



Orc Software AB – Interim report January 1 – September 30, 2004

- **Revenue for January-September 2004 was largely unchanged and amounted to SEK 186 (187) million.**
- **Operating income for January-September 2004 decreased by 51 percent to SEK 29 (59) million, giving an operating margin of 15.4 (31.6) percent. Income after taxes amounted to SEK 23 (44) million.**
- **Revenue for July-September 2004 amounted to SEK 58 (62) million with an operating income of SEK 4.1 (21) million, giving an operating margin of 7.2 (33.2) percent. Income after taxes amounted to SEK 3.8 (15) million.**
- **Earnings per share for January-September 2004 amounted to SEK 1.56 (2.95).**

Markets

During the third quarter Orc Software did not complete any sales or deliveries of the company's most advanced product, Orc Liquidator, which resulted in lower sales than expected. The company, however, is seeing increased activity on a number of markets. Among other things the successive conversion to electronic trading in North America is creating business opportunities and Orc Software's entry on the market in Chicago continued to develop well during the third quarter of 2004. The company is seeing improved demand in Asia, mostly in Hong Kong but also on other Asian markets. Market development in Europe has been stable and Orc Software has reinforced its position during the quarter on a number of markets, for example Sweden is showing signs of improvement.

Technology that makes it possible to automate both trading strategies as well as order management, combined with global market access, is becoming an increasingly important component for clients when purchasing new systems, which favors Orc Software.

Technology projects, such as Orc Liquidator, require significant development resources from both the client and the supplier. As part of the decision process the client often requests that the technology be tested in production, which makes these types of sales different from standard software sales. This results in longer lead times due to the complexity of the decision process and the fact that the client's investment in this type of technology is significantly greater.

Orc Software provides technology for advanced market making, trading and brokerage. The Orc Technology is used in 20 countries and allows users to access more than 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.
www.orcsoftware.com

Future outlook

The recurring license revenue continued to develop positively, expressed in local currency, and were higher on all markets, except for Sweden and Australia, compared to the previous quarter. There is also a significant interest in Orc Liquidator. Furthermore, the company's broader product portfolio increases business opportunities over time. On the whole, Orc Software still has a confident outlook on the future and the company will continue to invest in growth. The company's revenues will continue to vary between the quarters primarily due to the number of Liquidator sales.

Significant events during the period

Changes in management

Jonas Lindström has been appointed the new Chief Executive Officer for Orc Software. Jonas Lindström, most recently CEO of Front Capital Systems, replaces Nils Nilsson who will remain in his current role until Jonas Lindström officially takes over no later than in September of 2005. Nils Nilsson will continue to work in the company, primarily focusing on sales and business development.

Furthermore, Joakim Johansson has been appointed new Executive Vice President and Chief Technical Officer. In his new position Joakim Johansson will be a member of Orc Software's Group management.

Orc Software's subsidiary Promyzer signs agreements with Sony Ericsson and E*Trade

Orc Software's subsidiary Promyzer signed an agreement with Sony Ericsson at the beginning of the third quarter. Under the agreement Promyzer's mobile trading technology is bundled with Sony Ericsson's new smartphone P910. The smartphone user will be able to trade all instruments supported by the Orc System as well as receive price updates, news and alerts.

An agreement was also signed with E*Trade in July. During the autumn E*Trade will offer the mobile stock trading service to its clients.

Reuters alliance

Reuters markets Orc products under the product name, Reuters Order Management for Exchange Execution (ROMEX). During the third quarter, joint sales activities by Reuters and Orc Software has taken place in many areas throughout Europe. For example Reuters has signed an agreement with the Dutch bank Kempen & Co., which will use ROMEX for derivatives trading and risk management in Holland. In addition, an agreement has been signed with Tradition Securities and Futures, a subsidiary to Compagnie Financière Tradition, which is the first ROMEX client in France. The company will use ROMEX for derivatives trading in Europe and the US.

The launch of ROMEX in a managed solution is expected to take place in the beginning of next year. With the managed solution clients do not need to install software locally or invest in new technical infrastructure.

Market connections

As of September 30, 2004, Orc Software had direct market connections to 78 exchanges. During the quarter connections to the following markets were established:

- Euronext.liffe, Holland
- Mercado Telematico delle Obligazioni, MOT, Italy
- London Stock Exchange, SEAQ, UK

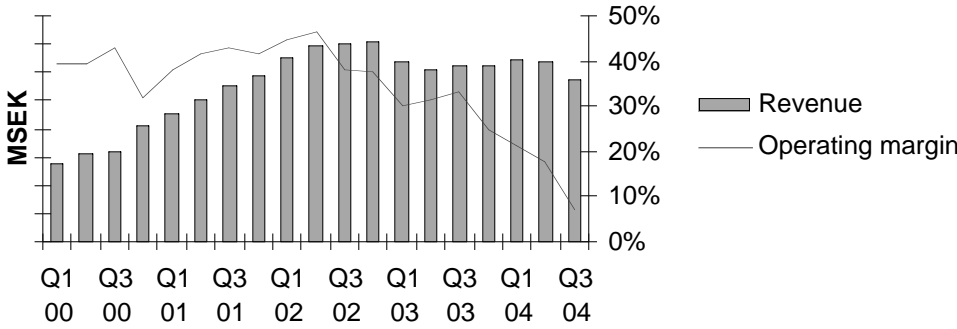
As of September 30, 2004, via its cooperation partners, Orc ExNet offers 36 non-membership market connections in Asia, Australia, Europe and North America.

Share repurchase

During the third quarter Orc Software repurchased 50 200 of its own shares. In total Orc Software has acquired 363 500 Orc shares for SEK 21 million, equivalent to 2.4 percent of the total 14850000 shares issued, in accordance with the authorization from the Annual General Meeting in 2003 and 2004. Excluding Orc Software's holding, the number of shares equals 14486 500.

Revenue¹

Quarterly revenue and operating margin



January-September 2004

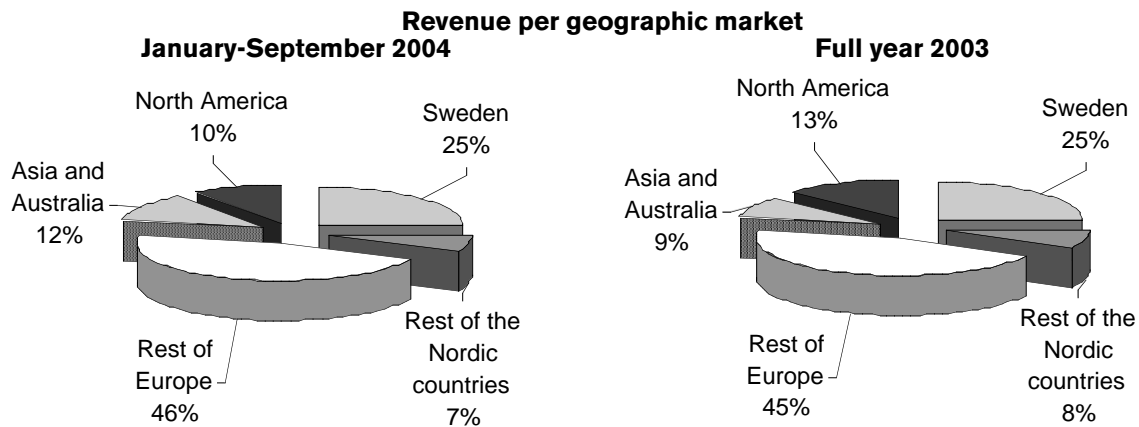
The Group's revenue was largely unchanged during January-September 2004 and amounted to SEK 186 (187 in the corresponding period 2003) million. Excluding the effect of the capitalization of the product development expenditure, revenue increased by 6 percent. Systems revenue increased by 4 percent and amounted to SEK 171 (165) million, which equaled 92 (88) percent of sales.

Work performed by the company for its own use and capitalized amounted to SEK 0.7 (11.4) million.

Other operating revenue increased to SEK 14.5 (10.1) million and primarily represents hardware sales as well as consulting revenue.

During January-September 2004, revenue from customers located outside Sweden represented 75 (75) percent of total revenue. At the end of September 2004, OrcSoftware had customers in a total of 20 (19) countries.

¹ Revenue and operating margin for 2002-2004 are calculated after taking into account an increase in revenue of SEK 0.7 (11.4) million for January-September 2004 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 sites² amounted to 165 (157) at the end of September 2004. Average revenue per client site³ amounted during January-September 2004 to SEK 1.4 (1.3) million. In total, 8 new client sites were added during the third quarter primarily in the US and Hong Kong. The number of lost client sites equaled 4 and are mostly related to sites from the Nordic region and Australia. During the third quarter Orc Software received cancellations regarding 5 client sites, of which one of the cancellations constitutes a relatively large client site, which converted to an in-house developed system. This cancellation will have a financial impact as of the fourth quarter of 2004.

July-September 2004

During July-September 2004 the Group's revenue decreased by 6 percent to SEK 58 (62) million. Compared to the previous quarter revenue decreased by 10 percent mostly because Orc Software did not complete any sales or deliveries of Orc Liquidator during the quarter. A smaller portion of system sales consists of other non-recurring revenues.

Orc ExNet's revenues decreased somewhat compared to the previous quarter due to lower trading volumes.

Earnings

January-September 2004

Operating income decreased during January-September 2004 by 51 percent to SEK 29 (59) million, representing an operating margin of 15.4 (31.6) percent.

The effect of foreign exchange fluctuations, calculated as a change in the respective average exchange rates between January-September 2003 and January-September 2004, amounted to SEK -3.0 (-9.1) million. Foreign exchange hedging resulted in an effect on operating level of SEK 9.9 (8.3) million.

As of September 30, 2004, future flows equivalent to SEK 31 (123) million had been hedged, consisting of US dollar 3.0 (8.7) million and Euro 1.0 (5.0) million secured against Swedish kronor at an average forward rate of 7.46 (9.71) and 9.11 (9.27) with a total average remaining duration of around 2 (5) months.

At the end of the period non-realized foreign exchange gains amounted to SEK 0 (12.4) million, valued at a SEK/USD rate of 7.36 (7.66) and SEK/EUR rate of 9.07 (8.91).

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

³ Calculated as total systems revenue divided by the average number of client sites during the period and expressed as an annualised figure.

The Income from participation in associated companies includes a capital gain of SEK 1.4 million on Group level.

July-September 2004

Operating income decreased during July-September 2004 by 80 percent to SEK 4.1 (21) million, representing an operating margin of 7.2 (33.2) percent. Compared to the previous quarter operating income decreased by SEK 6.7 million.

Operating expenses⁴

Operating expenses increased during January-September 2004 by 23 percent to SEK 157 (128) million. Approximately 40 percent of the cost increase is related to higher purchase cost of goods sold, increased amortizations of capitalized development expenses, and Orc Software's venture into mobile trading, Promyzer. Compared to the previous quarter operating expenses were largely unchanged.

Personnel costs increased during January-September 2004 by 22 percent to SEK 83 (68) million. During the same period the average number of employees increased by 13 percent. One of the contributing factors to the increase in personnel costs is the recruitment of more senior employees. In relation to the previous quarter personnel costs increased somewhat, which to a certain extent was countered by slightly lower commission and bonus allocations. The personnel costs are expected to continue to increase during the fourth quarter due to new recruitments.

The purchase cost of goods sold increased significantly during January-September 2004 compared to the same period the previous year, primarily due to increased hardware sales. In relation to the second quarter these costs increased by 18 percent to SEK 3.2 million.

Cost of premises was largely unchanged both during January to September as well as for the quarter.

Telecom expenses increased by 22 percent compared to the equivalent period in the previous year and by 21 percent in relation to the previous quarter.

Consulting fees, related to product development, decreased during January-September 2004 compared to the equivalent period in the previous year. The decrease is related to a decline in the use of external resources for development. Compared with the previous quarter these costs increased marginally.

Other external expenses increased by 24 percent to SEK 26 (21) million during January-September 2004. The increase is primarily due to the increase in travel costs by 52 percent compared to January-September 2003. In relation to the previous quarter Other external expenses decreased by 14 percent mainly due to a decrease in travel and less use of external consultants.

Depreciation and amortization increased during January-September 2004 by 44 percent to SEK 13 (9) million, given that amortizations began on an intangible fixed asset during the third quarter of 2003. Depreciation and amortization was largely unchanged compared to the previous quarter.

⁴ 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.

Capitalized development expenditure

Capitalized development expenditure during January-September 2004 amounted to SEK 0.7 (11.4) million. The decrease is primarily related to one of Orc Software's development projects that is no longer capitalized since it was completed during 2003. Amortization of the accumulated capitalized development expenditure during the same period amounted to SEK -6.7 (-2.1) million.

Equity/assets ratio and earning capacity

The equity/assets ratio amounted at the end of September 2004 to 67 (70) percent compared with 66 percent at the end of June 2004. During the period January-September 2004 return on capital employed amounted to 19 (36) percent, and return on equity to 13 (24) percent.

Cash flow and investments

The Group's cash flow before changes in working capital and investments equaled SEK 24 (40) million in January-September 2004. The decreased cash flow was primarily a result of a decrease in operating income, which to a certain degree was countered by lower income taxes paid.

The change in working capital amounted to SEK 3.1 (3.5) million in January-September 2004 and primarily consisted of decreased operating debts and accounts receivable. Operating capital amounted to SEK 18 (-4) million at the end of September 2004. The increase in operating capital is related to decreased liquid funds, which in turn is due to an increase in working capital commitments and investments.

The Group's investments amounted to SEK 22 (16) million during January-September 2004. As a first step in the initiative to further strengthen Orc Software's state-of-the-art expertise within the area for automated and advanced proprietary trading Orc Software has contributed to the financing of an external project within this area with an amount equaling SEK 15 million, which has been accounted for as a long-term financial receivable. Other investments mainly concern investments in computer and office equipment equaling SEK 7 million.

The Group's cash flow after investments amounted to SEK -1.4 (20) million in January-September 2004.

The company did not have any interest-bearing liabilities during the period. Liquid funds amounted to SEK 190 (238) million as of September 30, 2004.

Taxation

The tax rate during January-September 2004 amounted to 34 (30) percent. Tax expenses are calculated after estimated tax for parent company and respective subsidiaries. The higher tax rate is due to an unaccounted tax receivable related to a tax loss in a subsidiary.

Employees

At the end of September 2004, Orc Software had 165 (137) employees. The total number of employees increased during the third quarter by 9, within sales, support and development. The average number of employees during January-September 2004 amounted to 153 (136). The number of women amounted at the end of September 2004 to 30 (25), and the number of men 135 (112).

Transactions with affiliated companies

Orc Software has during January-September purchased development services from E2E infotech Limited, in which Orc Software owns 34 percent, for SEK 1.9 million.

During the quarter Orc Software had foreign exchange hedges with OM Treasury AB as counterpart, of which the last hedging contract expired in August 2004.

The Parent company

The Parent company's revenue⁵ increased during January-September 2004 by 5 percent to SEK 178 (170) million. Income after financial items decreased and amounted to SEK 31 (57) million. Liquid funds amounted at the end of the period to SEK 163 (211) million, of which SEK 119 (189) million consisted of short-term investments.

Nominating committee

In accordance with the authorization from the Annual General Meeting in April of 2004, Orc Software's chairman, Magnus Böcker has appointed a nominating committee. Until the Annual General Meeting for 2005 the nominating committee consists of Magnus Böcker (OMX), Ulrika Hagdahl (Cancale Förvaltnings), Björn Lind (SEB) and Olof Neiglick (Nordea). The nominating committee is responsible for issuing a proposal regarding the members of Orc Software's Board of Directors and Directors' compensation. Contact details for the nominating committee are available at the end of the report.

Transition to IFRS 2005

Orc Software has identified which principles and areas differ from current principles, due to the planned transition to IFRS 2005. Nothing new has come to light from the analysis other than the impact mentioned in the latest annual report.

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. Currently Orc Software has only defined contribution plans and shall therefore continue to expense fees for pensions and other commitments. This principle is in total agreement with the previous financial reports.

⁵ 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-Sept 2004	Jan-Sept 2003	July-Sept 2004	July-Sept 2003	2003
Operating revenue					
Systems revenue	170 639	165 055	53 217	56 457	223 943
Work performed by the company for its own use and capitalized	744	11 448	127	2 336	11 988
Other operating revenue	14 493	10 106	4 164	3 383	13 178
Total revenue	185 876	186 609	57 508	62 176	249 109
Operating expenses					
Purchase cost of goods sold	-8 923	-3 963	-3 184	-892	-5 742
External expenses					
Cost of premises	-13 169	-12 736	-4 395	-4 114	-17 030
Telecom expenses	-6 833	-5 619	-2 511	-2 007	-7 542
Consulting fees	-5 782	-6 811	-2 097	-1 958	-7 839
Other external expenses	-26 085	-21 254	-8 631	-6 833	-30 165
Personnel costs	-83 100	-68 403	-28 115	-22 836	-93 222
Depreciation and amortization	-13 338	-8 874	-4 452	-2 900	-13 076
Total expenses	-157 230	-127 660	-53 385	-41 540	-174 616
Operating income	28 646	58 949	4 123	20 636	74 493
Financial items					
Income from participation in associated companies	948	-1 210	38	-719	-1 379
Financial income	3 445	5 748	916	1 540	7 316
Financial expenses	-855	-231	-254	-145	-332
Net financial income	3 538	4 307	700	676	5 605
Income after financial items	32 184	63 256	4 823	21 312	80 098
Tax on net income for the period	-10 989	-18 970	-2 102	-6 388	-23 717
Minority's part of the income for the period	1 545	-732	1 111	-266	-775
Net income for the period	22 740	43 554	3 832	14 658	55 606
Earnings per share ⁶ , SEK	1.56	2.95	0.26	1.00	3.78
Number of shares at the end of the period, reduced by Orc Software's repurchase of own shares, thousands	14 486.5	14 625	14 486.5	14 625	14 625
Average number of shares, reduced by Orc Software's repurchase of own shares, thousands	14 574	14 742	14 517	14 625	14 712

⁶ Orc Software does not have any convertible loans or warrants.

Balance sheet

SEK thousands	30 Sept, 2004	30 Sept, 2003	31 Dec, 2003
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development expenditure	15 919	23 154	21 888
Goodwill	214	310	286
Other intangible fixed assets ⁷	1 608	2 350	2 164
Tangible assets			
Equipment	18 864	16 623	17 530
Financial assets			
Shares in associated companies	1 035	866	1 545
Other long-term financial fixed assets	20 041	5 390	5 229
Total fixed assets	57 681	48 693	48 642
Current assets			
Current receivables			
Accounts receivable	35 359	37 164	40 681
Prepaid tax	8 768	-	-
Other receivables	5 625	2 606	6 165
Prepaid expenses and accrued income	9 262	7 194	6 868
Short-term investments	124 336	191 564	216 206
Cash and bank balances	66 069	45 994	35 661
Total current assets	249 419	284 522	305 581
TOTAL ASSETS	307 100	333 215	354 223
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	1 485	1 485	1 485
Restricted reserves	101 668	138 614	101 461
Non-restricted equity			
Non-restricted reserves	80 505	48 394	85 726
Net income for the period	22 740	43 554	55 606
Total shareholders' equity	206 398	232 047	244 278
Minority interest	1 520	1 216	1 259
Provisions			
Deferred tax liability	23 772	19 573	23 636
Total provisions	23 772	19 573	23 636
Current liabilities			
Accounts payable	6 628	5 330	5 969
Tax liabilities	-	5 121	1 685
Other liabilities	4 776	3 041	4 596
Accrued expenses and prepaid income	64 006	66 887	72 800
Total current liabilities	75 410	80 379	85 050
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	307 100	333 215	354 223
Pledged assets	None	None	None
Contingent liabilities	None	None	None

⁷ 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.

	SEK thousands
Acquisition value less accumulated amortization January 1, 2004	286
Amortization for the period	-72
Acquisition value less accumulated amortization September 30, 2004	214

Specification of the Group's equity (SEK thousands)

Jan-Sept 2004	Share Capital	Restricted Reserves	Non-restricted Equity	Total
Opening balance January 1, 2004	1 485	101 461	141 332	244 278
Dividend for 2003	-	-	-49 725	-49 725
Share repurchase	-	-	-10 242	-10 242
Sale of associated company	-	-	-500	-500
Adjustments between restricted and non-restricted shareholders' equity	-	242	-242	0
Translation difference etc.	-	-35	-118	-154
Net income for the period	-	-	22 740	22 740
Closing balance September 30, 2004	1 485	101 668	103 245	206 398

Jan-Sept 2003	Share Capital	Restricted Reserves	Non-restricted Equity	Total
Opening balance January 1, 2003	1 485	138 818	104 840	245 143
Dividend for 2002	-	-	-44 550	-44 550
Share repurchase	-	-	-11 177	-11 177
Translation difference etc.	-	-204	-719	-923
Net income for the period	-	-	43 554	43 554
Closing balance September 30, 2003	1 485	138 614	91 948	232 047

July-Sept 2004	Share Capital	Restricted Reserves	Non-restricted Equity	Total
Opening balance July 1, 2004	1 485	101 752	103 322	206 559
Share repurchase	-	-	-3 506	-3 506
Translation difference etc.	-	-84	-403	-487
Net income for the period	-	-	3 832	3 832
Closing balance September 30, 2004	1 485	101 668	103 245	206 398

July-Sept 2003	Share Capital	Restricted Reserves	Non-restricted Equity	Total
Opening balance July 1, 2003	1 485	138 706	77 673	217 864
Translation difference etc.	-	-92	-383	-475
Net income for the period	-	-	14 658	14 658
Closing balance September 30, 2003	1 485	138 614	91 948	232 047

Cash flow statement

SEK thousands	Jan-Sept 2004	Jan-Sept 2003	2003
Operating activities			
Operating income	28 646	58 949	74 493
Adjustment for items not included in cash flow			
Depreciation and amortization	13 338	8 874	13 075
Other adjustments for items not included in cash flow	-614	-126	376
Financial items	3 868	5 209	7 102
Income tax paid	-21 322	-32 955	-36 404
Cash flow from operating activities before changes in working capital	23 916	39 951	58 642
Changes in working capital			
Changes in accounts receivable	5 411	-958	-4 242
Changes in operating assets	-537	2 503	-1 157
Changes in accounts payable	607	-2 115	-1 479
Changes in operating liabilities	-8 622	-2 944	4 252
Total change in working capital	-3 141	-3 514	-2 626
Cash flow from operating activities	20 775	36 437	56 016
Investment activities			
Investments in intangible fixed assets	-744	-11 448	-11 988
Investments in tangible fixed assets	-7 340	-3 552	-6 125
Changes in financial fixed assets	-14 093	-1 332	-3 421
Cash flow from investment activities	-22 177	-16 332	-21 534
Financing activities			
Share repurchase	-10 242	-11 177	-11 117
Dividend	-49 725	-44 550	-44 550
Cash flow from financing activities	-59 967	-55 727	-55 727
Change in liquid funds	-61 369	-35 622	-21 245
Opening liquid funds	251 867	273 822	273 822
Translation difference/exchange differences in liquid funds	-93	-642	-710
Closing liquid funds	190 405	237 558	251 867

Key ratios

	Jan-Sept 2004	Jan-Sept 2003	July-Sept 2004	July-Sept 2003	2003
Operating margin, %	15.4	31.6	7.2	33.2	29.9
Return on equity, %	13	24	7	24	23
Return on capital employed, %	19	36	10	35	33
Asset turnover ratio	1.1	1.0	1.1	1.0	1.0
Equity/assets ratio, %	67	70	67	70	69
Average number of employees	153	136	161	136	137
Earnings per share, SEK	1.56	2.95	0.26	1.00	3.78
Equity per share, SEK	14.25	15.87	14.25	15.87	16.70
Share price at the end of the period, SEK	67.75	76.50	67.75	76.50	84.50
Number of shares at the end of the period, reduced by Orc Software's repurchase of own shares, thousands	14 486.5	14 625	14 486.5	14 625	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 therefore 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-Sept 2004

SEK thousands	Europe	North America	Asia/Australia	Other	Total
Operating revenue for external clients	144 642	19 220	21 270	-	185 132
Work performed by the company for its own use and capitalized	-	-	-	744	744
Total	144 642	19 220	21 270	744	185 876
Income per segment before joint Group expenses	99 499	9 208	4 759	744	114 210
Unallocated costs	-	-	-	-85 564	-85 564
Operating income	-	-	-	-	28 646
Net financial income	-	-	-	3 538	3 538
Income after financial items	-	-	-	-	32 184
Tax on net income for the period	-	-	-	-10 989	-10 989
Minority's part of the income	-	-	-	1 545	1 545
Net income for the period	-	-	-	-	22 740

Group Jan-Sept 2003

SEK thousands	Europe	North America	Asia/Australia	Other	Total
Operating revenue for external clients	141 931	17 313	15 917	-	175 161
Work performed by the company for its own use and capitalized	-	-	-	11 448	11 448
Total	141 931	17 313	15 917	11 448	186 609
Income per segment before joint Group expenses	107 902	9 841	3 283	11 448	132 474
Unallocated costs	-	-	-	-73 525	-73 525
Operating income	-	-	-	-	58 949
Net financial income	-	-	-	4 307	4 307
Income after financial items	-	-	-	-	63 256
Tax on net income for the period	-	-	-	-18 970	-18 970
Minority's part of the income	-	-	-	-732	-732
Net income for the period	-	-	-	-	43 554

Group July-Sept 2004

SEK thousands	Europe	North America	Asia/ Australia	Other	Total
Operating revenue for external clients	45 717	5 058	6 606	-	57 381
Work performed by the company for its own use and capitalized	-	-	-	127	127
Total	45 717	5 058	6 606	127	57 508
Income per segment before joint Group expenses	26 463	1 136	1 203	127	28 929
Unallocated costs	-	-	-	-24 806	-24 806
Operating income	-	-	-	-	4 123
Net financial income	-	-	-	700	700
Income after financial items	-	-	-	-	4 823
Tax on net income for the period	-	-	-	-2 102	-2 102
Minority's part of the income	-	-	-	1 111	1 111
Net income for the period	-	-	-	-	3 832

Group July-Sept 2003

SEK thousands	Europe	North America	Asia/ Australia	Other	Total
Operating revenue for external clients	48 970	5 296	5 574	-	59 840
Work performed by the company for its own use and capitalized	-	-	-	2 336	2 336
Total	48 970	5 296	5 574	2 336	62 176
Income per segment before joint Group expenses	36 806	3 006	1 350	2 336	43 498
Unallocated costs	-	-	-	-22 862	-22 862
Operating income	-	-	-	-	20 636
Net financial income	-	-	-	676	676
Income after financial items	-	-	-	-	21 321
Tax on net income for the period	-	-	-	-6 388	-6 388
Minority's part of the income	-	-	-	-266	-266
Net income for the period	-	-	-	-	14 658

Quarterly figures

Income statement

SEK thousands	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004
Operating revenue							
Systems revenue	54 005	54 593	56 457	58 888	58 574	58 848	53 217
Work performed by the company for its own use and capitalized	4 931	4 181	2 336	540	348	269	127
Other operating revenue	4 575	2 148	3 383	3 071	5 621	4 708	4 164
Total revenue	63 511	60 922	62 176	62 499	64 543	63 825	57 508
Operating expenses							
Other expenses	-18 233	-16 346	-15 804	-17 935	-18 803	-21 172	-20 818
Personnel costs	-23 071	-22 496	-22 836	-24 819	-27 648	-27 336	-28 115
Depreciation and amortization	-2 949	-3 025	-2 900	-4 201	-4 421	-4 465	-4 452
Total expenses	-44 253	-41 867	-41 540	-46 955	-50 872	-52 973	-53 385
Operating income	19 258	19 055	20 636	15 544	13 671	10 852	4 123
Net financial items	1 817	1 814	676	1 298	970	1 868	700
Tax on income for the period	-6 328	-6 254	-6 388	-4 747	-4 335	-4 552	-2 102
Minority's part of the income for the period	-97	-369	-266	-43	-184	618	1 111
Net income for the period	14 650	14 246	14 658	12 052	10 122	8 786	3 832

Balance Sheet

SEK thousands	31 Mar 2003	30 Jun 2003	30 Sept 2003	31 Dec 2003	31 Mar 2004	30 Jun 2004	30 Sept 2004
Fixed assets							
Intangible assets	21 211	24 447	25 814	24 338	22 280	20 089	17 741
Tangible assets	19 021	17 862	16 623	17 530	19 552	18 686	18 864
Financial assets	4 358	7 055	6 256	6 774	6 850	17 116	21 076
Total fixed assets	44 590	49 364	48 693	48 642	48 682	55 891	57 681
Current assets							
Accounts receivable	29 727	38 024	37 164	40 681	31 353	48 225	35 359
Other receivables	11 507	7 809	9 800	13 033	15 362	17 372	23 655
Cash and bank balances and short-term investments	274 914	219 155	237 558	251 867	256 433	191 073	190 405
Total current assets	316 148	264 988	284 522	305 581	303 148	256 670	249 419
TOTAL ASSETS	360 738	314 352	333 215	354 223	351 830	312 561	307 100
Equity	259 155	217 864	232 047	244 278	255 371	206 559	206 398
Minority interest	581	950	1 216	1 259	1 443	866	1 520
Provisions for deferred tax liability	19 573	19 573	19 573	23 636	23 636	23 768	23 772
Current non interest-bearing liabilities	81 429	75 965	80 379	85 050	71 380	81 368	75 410
TOTAL EQUITY AND LIABILITIES	360 738	314 352	333 215	354 223	351 830	312 561	307 100

Forthcoming financial events

January 26, 2005	Year-end Report 2004
March 2005	Annual Report 2004
April 14, 2005	Interim Report for January-March 2005
April 20, 2005	Annual General Meeting 2005

Stockholm, October 14, 2004

The Board of Directors

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Analyst and press conference October 14 at 2 p.m. CET (in Swedish)

The analyst and press conference is held at 2 p.m. CET at IVA, Grev Turegatan 16, Stockholm.

Telephone conference October 14 at 4 p.m. CET (in English)

Orc Software also invites you to a telephone conference at 4 p.m. CET.
International participants: +44 (0) 20 7162 0191
Swedish participants: +46 (0)8 505 201 14
(Note: Callers in Stockholm and London should also dial the respective area code.)

Slides can be viewed at:

<http://www.orcsoftware.com/Company/IR/Presentation.htm>

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

Definitions can be found at www.orcsoftware.com, Company, Investor Relations, Interim Reports.

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