



Orc Software AB – Interim report January 1 – March 31, 2006

January-March 2006

- **Revenue SEK 93 (66) million**
- **Operating income SEK 4 (8) million**
- **Operating income SEK 14 million following adjustments for items affecting comparability and foreign exchange effects**
- **Operating margin 3.8 (11.7) percent**
- **Operating margin 16.1 percent following adjustments for items affecting comparability and foreign exchange effects**
- **Income after taxes SEK 3 (6) million**
- **Earnings per share SEK 0.20 (0.40)**

Significant events

- **Strong sales growth in all regions.**
- **The acquisition of Cameron Systems is going according to plan and the business was consolidated as of February 1.**
- **Lars Johansson has taken up the position as acting Chief Executive Officer.**
- **After the end of the period, on April 12, a declaration of intent was announced between OMX and Singapore Exchange Limited (SGX), which implies that OMX will provide the MarketOn product to SGX's members and their clients. MarketOn is based on the cooperation agreement that Orc Software and OMX entered into in the autumn of 2005.**

Orc Software provides advanced technology for trading, market making and brokerage. Its sophisticated platform offers connectivity to over 100 markets across multiple asset classes.

Orc Software's customers include investment banks, trading and market-making firms, brokerage houses, institutional investors and hedge funds. In the beginning of February 2006, Orc Software acquired the Australian based company Cameron Systems, the world's leading supplier of FIX-platforms.

Orc Software was founded in 1987 and is headquartered in Stockholm. The company has more than 400 customers in 33 countries and is listed on the Stockholmsbörsen (SSE: ORC). In 2005, the company's total revenue was SEK 278 million with an operating income of SEK 28 million. Cameron's total revenue was 5.5 million US dollars for the financial year that closed on June 30, 2005. www.orcsoftware.com

Future outlook

The Board of Directors maintains the objective of an annual revenue growth of at least 15 percent and an annual operating margin of at least 15 percent in the medium term.

The annual value of existing client contracts¹, including Cameron Systems' pro forma, increased by 5 percent in the first quarter of the year and amounted to SEK 279 million. Excluding the acquisition of Cameron Systems, the annual value of existing client contracts increased by 31 percent compared to the same point of time in the previous year. Adjusted for foreign exchange movements the increase was 23 percent. The revenue model with licenses paid in advance creates stability and predictability in the revenue flow. In view of the current annual value of existing client contracts, the Board of Directors believes that Orc Software has the ability to achieve the financial goal regarding revenue growth of at least 15 percent for the full-year 2006.

As previously communicated, increased investments in product development and client support as well as costs in conjunction with management changes and new recruitments will affect the profits for the full-year 2006. Items affecting comparability, which includes severance pay and recruitments, amounted to approximately SEK 9 million in the first quarter.

Markets

The market continued to be good in the first quarter. Growth is driven through an increasing number of market places offering electronic trading in several instruments, which in turn implies greater trading volumes. For example, volumes continued to increase strongly in the first quarter at the two American exchanges Chicago Mercantile Exchange and Chicago Board of Trade. Another factor that creates demand for advanced trading systems is the greater interest to trade simultaneously with different types of securities on several markets.

Interest for FIX (Financial Information eXchange) has grown and the technology is increasingly accepted as being a global standard. Previously, it was primarily in the contact between asset managers and brokers that FIX technology was used, but demand for FIX by the world's large exchanges is now also on the rise. In the first quarter, the sector body FIX Protocol Organization established a new FIX standard, FAST (FIX Adapted for Streaming), optimized for more effective transmission of market information in real time.

Significant events during the quarter

Sales

The first quarter was strong from a sales perspective, with growth in all regions. The number of clients increased, as did demand from existing clients. Particularly Asia, the Nordic region and the UK showed strong sales development.

Reuters sales of Orc Software's products showed continued positive trends in the first quarter. Further clients have taken the system into production in several countries, including Spain, France, Italy and Saudi Arabia.

Cameron Systems

As of February 1, 2006 Orc Software acquired 100 percent of the shares in Cameron Systems Pty Ltd². Cameron Systems is the world's leading supplier of FIX-platforms. The acquisition is expected to contribute positively to Orc Software's earnings per share during 2006. Revenue synergies are expected to exceed SEK 30 million per year as of 2008. Reactions regarding the acquisition from clients and the media have been positive and during the period Cameron Systems obtained a large

¹ Defined as the annualized value of existing client contracts, excluding transaction-based revenues, using the average exchange rates during the last month of the period, without taking into account foreign exchange hedges. New contracts are included as of the date invoicing is expected to begin and cancelled contracts are included until payment is discontinued.

² A specification of acquired net assets and goodwill is set out on page 7.

number of contracts with both existing and new clients. In conjunction with the acquisition, OMX decided to base its future FIX offerings for exchanges on Cameron's product portfolio.

Product development

During the first quarter of 2006 version 5.2 of the Orc System was introduced. In addition to having access to the Orc System's broad offering of market connections via Orc Software's own front-end applications, version 5.2 now makes it possible to take advantage of these connections through a entirely server-based DMA (Direct Market Access) solution via FIX or Orc Software's own protocol.

Furthermore, Orc 5.2 now supports the operating system Linux. An important improvement in Orc Trader is the function for combination trading, which makes it easier for customers to create, price and trade more complicated combinations of securities.

As part of the development process with MarketOn, preparations for SAXESS certification have been carried out and the certification is expected to be obtained in April. The MarketOn product is based on the agreement entered into between Orc Software and OMX during the autumn of 2005. The first client to use MarketOn is Nordpool, which carried out a successful quarter auction on the electricity market in the first quarter.

Cameron Systems' product development, which is based in New York, London and Sydney, has primarily been aimed at upgrading existing products and adding functionality to the OM Click Exchange Adapter and the recently launched CameronFIX Market Data Server. This supports the new FIX standard for optimized market information (FAST Protocol).

Orc Software offers access to 114 markets in total.

- Direct access to 97 market places.
 - American HotSpot Fxi has been added
- Access to 72 market places via brokers.
 - Frankfurt Stock Exchange has been added

Dividend

The Annual General Meeting resolved to adopt the dividend proposed by the Board of Directors of SEK 50 million, or SEK 3.29 (1.50) per share³.

Lars Johansson was appointed acting Chief Executive Officer

In the first quarter some senior product developers resigned from Orc Software. This event created turbulence within the organization, which led to the former CEO Jonas Lindström, further to consulting the Board of Directors, leaving the company and Lars Johansson being appointed acting CEO. The situation has since stabilized and the process of replacing the employees who left and to further strengthen the product and support organization is moving forward as planned.

Events after the end of the period

The cooperation agreement with OMX concerning the new MarketOn product has developed well. A declaration of intent was announced on April 12 by OMX and Singapore Exchange Limited (SGX) to supply MarketOn to SGX's members and their clients. The launch is expected during the second half of 2007.

Earnings

Operating income decreased by 45 percent to SEK 3.5 (7.7) million during the first quarter. The decline, both compared to the same quarter in the previous year as to the previous quarter, was primarily attributable to items affecting comparability related to severance pay and recruitments

³ The dividend was paid on April 3, 2006.

that amounted to approximately SEK 9 million, as previously communicated. The operating margin in the first quarter was 3.8 (11.7) percent.

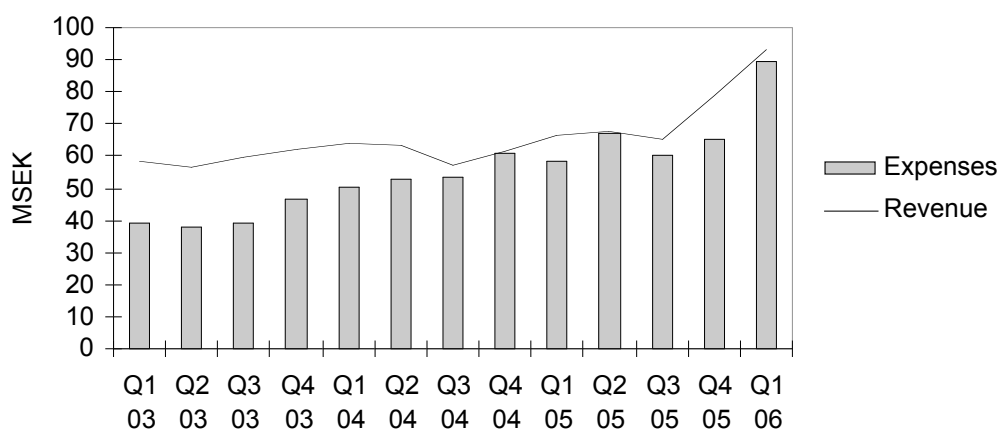
Foreign exchange rate differences during the quarter had a negative effect on income of SEK 1.1 million. Compared to the same period last year income was affected negatively by about SEK 4 million.

Following adjustments for items affecting comparability and foreign exchange effects, operating income amounted to SEK 14 million with an operating margin of 16.1 percent in the first quarter.

As of March 31, 2006, future flows equivalent to SEK 43 (38) million had been hedged, consisting of USD 3.0 (3.0) million and EUR 2.0 (2.0) million. The currencies are secured against Swedish kronor at an average forward rate of 7.89 (6.75) USD/SEK and 9.42 (9.07) EUR/SEK with a total average remaining duration of around 4 (3) months.

Revenue

Quarterly revenue and expenses



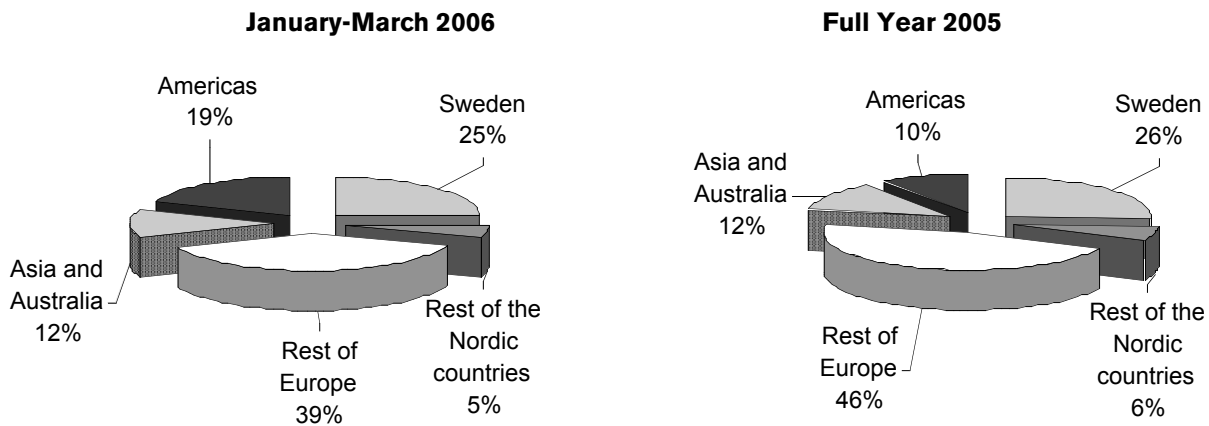
The Group's revenue increased by 41 percent to SEK 93 (66) million. Excluding the acquisition of Cameron Systems, revenue increased by 26 percent. The increase is primarily due to higher systems revenue, compensation from OMX for the development and commercializing of MarketOn, and consolidation of E2E infotech. Compared to the previous quarter, revenue increased by 18 percent and adjusted for the acquisition of Cameron Systems the increase was 6 percent.

Cameron Systems' revenue model differs to that of Orc Software. A significant part of Cameron System's revenue consists of large initial charges and a relatively small ongoing support and maintenance charge. This implies that Cameron System's revenue is more difficult to forecast. Cameron Systems has started the transition to a license model similar to Orc Software's, with quarterly invoicing in advance.

Systems revenue increased by 39 percent to SEK 78 (56) million, equaling 84 (85) percent of revenue. In relation to the previous quarter, systems revenue increased by 21 percent.

Other operating revenue amounted to SEK 15.2 (9.8) million, representing an increase of SEK 5.4 million. The increase is mainly related to compensation from OMX and higher consulting revenue. Compared to the previous quarter, Other operating revenue increased by 6 percent due to higher consulting revenue and increased positive foreign exchange differences. In addition, these revenues pertained to the sale of hardware.

Revenue per geographic market



Operating expenses

Operating expenses⁴ increased during the first quarter by 53 percent to SEK 89 (58) million. In comparison to the previous quarter, operating expenses increased by 37 percent. Excluding items affecting comparability and foreign exchange differences, operating expenses increased by 30 percent compared to the same period previous year and by 20 percent compared to the previous quarter.

Personnel costs increased by 72 percent to SEK 55 (32) million during January-March 2006. More than 90 percent of the increase is a consequence of severance pay, the consolidation of Cameron Systems and E2E infotech, the taking-over of operations from OMX, as well as higher sales commissions. The latter is due to a strong quarter in terms of sales. The average number of employees increased by 24 percent during the same period. In relation to the previous quarter, personnel costs increased by 55 percent.

Other external expenses⁵ increased by 70 percent to SEK 16.8 (9.9) million during the first quarter. Negative foreign exchange differences increased by SEK 4.5 million. Other cost rises are primarily a consequence of the consolidation of Cameron Systems, higher travel costs and a greater use of external consultants. Compared to the previous quarter, Other external expenses increased by 10 percent.

Depreciation and amortization increased by 19 percent during the period and amounted to SEK 5.0 (4.2) million. The increase is attributable to the acquisition of Cameron Systems. Depreciation and amortization also rose compared with the previous quarter.

Capitalized development expenditure

There was no capitalized development expenditure during the first quarter, as in the same period last year. Amortization of accumulated capitalized development expenditure amounted to SEK 1.6 (2.2) million during the first quarter.

Cash flow and investments

The Group's cash flow before changes in working capital and investments was SEK 10.0 (7.3) million.

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.

⁵ Other external expenses consist mainly of other external consulting (not related to product development), travel, marketing, and negative foreign exchange differences.

The change in working capital amounted to SEK -6.4 (6.4) million and was primarily due to increased operating liabilities. Operating capital amounted to SEK 122 (-3.2) million at the end of March. The acquisition of Cameron Systems affected the operating capital through a decline in cash equivalents and an increase in share holders' equity as a consequence of the new share issue and the transfer of repurchased shares.

The Group's investments amounted to SEK 99 (3.0) million and are primarily related to the acquisition of Cameron Systems.

Orc Software did not have any interest-bearing liabilities at the end of the period. Liquid funds amounted to SEK 144 (186) million as of March 31, 2006.

Taxation

The tax rate during the period amounted to 31 (34) percent. Tax expenses are calculated after estimated tax for parent company and respective subsidiaries.

Transfer pricing

Orc Software has changed its principle for transfer pricing setting as of January 1, 2006. The new principle implies that subsidiaries will receive coverage for their costs as well as a revenue based margin.

Employees

At the end of March 2006 Orc Software had 221 (173) employees, of which 43 (33) were female employees. During the first quarter the number of employees increased by 14, primarily due to the acquisition of Cameron Systems. The average number of employees during the first quarter was 214 (172).

Share repurchase

At the Annual General Meeting, the shareholders resolved to adopt the Board of Directors' proposal regarding the acquisition and transfer of own shares. This decision primarily implies that the Board of Directors be authorized during the period up to the next Annual General Meeting, upon one or several occasions, to acquire or sell shares in the company. Orc Software did not repurchase shares in the first quarter, although 513 500 previously repurchased shares were used upon the acquisition of Cameron Systems.

Transactions with affiliated companies

As of October 1, 2005 Orc Software has assumed operations including 12 employees from OMX. The employees receive market-equivalent compensation and OMX assumes the expenses for developing the new product during an initial period.

The Parent company

The Parent company's revenue increased by 22 percent to SEK 77 (63) million. Income after financial items amounted to SEK 11 (18) million. Liquid funds amounted at the end of the period to SEK 95 (171) million, of which SEK 0 (144) million consisted of short-term investments. In addition there is an unutilized bank overdraft facility equal to SEK 20 million.

Accounting principles

This interim report is prepared in accordance with IAS 34, Interim Financial Reporting, which is in accordance with the requirements stipulated by the Swedish Financial Accounting Standards Council recommendation RR31, Interim Financial Reporting for Groups. The same accounting principles have been used as in the last annual accounts.

Acquisition of Cameron Systems

On February 1, Orc Software acquired 100 percent of the shares in Cameron Systems. The initial purchase price was set to SEK 169 million of which SEK 77 million was in Orc shares. Cameron Systems contributed with revenue of SEK 9.6 million and an operating income of SEK 4.5 million for the period February 1 to March 31, 2006. For the period January 1 to January 31, revenue amounted to SEK 2.3 million with an operating income of SEK -0.3 million.

Specification of acquired net assets and goodwill:

SEK thousands

Acquisition value	
- Cash payment	-91 697
- Direct expenditures attributable to the acquisition	-7 213
- 352 282 newly issued Orc shares	-31 255
- 513 500 repurchased Orc shares	-46 215
Total acquisition value	176 380
Total acquisition value	176 380
Fair value of acquired net assets	-72 683
Goodwill⁶	103 697

Acquired assets and liabilities

SEK thousands	Fair value	Acquired book value
Intangible assets ⁷	93 000	-
Tangible assets	735	735
Financial fixed assets	47	47
Receivables	13 359	13 359
Liquid funds	6 159	6 159
Total assets	113 300	20 300
Deferred tax liability	-26 040	-
Other liabilities	-14 577	-14 577
Total liabilities	-40 617	-14 577
Total acquired net assets	72 683	5 723

The acquisition of Cameron Systems has affected the Group's cash flow for the first quarter 2006 in the amount of SEK -93 million. The SEK 93 million consists of the cash part of the purchase price as well as the direct expenditure related to the merger reduced by the acquired liquid funds.

An additional purchase price of up to USD 11 million may be paid, related to Cameron System's sales and profit development for the financial year ending June 30, 2006. At the moment it is not considered possible to produce a reliable calculation of the final additional purchase price as the earn-out period ends on June 30, 2006.

⁶ Pertains to anticipated synergies in conjunction with the acquisition and the related profitability potential and staff of Cameron Systems.

⁷ Concerns technology, brand name and client relations. Straight line amortization is applied on these intangible assets. From the total amount of SEK 93 million, 11 percent is related to trademarks with an amortization period of 5 years, 28 percent is related to customer relations with an amortization period of 10 years and 61 percent is related to technology with an amortization period of 15 years.

Income statement

SEK thousands	Jan-Mar 2006	Jan-Mar 2005	2005
Operating revenue			
Systems revenue	77 678	56 395	233 337
Other operating revenue	15 235	9 823	44 775
Total revenue	92 913	66 218	278 112
Operating expenses			
Purchase cost of goods sold	-5 045	-4 912	-15 583
External expenses			
Cost of premises	-5 099	-4 077	-17 703
Telecom expenses	-1 876	-2 519	-9 275
Consulting fees	-367	-1 156	-2 573
Other external expenses	-16 762	-9 901	-55 843
Personnel costs	-55 213	-31 698	-133 311
Work performed by the company for its own use and capitalized	-	-	-
Depreciation and amortization	-5 044	-4 228	-16 166
Total expenses	-89 406	-58 491	-250 454
Operating income	3 507	7 727	27 658
Financial items			
Income from participation in associated companies	9	123	92
Financial income	1 103	2 363	9 265
Financial expenses	-283	-1 391	-3 947
Net financial income	829	1 095	5 410
Income after financial items	4 336	8 822	33 068
Tax on net income for the period	-1 330	-2 964	-12 577
Net income for the period	3 006	5 858	20 491
Net income for the period attributable to the minority interest	-15	71	410
Net income for the period attributable to the Parent company's shareholders	3 021	5 787	20 081
Earnings per share ⁸ , SEK	0.20	0.40	1.40
Number of outstanding shares at the end of the period reduced by Orc Software's repurchase of its own shares, thousands	15 202	14 337	14 337
Average number of outstanding shares reduced by Orc Software's repurchase of own shares, thousands	14 844	14 337	14 337

⁸ Orc Software does not have any outstanding convertible loans or warrants and thereby no dilution effects.

Balance sheet

SEK thousands	31 Mar 2006	31 Mar 2005	31 Dec 2005
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development expenditure	4 319	11 632	5 964
Goodwill ⁹	100 781	286	476
Other intangible fixed assets ¹⁰	89 053	1 237	680
Tangible assets			
Equipment	19 987	17 890	16 364
Shares in associated companies	96	1 254	87
Available-for-sale investments	3 082	2 906	3 082
Other long-term financial fixed assets	1 303	22 647	1 670
Deferred tax receivable	4 144	1 607	2 027
Total fixed assets	222 765	59 459	30 350
Current assets			
Current receivables			
Accounts receivable	71 177	41 741	48 062
Prepaid tax	5 312	19 143	2 312
Other receivables	6 057	3 142	6 790
Prepaid expenses and accrued income	8 939	8 982	7 617
Short-term investments	654	149 409	164 852
Cash and bank balances	143 021	36 127	61 999
Total current assets	235 160	258 544	291 632
TOTAL ASSETS	457 925	318 003	321 982
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	1 520	1 485	1 485
Other contributed capital	120 957	59 351	60 115
Reserves	-4 726	-148	378
Retained earnings	145 961	141 339	128 115
Equity attributable to the minority interest	2 046	1 532	2 099
Total shareholders' equity	265 758	203 559	192 192
Long-term liabilities			
Deferred tax liability	50 865	25 335	26 260
Total long-term liabilities	50 865	25 335	26 260
Current liabilities			
Accounts payable	17 330	7 749	9 487
Tax liabilities	8 850	7 538	1 812
Other liabilities	6 562	7 513	4 273
Accrued expenses and prepaid income	108 560	66 309	87 958
Total current liabilities	141 302	89 109	103 530
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	457 925	318 003	321 982
Pledged assets	None	None	None
Contingent liabilities	None	None	None

⁹ This item pertains to Orc ExNet and E2E infotech. Goodwill in E2E infotech is stated in British pounds and is adjusted according to the closing day rate.

¹⁰ This item pertains to Orc ExNet and Cameron Systems.

Specification of the Group's equity

SEK thousands	Jan-Mar 2006	Jan-Mar 2005	2005
Opening balance	192 192	199 192	199 192
The effect of the implementation of IAS 39, January 1, 2005	-	-2 184	-2 184
Dividend	-	-	-22 729 ¹¹
Transfer of repurchased shares	46 215	-	-
Fair value of Available-for-sale investments	-	-140	-140
New share issue	31 255	-	-
Market valuation hedge instrument	-144	-	144
Market valuation intangible assets	-6 370	-	-
Change in subsidiaries	-73	-	-6 755
Change in minority	-38	-	1 452
Change in associated company	-	-	205
Translation difference etc.	-285	833	2 516
Net income for the period attributable to Parent company's shareholders	3 021	5 787	20 081
Net income for the period attributable to minority interest	-15	71	410
Closing balance	265 758	203 559	192 192
Shareholders' equity attributable to the Parent company's shareholders	263 712	202 027	190 093
Shareholders' equity attributable to the minority interest	2 046	1 532	2 099

The sum of revenue and expenses for the period calculated as the sum of revenue and expenses, which are accounted for on the income statement and directly against shareholders' equity, amounted to SEK -3.5 (5.7) million as of March 31, 2006. Of this amount, SEK -3.5 (5.6) million is related to the Parent company's shareholders and SEK 0.0 (0.1) million is related to the minority interest.

Cash flow statement

SEK thousands	Jan-Mar 2006	Jan-Mar 2005	2005
Operating activities			
Operating income	3 507	7 727	27 658
Adjustment for items not included in cash flow			
Depreciation and amortization	5 044	4 228	16 166
Other adjustments for items not included in cash flow	587	-189	-3 527
Financial items	922	344	5 357
Income tax paid	-48	-4 792	-1 068
Cash flow from operating activities before changes in working capital	10 012	7 318	44 586
Changes in working capital			
Changes in accounts receivable	-10 919	1 349	-4 149
Changes in other operating assets	-77	639	-1 225
Changes in accounts payable	4 772	588	2 535
Changes in other operating liabilities	12 638	-8 965	9 301
Total change in working capital	6 414	-6 389	6 462
Cash flow from operating activities	16 426	929	51 048
Investment activities			
Investments in intangible fixed assets	-	-	-
Investments in tangible fixed assets	-5 452	-1 943	-6 211
Investments in businesses ¹²	-92 751	-	-6 853
Sale of businesses	-501	-	-
Changes in financial fixed assets	184	-1 090	20 982
Cash flow from investment activities	-98 520	-3 033	7 918

¹¹ Of which SEK 1 224 thousand refers to dividends from Orc ExNet.

¹² The part of the acquisition value assignable to Cameron Systems that consists of Orc shares does not affect the cash flow for the Group.

Financing activities

Dividend	-	-	-22 729
Cash flow from financing activities	-	-	-22 729
Change in liquid funds	-82 094	-2 104	36 237
Opening liquid funds	226 851	186 166	186 166
Translation difference/exchange differences in liquid funds	-1 082	1 474	4 448
Closing liquid funds	143 675	185 536	226 851

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 customers. Thus, the primary segment division consists 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.

Revenue

SEK thousands	Jan-Mar 2006	Jan-Mar 2005	2005
Europe	60 324	49 484	202 463
Americas	16 485	5 774	27 009
Asia/Australia	10 880	6 113	29 817
Other	5 224	4 847	18 823
Total	92 913	66 218	278 112

Operating income¹³

SEK thousands	Jan-Mar 2006	Jan-Mar 2005	2005
Europe	36 442	31 320	126 619
Americas	9 239	1 933	7 312
Asia/Australia	3 600	1 817	7 857
Other	-45 774	-27 343	-114 130
Total	3 507	7 727	27 658

Key ratios

	Jan-Mar 2006	Jan-Mar 2005	2005
Operating margin, %	3.8	11.7	9.9
Return on equity, %	5	12	10
Return on capital employed, %	8	20	19
Asset turnover ratio	0.4	1.3	1.4
Equity/assets ratio, %	58	64	60
Average number of employees	214	172	186
Number of employees at the end of the period (of which women)	221 (43)	173 (33)	207 (38)
Earnings per share, SEK	0.20	0.40	1.40
Equity per share, SEK	17.35	14.09	13.26
Share price at the end of the period, SEK	68.50	54.25	88.50

¹³ Income for the geographical segments is reported before joint Group costs.

Quarterly figures

Income statement

SEK thousands	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005
Operating revenue					
Systems revenue	77 678	64 241	56 096	56 605	56 395
Other operating revenue	15 235	14 345	9 385	11 222	9 823
Total revenue	92 913	78 586	65 481	67 827	66 218
Operating expenses					
Other expenses	-29 149	-25 768	-26 117	-26 526	-22 565
Personnel costs	-55 213	-35 617	-29 917	-36 079	-31 698
Work performed by the company for its own use and capitalized	-	-	-	-	-
Depreciation and amortization	-5 044	-3 806	-3 941	-4 191	-4 228
Total expenses	-89 406	-65 191	-59 975	-66 796	-58 491
Operating income	3 507	13 395	5 506	1 031	7 727
Net financial items	829	972	2 413	930	1 095
Tax on net income for the period	-1 330	-6 159	-2 916	-538	-2 964
Net income for the period	3 006	8 208	5 003	1 423	5 858
Net income for the period attributable to the minority interest	-15	435	234	-330	71
Net income for the period attributable to the Parent company's shareholders	3 021	7 773	4 769	1 753	5 787

Balance sheet

SEK thousands	31 Mar 2006	31 Dec 2005	30 Sep 2005	30 Jun 2005	31 Mar 2005
Fixed assets					
Intangible assets	194 153	7 120	9 134	11 165	13 155
Tangible assets	19 987	16 364	16 287	17 244	17 890
Financial assets	8 625	6 866	7 831	31 173	28 414
Total fixed assets	222 765	30 350	33 252	59 582	59 459
Current assets					
Accounts receivable	71 177	48 062	43 830	43 271	41 741
Other receivables	20 308	16 719	30 416	21 207	31 267
Cash and bank balances and short-term investments	143 675	226 851	205 919	189 004	185 536
Total current assets	235 160	291 632	280 165	253 482	258 544
TOTAL ASSETS	457 925	321 982	313 417	313 064	318 003
Shareholders' equity	265 758	192 192	191 726	187 702	203 559
Deferred tax liability	50 865	26 260	25 718	25 881	25 335
Current non interest-bearing liabilities	141 302	103 530	95 973	99 481	89 109
TOTAL EQUITY AND LIABILITIES	457 925	321 982	313 417	313 064	318 003

Forthcoming financial events

July 14, 2006 Interim Report for the second quarter
October 17, 2006 Interim Report for the third quarter

Stockholm, April 20, 2006

The Board of Directors

For further information please contact:

Lars Johansson, CEO, tel: + 46 8 407 38 24
Investor Relations, tel: +46 8 407 38 50

Analyst and press meeting, and telephone conference

An analyst and press conference will be held on April 20, 2006 at 2 p.m. (CET). A telephone conference will also be held at 4 p.m. (CET). Further information is available at www.orcsoftware.com.

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.

Orc Software AB (publ)
Info@orcsoftware.com
www.orcsoftware.com

Org.no. 556313-4583
Birger Jarlsgatan 32A Box 7742
SE-103 95 Stockholm Sweden

T +46 8 407 38 00
F +46 8 407 38 01