



Orc Software AB – Interim Report

1 January-30 June 2000

- Revenue up by 74 percent in first half 2000 to SEK 58.4 (33.6) million.
- Operating income up by 81 percent over the same period to SEK 22.9 (12.6) million.
- agilX – new joint venture with Bridge.

Significant events during the period

agilX

In April 2000, Orc Software and Bridge entered into an agreement to form a joint-venture. Bridge is a leading global supplier of financial information and related services with a very strong position in North America. An equally owned company, agilX, will allow investors to trade in stocks, options, futures and forward contracts using the Orc technology via an application that resides in Bridge's terminals or Bridge's Internet service. The trading will be able to be executed through any broker with which the customer has an account, and on all the exchanges to which the Orc system is connected. The service, for which users will be charged per transaction, is expected to be launched in the fourth quarter 2000.

Listing

The Board of Directors of Orc Software, together with its principal shareholder OM Technology, has resolved to apply for listing of the Company's shares on the OM Stockholm Exchange during the second half of 2000.

Revenue and net income

Revenue in the first half of 2000 amounted to SEK 58.4 million, a 74 percent increase compared to the same period in the previous year. The increase is primarily attributable to new users among both existing and new customers, as well as that a number of customers have increased the number of market connections.

Orc Software's operating income increased by 81 percent to SEK 22.9 (12.6) million. Income after financial items increased by 84 percent to SEK 24.1 (13.1) million. The operating margin was 39.2 percent.

Financial position and liquidity

Liquid funds at the close of the period amounted to SEK 57.9 million (SEK 65.9 million as of 31 December 1999). The debt/equity ratio was 57.1 percent (69.9 percent as of 31 December 1999). The Group has no interest-bearing debt.

Accounts receivable increased to SEK 32.6 million as of 30 June 2000, from SEK 8.4 million as of 30 June 1999. The increase is largely due to the fact that Orc Software took over invoicing from OM Technology for the subsidiaries in the UK, Italy and Australia during the first half of 2000. An equivalent increase has also taken place in respect of short-term debt, which includes customers' prepaid license fees.

Investments

Investments in fixed assets during the period amounted to SEK 2.4 million and consisted primarily of investments in hardware.

Cash flow

Cash flow after investments amounted to SEK 7.7 million.

Personnel

The average number of employees in the first half of 2000 was 59 people. The number of employees as of 30 June 2000 was 64. The majority of new appointments relate to positions in Sales and Support, as well as in Finance and Administration.

Parent company

Revenue increased by 76 percent, to SEK 58.0 (33.0) million. Income after financial items increased to SEK 24.2 (12.9) million.

Group income statements

SEK thousand	Jan-June 2000	Jan-June 1999	1999
Revenue			
Systems revenue	56,650	33,245	77,126
Other operating revenue	1,741	322	6,586
Total revenue	58,391	33,567	83,712
Operating expenses			
External expenses	-18,931	-10,546	-29,117
Personnel expenses	-15,009	-8,776	-20,056
Depreciation	-1,585	-1,618	-3,467
Total expenses	-35,525	-20,940	-52,640
Operating income	22,866	12,627	31,072
Financial items			
Interest income	1,212	480	1,081
Interest expense	-14	-20	-76
Net financial items	1,198	460	1,005
Income after financial items	24,064	13,087	32,077
Tax on net income for the period	-6,804	-3,664	-10,012
Net income for the period	17,260	9,423	22,065

Group balance sheets

SEK thousand	30 June 2000	30 June 1999	31 Dec 1999
Fixed assets	8,989	5,425	8,211
Current assets			
Accounts receivable	32,592	8,356	5,681
Other receivables	3,491	2,672	2,241
Cash and bank balances	57,898	24,182	65,887
Total current assets	93,981	35,210	73,809
TOTAL ASSETS	102,970	40,635	82,020
Shareholders' equity	58,816	22,163	57,305
Provisions for deferred taxes	4,690	2,734	4,696
Other non-interest bearing liabilities	39,464	15,738	20,019
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	102,970	40,635	82,020

Group cash flow

SEK thousand	Jan-June 2000	Jan-June 1999	Jan-Dec 1999
Cash flow from operating activities	10,130	6,601	30,588
Cash flow from investing activities	-2,443	-1,598	-6,380
Cash flow from financing activities	-15,676	-12,000	10,500
Cash flow for the period	- 7,989	- 6,997	34,708
Liquid assets at the beginning of the period	65,887	31,179	31,179
Liquid assets at the end of the period	57,898	24,182	65,887

Key ratios

	Jan-June 2000	Jan-June 1999	1999
Operating margin, %	39.2	37.6	37.1
Return on equity, %	29.7	40.2	53.8
Equity/assets ratio, %	57.1	54.5	69.9
Net debt/equity ratio, multiple	-1.0	-1.1	-1.1
Investments, SEK million	2.4	1.6	6.4
Average number of employees	59	39	42
Earnings per share, SEK	1.21	0.79	1.83
Equity per share, SEK	4.13	1.85	4.02

Financial information

10 October 2000 Interim Report 9 months
January 2001 Year-end Report 2000

Stockholm, 29 August 2000

Nils Nilsson
President and Chief Executive Officer

I have performed a review of this interim report and thereby followed the recommendations set out by the Swedish Institute of Authorized Public Accountants, FAR. A review is significantly limited in scope compared to an audit. I have found nothing to suggest that this interim report does not comply with the requirements set out in the Annual Accounts Act.

Stockholm, 29 August 2000

*Björn Fernström
Authorised Public Accountant*

Definitions of ratios

Operating margin

Operating income as a percentage of revenue.

Return on equity

Net income for the period as a percentage of average shareholders' equity.

Equity/assets ratio

Shareholders' equity as a percentage of total assets.

Shareholders' equity

Shareholders' equity at the end of the period. Average shareholders' equity has been calculated as opening plus closing equity divided by two.

Investments

Investments in fixed assets, after any disposals.

Average number of employees

Average number of employees for the period.

Earnings per share

Net income for the period divided by average number of shares.

Equity per share

Shareholders' equity at the end of the period divided by the number of shares at the end of the period.