17 862	16 623	17 530	19 552
Financial assets	4 358	7 055	6 256	6 774	6 850
<b>Total fixed assets</b>	<b>44 590</b>	<b>49 364</b>	<b>48 693</b>	<b>48 642</b>	<b>48 682</b>
<b>Current assets</b>					
Accounts receivable	29 727	38 024	37 164	40 681	31 353
Other receivables	11 507	7 809	9 800	13 033	15 362
Cash and bank balances and short-term investments	274 914	219 155	237 558	251 867	256 433
<b>Total current assets</b>	<b>316 148</b>	<b>264 988</b>	<b>284 522</b>	<b>305 581</b>	<b>303 148</b>
<b>TOTAL ASSETS</b>	<b>360 738</b>	<b>314 352</b>	<b>333 215</b>	<b>354 223</b>	<b>351 830</b>
Equity	259 155	217 864	232 047	244 278	255 371
Minority interest	581	950	1 216	1 259	1 443
Provisions for deferred tax liability	19 573	19 573	19 573	23 636	23 636
Current non interest-bearing liabilities	81 429	75 965	80 379	85 050	71 380
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>360 738</b>	<b>314 352</b>	<b>333 215</b>	<b>354 223</b>	<b>351 830</b>

## Forthcoming financial events

April 21, 2004      Annual General Meeting  
July 13, 2004      Interim Report for January-June  
October 14, 2004   Interim Report for January-September

Stockholm, April 16, 2004

The Board of Directors

*This interim report has not been examined by Orc Software's auditors.*

## Analyst and press meeting, and telephone conference

An analyst and press meeting will be held on April 16, 2004 in Stockholm at 2 p.m. (CET)  
A telephone conference will be held on April 16, 2004 at 11 a.m. (CET). For more  
information about these events visit [www.orcsoftware.com](http://www.orcsoftware.com), Company, Investor Relations,  
Calendar.

## **For further information please contact:**

Nils Nilsson, CEO, tel: +46 8 407 38 00  
Lars Johansson, EVP and COO, tel: +46 8 407 38 24  
Susanne Holmlund, Investor Relations, tel: +46 8407 38 50  
[www.orcsoftware.com](http://www.orcsoftware.com)

Definitions can be found at [www.orcsoftware.com](http://www.orcsoftware.com), Company, Investor Relations, Interim  
Reports.

Orc Software AB (publ)      Org.nr. 556313-4583  
info@orcsoftware.com      Birger Jarlsgatan 32A Box 7742      T +46 8 407 38 00  
www.orcsoftware.com      SE-103 95 Stockholm Sweden      F +46 8 407 38 01