



## Orc Software AB – Interim report January 1 – June 30, 2003

- **Revenue for January-June 2003 decreased by 7 percent to SEK 124 (134) million.**
- **Operating income for January-June 2003 decreased by 38 percent to SEK 38 (61) million, giving an operating margin of 30.8 (45.7) percent.**
- **Revenue for April-June 2003 amounted to SEK 61 (69) million with an operating income of SEK 19 (32) million, giving an operating margin of 31.3 (46.4) percent.**
- **Earnings per share for January-June 2003 amounted to SEK 1.95 (3.25).**
- **The company predicts that revenue for the third quarter will be in the interval of SEK 60-66 million with cost levels maintained in relation to the previous quarter.**

### Markets

Similar to the first quarter of the year, the second quarter was also characterized by a continued general review of costs and a consistently cautious approach to technology investments. Consolidations in the industry continue, aiming to create synergies and eliminate less profitable participants from the market. The market's participants are trading on more geographical markets, but due to costs are localizing to fewer geographical sites.

In the Nordic region demand for market access has increased since more participants are looking for business opportunities on other markets. Another positive sign is that the Swedish market seems to have stabilized following a period of extensive cost cuts and adjustments to lower market volumes.

Orc Software's European sales have had a comparatively strong development, especially in Germany and Austria. As a general trend in Europe, the trading of OTC-products is increasing and there is an increased focus on sector based trading.

In North America the transition to electronic exchange trading has intensified. For example, the Chicago Board of Trade (CBOT) will be converting to a new electronic trading system during the fourth quarter. Newly started electronic market places such as BOX (Boston Options Exchange) and the Eurex clearing cooperation with the Board of Trade Clearing Corporation (BOTCC) also

*Orc Software develops and markets standardized and turnkey software systems for pricing, trading and risk management in real-time in international financial, commodities and energy markets. The company is a leading international software vendor with clients in 19 countries. The Orc Software share is listed on Stockholmsbörsen's O-list.*

increase the rate of change. Orc Software also sees an increase in the activity from hedge funds and other institutional investors.

In Asia and Australia the level of activity differs from country to country, but the entire region has suffered from lower trading volumes, which has led to an increased demand for access to more markets outside the region. The greatest activity is taking place in Japan and South Korea.

There were no new sales of Orc Software's most advanced technology during the period. The complexity of this technology has resulted in a longer decision process than was previously expected, which in turn continues to make it difficult to predict the company's revenue flows.

## **Forecast for the third quarter 2003**

Orc Software has a cautious optimistic view for the second half of the year. The positive view is based on the fact that the company experiences a somewhat increased business activity within different client groups, and also on an increase in activity among a number of exchanges that drive the development and demand for electronic trading systems. It is difficult, however, to predict when this increased business activity will affect Orc Software's sales. Furthermore, the significant cutbacks by one of the company's largest clients will, as previously communicated, come into effect from July 1, 2003.

The company predicts that revenue for the third quarter will be in the interval of SEK 60-66 million with cost levels maintained in relation to the previous quarter.

## **Significant events during the period**

### **Reuters alliance**

The cooperation with Reuters proceeded according to plan during the second quarter. Sales initiatives for the Reuters Order Management System for Exchange Execution, ROMEX, took place across all of Europe with a primary focus on Germany, the Euronext region (Paris, Amsterdam, Brussels), London and Spain. ROMEX is Reuters order management system based on Orc technology. The clients who signed contracts for ROMEX during the first quarter will all be in full operation shortly. During the second quarter additional clients signed contracts and they are scheduled to be operational in the third quarter.

Furthermore, the cooperation has resulted in the integration between the Orc System and other Reuters products. For example, Kondor+, the Reuters risk management system for larger institutions, banks and brokerage firms, is now linked with the Orc System through a standardized module.

### **Orc ExNet**

Orc ExNet has continued to develop well during the period, despite the current market conditions. Additional clients have connected to Orc ExNet's network; an increased interest is especially noted from Asia and Australia. Furthermore, an agreement has been signed with SEB Futures, which will provide Orc Software's clients with the possibility to trade on the Chicago Mercantile Exchange, Euronext.liffe (London and Paris) as well as Eurex, via SEB Futures.

As of June 30, 2003, via its cooperation partners Good Morning Securities, Indosuez WI Carr, NeoNet/Lexit Capital, Samsung Securities and SEB Merchant Banking, Orc ExNet offered 27 market connections.

## Market connections

As of June 30, 2003, Orc Software had direct market connections to 48 exchanges. During the quarter connections to the following markets were established:

- Amsterdam Switch, The Netherlands
- Korea Stock Exchange, South Korea
- Quotrix, Germany

## Distribution agreement with Infront

Orc Software and the Norwegian software development company Infront have signed an agreement that provides Orc Software with the right to globally distribute Infront's information- and trading system, The Online Trader. This agreement strengthens Orc Software's product range for trading over the Internet. In addition, Orc Software has acquired 10 percent of Infront.

## Product development

During the period Orc Software launched a new client application, Orc Futures. Together with Orc Trader and Orc Broker the company has now created a broad product family that provides existing client groups with the means to expand the usability of the system and create cost advantages by limiting the number of system suppliers.

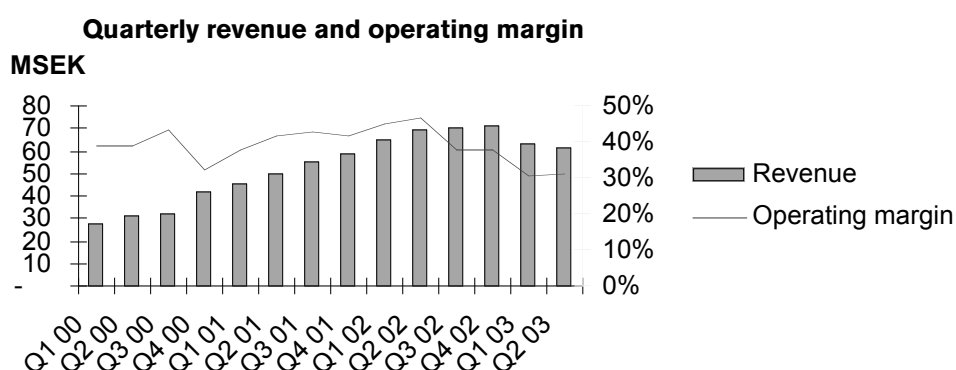
## Share repurchase

During the second quarter of 2003 the Board of Directors obtained an authorization from the Annual General Meeting to repurchase shares. A total of 225 000 shares were repurchased during the quarter, which equals 1.5 percent of the total number of shares of 14 850 000.

## Events after reporting period

Orc Software has acquired 49 percent of Gamefederation Development AB. Gamefederation Development develops software and participates in one of Orc Software's development projects. The initial financial effects of the acquisition are insignificant.

## Revenue<sup>1</sup>



## January-June 2003

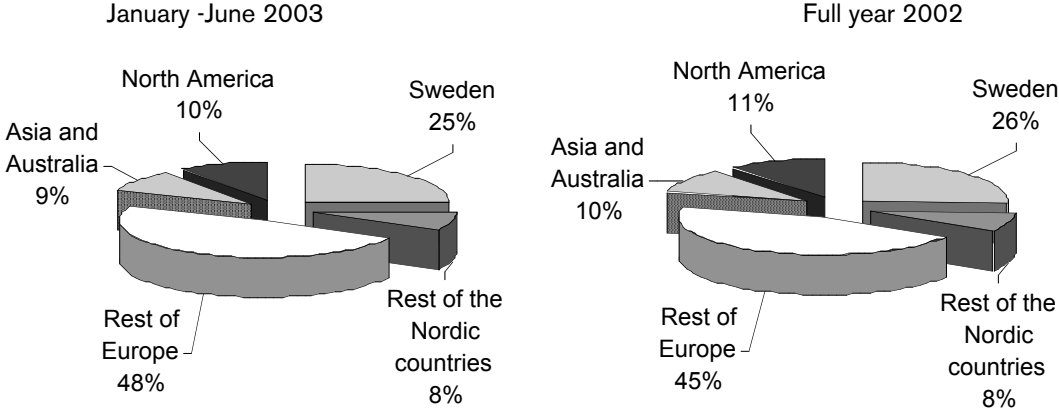
The Group's revenue decreased during January-June 2003 by 7 percent to SEK 124 (134 in the corresponding period 2002) million. Around 87 (92) percent of the revenue was made up of systems revenue.

<sup>1</sup> Revenue and operating margin for 2002 and 2003 are calculated after taking into account an increase in revenue of SEK 9.1 (6.2) million for January-June 2003 subsequent to the capitalization of development expenditure, in accordance with the Swedish Financial Accounting Standards Council's recommendation no.15 (RR15).

Other operating revenue increased to SEK 6.7 (4.1) million and primarily represents hardware sales as well as consulting revenue.

During January-June 2003, revenue from clients located outside Sweden represented 75 (72) percent of total revenue. At the end of June 2003, Orc Software had clients in a total of 19 (19) countries.

**Revenue per geographic market**



The number of client sites<sup>2</sup> amounted at the end of June 2003 to 169 (147). Average revenue per client site<sup>3</sup> amounted during January-June to SEK 1.3 (1.7) million.

**April-June 2003**

During April-June 2003 the Group's revenue decreased by 12 percent to SEK 61 (69) million. Revenue decreased by 4 percent compared with the previous quarter. The decrease in comparison to the previous quarter is foremost a result of the reduction in other operating revenue as well as a reduction in capitalized development expenditure. Systems revenue was for the most part unchanged compared to the previous quarter.

During the quarter 7 new client sites were added from Finland, Japan, Switzerland, UK, South Korea and the US. The number of lost client sites equaled 6 and were primarily sites from the Nordic region. During the period Orc Software has received cancellations from 9 client sites. In general, the fact that some clients are covering more geographical markets from a fewer number of offices means that a decrease in the number of client sites does not necessarily result in a reduction of Orc Software's license revenue.

During the period Orc ExNet continued to grow both in the number of clients as well as sales revenue, and contributed positively to the Group's income.

**Earnings**

**January-June 2003**

Operating income decreased during January-June 2003 by 38 percent to SEK 38 (61) million, representing an operating margin of 30.8 (45.7) percent.

The effect of foreign exchange fluctuations, calculated as a change in the respective average exchange rates between the first half of 2002 and the first half of 2003, amounted to SEK -6.7

<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, expressed as an annualized figure.

(0.2) million. Foreign exchange hedging resulted in an effect on operating level of SEK 5.3 (5.9) million.

As of June 30, 2003, future flows equivalent to SEK 127 (125) million had been hedged<sup>4</sup>, consisting of US dollar 9 (12) million and Euro 6 (0) million secured against Swedish kronor at an average forward rate of 9.99 (10.41) and 9.35 with a total average remaining duration of around 6 (5) months.

At the end of the period non-realized foreign exchange gains amounted to SEK 11.5 (11.5) million, valued at a SEK/USD rate of 8.00 (9.16) and SEK/EUR rate of 9.16 (9.08).

### **April-June 2003**

Operating income decreased during April-June 2003 by 41 percent to SEK 19 (32) million, representing an operating margin of 31.3 (46.4) percent. Compared to the previous quarter operating income was for the most part unchanged since the somewhat lower revenue was compensated for by somewhat lower costs.

### **Operating expenses<sup>5</sup>**

Operating expenses increased during January-June 2003 by 18 percent to SEK 86 (73) million and decreased by 5 percent compared to the previous quarter. Adjusted for the decrease in the purchase cost of goods sold, the operating expenses decreased by 2 percent in comparison to the previous quarter. The fact that both the US dollar and the British pound weakened against the Swedish krona resulted in a slightly positive effect on costs.

Personnel costs increased by 12 percent to SEK 46 (41) million. During the same period the average number of employees increased by 19 percent. In relation to the previous quarter these costs decreased by 2 percent.

The purchase cost of goods sold increased significantly compared to the same period in the previous year, as a result of hardware sales to new clients. Compared to the first quarter these costs decreased.

Cost of premises increased by 32 percent to SEK 8.6 (6.5) million as a consequence of the new office in Tokyo and the expansion of the office in Stockholm. The cost in comparison to the previous quarter was unchanged.

Telecom expenses decreased by 4 percent compared to the corresponding period last year and fell by 12 percent compared to the previous quarter. The decrease is mainly due to non-recurring costs for development of market connections varying from quarter to quarter as well as the streamlining of the utilization of certain telecom services.

Consulting fees, related to product development, increased in comparison to the equivalent period during the previous year. The increase is mostly related to external development of a new program application. Compared with the previous quarter these costs decreased.

Other external expenses increased by 8 percent to SEK 14 (13) million, mainly due to the fact that the operations have grown. In relation to the previous quarter these costs increased by 5 percent, primarily as a result of increased travel.

---

<sup>4</sup> Of which SEK 48 million had OM Treasury as the counterparty.

<sup>5</sup> Due to Orc Software's working methods, whereby there is a considerable overlap between sales and support work and sales and development work, Orc Software reports its results according to the principles for an income statement presented by type of cost.

Depreciation and amortization increased by 22 percent to SEK 6.0 (4.9) million, a result of the increased number of offices and employees as well as amortization of intangible fixed assets. Depreciation and amortization were largely unchanged compared to the previous quarter.

### **Capitalized development expenditure**

Capitalized development expenditure during January-June 2003 amounted to SEK 9.1 (6.2) million. The increase is primarily represented by the external development of a new program application. Amortization of the accumulated capitalized development expenditure amounted to SEK 1.4 (0.3) million.

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

The equity/assets ratio amounted at the end of June 2003 to 69 (65) percent compared with 72 percent at the end of March 2003. During January-June 2003 return on capital employed amounted to 37 (66) percent, and return on equity to 25 (48) percent.

### **Cash flow and investments**

The Group's cash flow before changes in working capital and investments equaled SEK 22 (56) million in January-June 2003. The reduced cash flow was primarily a result of a lower operating income and a reduced tax debt.

The change in working capital amounted to SEK 8 (-9) million during January-June 2003 and was primarily due to a decrease in accounts payable and other operating liabilities. Operating capital amounted to SEK -1 (-36) million at the end of June 2003. The increase in operating capital is due to a higher equity and lower liquid funds, in turn a consequence of the increased working capital commitment.

The Group's investments amounted to SEK 13 (13) million for the first half of 2003, and primarily consisted of capitalized development expenditure equaling SEK 9 million as well as investments in computer and office equipment equaling SEK 3 million.

The Group's cash flow after investments amounted to SEK 1 (51) million during the period January-June 2003.

The company did not have any interest-bearing liabilities during the period. Liquid funds amounted to SEK 219 (242) million as of June 30, 2003. During the second quarter the company distributed SEK 56 million to shareholders, consisting of a dividend equaling SEK 45 million and repurchase of shares equaling SEK 11 million.

The ratio between cash flow before financial items and tax, and operating income before depreciation and amortization, amounted to 0.7 (0.9) for January to June 2003.

### **Taxation**

The tax rate during January-June 2003 amounted to 30 (26) percent. Tax expenses are calculated after estimated tax for parent company and respective subsidiaries.

## Employees

At the end of June 2003, Orc Software had 135 (125) employees. In total, the number of employees during the first half of 2003 was reduced by 3, in comparison with the previous quarter the number of employees increased by 1. The average number of employees during January-June 2003 was 136 (114). The number of women amounted at the end of June to 24 (22), and the number of men 111 (103).

## Shareholders

The number of shareholders of Orc Software amounted at May 31, 2003 to 2 545 (1 789 at June, 30, 2002).

<b>Orc Software's ten largest known shareholders</b>	<b>No. of Shares</b>	<b>% of Shares</b>
OM Technology	4 488 075	30.6
Cancale Förvaltnings AB*	1 633 200	11.1
SEB Sweden Small Cap Fund	855 640	5.8
Hagströmer & Qviberg Fondkommission	702 200	4.8
Nordea Bank Finland	604 831	4.1
Goldman Sachs International	445 989	3.0
Third Swedish National Pension Fund	354 300	2.4
D. Carnegie	345 509	2.3
Fidelity funds	316 700	2.2
Nordea funds	257 500	1.8
Other shareholders	4 671 056	31.8
<b>Total</b>	<b>14 675 000</b>	<b>100.0</b>

Source: VPC AB, direct and nominee shareholders May 31, 2003.

As of May 31, 2003 Orc Software had acquired 175 000 shares and excluding Orc Software's holding the total number of shares amounted to 14 675 000 shares.

As of June 30, 2003 Orc Software had acquired 225 000 shares and excluding Orc Software's holding the total number of shares amounted to 14 625 000.

\*Ulrika Hagdahl and Nils Nilsson own Cancale Förvaltnings AB in equal shares. In addition, Hagdahl and Nilsson directly own 46 000 and 40 000 shares respectively.

## The Parent company

The Parent company's revenue<sup>6</sup> decreased during January-June by 16 percent to SEK 79 (94) million. Income after financial items decreased to SEK 38 (57) million. Liquid funds amounted at the end of the period to SEK 199 (228) million, of which SEK 167 (195) 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.

<sup>6</sup> Orc Software AB administrates most of the Group's invoicing from the Parent company. The subsidiaries invoice the Parent company an amount based on their actual costs plus a profit margin. These costs are eliminated against revenue in the Parent company's accounts.

## Income statement

SEK thousands	Jan-Jun 2003	Jan-Jun 2002	Apr-Jun 2003	Apr-Jun 2002	2002
<b>Operating revenue</b>					
Systems revenue	108 598	124 016	54 593	63 849	246 688
Work performed by the company for its own use and capitalized	9 112	6 205	4 181	2 783	13 412
Other operating revenue	6 723	4 093	2 148	2 455	15 234
<b>Total revenue</b>	<b>124 433</b>	<b>134 314</b>	<b>60 922</b>	<b>69 087</b>	<b>275 334</b>
<b>Operating expenses</b>					
Purchase cost of goods sold	-3 071	-1 215	-824	-970	-8 169
External expenses					
Cost of premises	-8 622	-6 478	-4 322	-3 175	-14 914
Telecom expenses	-3 612	-3 750	-1 695	-2 055	-8 147
Consulting fees	-4 853	-2 311	-2 134	-1 349	-6 995
Other external expenses	-14 421	-13 113	-7 371	-7 261	-29 294
Personnel costs	-45 567	-41 236	-22 496	-19 715	-82 443
Depreciation and amortization	-5 974	-4 853	-3 025	-2 492	-10 747
<b>Total expenses</b>	<b>-86 120</b>	<b>-72 956</b>	<b>-41 867</b>	<b>-37 017</b>	<b>-160 709</b>
<b>Operating income</b>	<b>38 313</b>	<b>61 358</b>	<b>19 055</b>	<b>32 070</b>	<b>114 625</b>
<b>Financial items</b>					
Profit/loss from participation in associated companies	-491	-405	424	-252	-564
Financial income	4 208	4 262	1 495	2 314	9 123
Financial expenses	-86	-70	-105	-42	-59
<b>Net financial income</b>	<b>3 631</b>	<b>3 787</b>	<b>1 814</b>	<b>2 020</b>	<b>8 500</b>
<b>Income after financial items</b>	<b>41 944</b>	<b>65 145</b>	<b>20 869</b>	<b>34 090</b>	<b>123 125</b>
Tax on net income for the period	-12 582	-17 155	-6 254	-8 578	-36 047
Minority's part of the income for the period	-466	199	-369	100	141
<b>Net income for the period</b>	<b>28 896</b>	<b>48 189</b>	<b>14 246</b>	<b>25 612</b>	<b>87 219</b>
Earnings per share <sup>7</sup> , SEK	1.95	3.25	0.97	1.72	5.87
Number of shares at end of period excluding Orc Software's own holdings, thousands	14 625	14 850	14 625	14 850	14 850
Average number of shares excluding Orc Software's own holdings, thousands	14 801	14 850	14 754	14 850	14 850

<sup>7</sup> Orc Software does not have any convertible loans or warrants.

## Balance sheet

SEK thousands	Jun 30, 2003	Jun 30, 2002	Dec 31, 2002
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets			
Capitalized development expenditure	21 578	7 568	13 832
Goodwill	334	428	382
Other intangible fixed assets <sup>8</sup>	2 535	3 277	2 906
Tangible assets			
Equipment	17 862	16 906	19 750
Financial assets			
Shares in associated companies	1 585	1 987	1 827
Other long-term financial assets	5 470	-	4 115
<b>Total fixed assets</b>	<b>49 364</b>	<b>30 166</b>	<b>42 812</b>
<b>Current assets</b>			
Current receivables			
Accounts receivable	38 024	33 946	36 206
Other receivables	2 559	4 484	7 500
Prepaid expenses and accrued income	5 250	6 581	4 776
Short-term investments	167 218	195 316	240 299
Cash and bank balances	51 937	46 441	33 523
<b>Total current assets</b>	<b>264 988</b>	<b>286 768</b>	<b>322 304</b>
<b>TOTAL ASSETS</b>	<b>314 352</b>	<b>316 934</b>	<b>365 116</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity			
Share capital	1 485	1 485	1 485
Restricted reserves	138 706	119 402	138 818
Non-restricted equity			
Non-restricted reserves	48 777	37 176	17 621
Net income for the period	28 896	48 189	87 219
<b>Total equity</b>	<b>217 864</b>	<b>206 252</b>	<b>245 143</b>
<b>Minority interest</b>	<b>950</b>	<b>426</b>	<b>484</b>
<b>Provisions</b>			
Deferred tax liability	19 573	12 415	19 573
<b>Total provisions</b>	<b>19 573</b>	<b>12 415</b>	<b>19 573</b>
<b>Current liabilities</b>			
Accounts payable	2 220	6 880	7 445
Tax liabilities	6 011	15 590	19 106
Other liabilities	2 825	6 529	5 066
Accrued expenses and prepaid income	64 909	68 842	68 299
<b>Total current liabilities</b>	<b>75 965</b>	<b>97 841</b>	<b>99 916</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>314 352</b>	<b>316 934</b>	<b>365 116</b>
Pledged assets	None	None	None
Contingent liabilities	None	None	None

<sup>8</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.

	SEK thousands
Acquisition value less accumulated amortization January 1, 2003	382
Amortization for the period	-48
Acquisition value less accumulated amortization June 30, 2003	334

## Specification of equity (SEK thousands)

<b>Jan-Jun 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
Dividend for 2002	-	-	-44 550	-44 550
Share repurchase	-	-	-11 117	-11 117
Translation difference etc.	-	-112	-396	-508
Net income for the period	-	-	28 896	28 896
Closing balance June 30, 2003	1 485	138 706	77 673	217 864

<b>Jan-Jun 2002</b>	<b>Share Capital</b>	<b>Restricted Reserves</b>	<b>Non-restricted Equity</b>	<b>Total</b>
Opening balance January 1, 2002	1 485	119 615	70 707	191 807
Dividend for 2001	-	-	-32 670	-32 670
Translation difference	-	-	-1 074	-1 074
Transfer to statutory reserve in accordance with distribution of earnings	-	20	-20	0
Other adjustments	-	-233	233	0
Net income for the period	-	-	48 189	48 189
Closing balance June 30, 2002	1 485	119 402	85 365	206 252

<b>Apr-Jun 2003</b>	<b>Share Capital</b>	<b>Restricted Reserves</b>	<b>Non-restricted Equity</b>	<b>Total</b>
Opening balance April 1, 2003	1 485	138 737	118 933	259 155
Dividend for 2002	-	-	-44 550	-44 550
Share repurchase	-	-	-11 117	-11 117
Translation difference etc.	-	-31	161	130
Net income for the period	-	-	14 246	14 246
Closing balance June 30, 2003	1 485	138 706	77 673	217 864

<b>Apr-Jun 2002</b>	<b>Share Capital</b>	<b>Restricted Reserves</b>	<b>Non-restricted Equity</b>	<b>Total</b>
Opening balance April 1, 2002	1 485	119 402	92 787	213 674
Dividend for 2001	-	-	-32 670	-32 670
Translation difference	-	-	-364	-364
Net income for the period	-	-	25 612	25 612
Closing balance June 30, 2002	1 485	119 402	85 365	206 252

## Cash flow statement

SEK thousands	Jan-Jun 2003	Jan-Jun 2002	2002
<b>Operating activities</b>			
Operating income	38 313	61 358	114 625
Adjustments for items not included in cash flow			
Depreciation and amortization	5 974	4 853	10 747
Other adjustments for items not included in cash flow	15	1 039	1 037
Financial items	3 754	4 192	8 850
Income tax paid <sup>9</sup>	-25 677	-17 155	-24 016
<b>Cash flow from operating activities before changes in working capital</b>	<b>22 379</b>	<b>54 287</b>	<b>111 243</b>
<b>Changes in working capital</b>			
Changes in operating assets	2 967	565	-3 297
Changes in operating liabilities <sup>9</sup>	-10 536	9 617	7 520
<b>Total change in working capital</b>	<b>-7 569</b>	<b>10 182</b>	<b>4 223</b>
<b>Cash flow from operating activities</b>	<b>14 810</b>	<b>64 469</b>	<b>115 466</b>
<b>Investment activities</b>			
Investments in intangible fixed assets	-9 112	-6 078	-13 413
Investments in tangible fixed assets	-2 778	-4 627	-12 835
Changes in financial fixed assets	-1 429	-2 335	-5 605
<b>Cash flow from investment activities</b>	<b>-13 319</b>	<b>-13 040</b>	<b>-31 853</b>
<b>Financing activities</b>			
Share repurchase	-11 117	-	-
Dividend	-44 550	-32 670	-32 670
<b>Cash flow from financing activities</b>	<b>-55 667</b>	<b>-32 670</b>	<b>-32 670</b>
Change in liquid funds	-54 176	18 759	50 943
Opening liquid funds	273 822	224 289	224 289
Translation difference/exchange differences in liquid funds	-491	-1 291	-1 410
Closing liquid funds	219 155	241 757	273 822

## Key ratios

	Jan-Jun 2003	Jan-Jun 2002	Apr-Jun 2003	Apr-Jun 2002	2002
Operating margin, %	30.8	45.7	31.3	46.4	41.6
Return on equity, %	25	48	24	49	40
Return on capital employed, %	37	66	34	65	57
Asset turnover ratio	1.1	1.4	1.0	1.3	1.3
Equity/assets ratio, %	69	65	69	65	67
Average number of employees	136	114	135	118	124
Earnings per share, SEK	1.95	3.25	0.97	1.72	5.87
Equity per share, SEK	14.90	13.89	14.90	13.89	16.51
Share price at end of the period, SEK	50.50	155	50.50	155	67.50
Number of shares at end of period excluding Orc Software's own holdings, thousands	14 625	14 850	14 625	14 850	14 850

<sup>9</sup> Tax debt was previously included in changes in operating liabilities but is now accounted in income tax paid in accordance with the Swedish Accounting Standards Council's recommendation RR 7. Comparative figures have been adjusted accordingly.

## Quarterly figures

### Income statement

SEK thousands	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Q1 2003	Q2 2003
<b>Operating revenue</b>						
Systems revenue	60 167	63 849	61 549	61 123	54 005	54 593
Work performed by the company for own use and capitalized	3 422	2 783	3 200	4 007	4 931	4 181
Other operating revenue	1 638	2 455	5 376	5 765	4 575	2 148
<b>Total revenue</b>	<b>65 227</b>	<b>69 087</b>	<b>70 125</b>	<b>70 895</b>	<b>63 511</b>	<b>60 922</b>
<b>Operating expenses</b>						
External expenses	-12 057	-14 810	-19 969	-20 684	-18 233	-16 346
Personnel costs	-21 521	-19 715	-20 753	-20 454	-23 071	-22 496
Depreciation and amortization	-2 361	-2 492	-2 849	-2 995	-2 949	-3 025
<b>Total expenses</b>	<b>-35 939</b>	<b>-37 017</b>	<b>-43 571</b>	<b>-44 133</b>	<b>-44 253</b>	<b>-41 867</b>
<b>Operating income</b>	<b>29 288</b>	<b>32 070</b>	<b>26 554</b>	<b>26 762</b>	<b>19 258</b>	<b>19 055</b>
<b>Net financial items</b>	<b>1 766</b>	<b>2 020</b>	<b>2 589</b>	<b>2 073</b>	<b>1 817</b>	<b>1 814</b>
Tax on income for the period	-8 576	-8 578	-5 298	-13 594	-6 328	-6 254
Minority's part of the income for the period	99	100	-5	-53	-97	-369
<b>Net income for the period</b>	<b>22 577</b>	<b>25 612</b>	<b>23 840</b>	<b>15 188</b>	<b>14 650</b>	<b>14 246</b>

### Balance Sheet

SEK thousands	Mar 2002	Jun 2002	Sept 2002	Dec 2002	Mar 2003	Jun 2003
<b>Fixed assets</b>						
Intangible assets	8 921	11 273	14 033	17 120	21 211	24 447
Tangible assets	16 798	16 906	16 855	19 750	19 021	17 862
Financial assets	749	1 987	2 225	5 942	4 358	7 055
<b>Total fixed assets</b>	<b>26 468</b>	<b>30 166</b>	<b>33 113</b>	<b>42 812</b>	<b>44 590</b>	<b>49 364</b>
<b>Current assets</b>						
Accounts receivable	34 973	33 946	41 904	36 206	29 727	38 024
Other receivables	10 627	11 065	10 540	12 276	11 507	7 809
Cash and bank balances and short-term investments	251 758	241 757	254 848	273 822	274 914	219 155
<b>Total current assets</b>	<b>297 358</b>	<b>286 768</b>	<b>307 292</b>	<b>322 304</b>	<b>316 148</b>	<b>264 988</b>
<b>TOTAL ASSETS</b>	<b>323 826</b>	<b>316 934</b>	<b>340 405</b>	<b>365 116</b>	<b>360 738</b>	<b>314 352</b>
Equity	213 674	206 252	230 279	245 143	259 155	217 864
Minority interest	526	426	431	484	581	950
Provisions for deferred tax liability	12 415	12 415	12 415	19 573	19 573	19 573
Current non interest-bearing liabilities	97 211	97 841	97 280	99 916	81 429	75 965
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>323 826</b>	<b>316 934</b>	<b>340 405</b>	<b>365 116</b>	<b>360 738</b>	<b>314 352</b>

## Forthcoming financial events

October 14, 2003      Interim Report for the third quarter  
January 27, 2004      Year-end Report 2003

Stockholm, July 11, 2003

The Board of Directors

*I have performed a review of this interim report and in accordance with 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 Securities and Clearing Operations Act and the Annual Accounts Act.*

*Stockholm July 11, 2003*

*Ernst & Young AB*

*Björn Fernström  
Authorized Public Accountant*

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

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

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

Orc Software AB (publ)      Org.no. 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