



Orc Software AB – Interim report January 1 – September 30, 2006

July-September 2006

- Revenue SEK 104 (65) million
- Operating income SEK 22 (6) million
- Operating income SEK 23 million after adjustments for items affecting comparability and foreign exchange effects
- Operating margin 21.6 (8.4) percent
- Operating margin 22.7 percent after adjustments for items affecting comparability and foreign exchange effects
- Income after taxes SEK 15 (5) million
- Earnings per share SEK 0.99 (0.33)

January-September 2006

- Revenue SEK 307 (200) million
- Operating income SEK 46 (14) million
- Operating income SEK 61 million after adjustments for items affecting comparability and foreign exchange effects
- Operating margin 15.0 (7.1) percent
- Operating margin 20.4 percent after adjustments for items affecting comparability and foreign exchange effects
- Income after taxes SEK 33 (12) million
- Earnings per share SEK 2.17 (0.86)

Significant events

- Thomas Bill appointed new CEO of Orc Software
- Acquisition of Cameron Systems completed, the integration continues as planned

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

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 Stockholm Stock Exchange (SSE: ORC). In 2005, the company's revenue was SEK 322 million pro forma. www.orcsoftware.com

Future outlook

Orc Software's sales continue to develop well within all regions. The annual value of existing client contracts¹ increased pro forma by 17 percent during January-September and amounted to SEK 311 million. After adjustments for foreign exchange effects, the increase was 22 percent. Compared with the same time last year, the annual value of existing client contracts increased by 21 percent, excluding the acquisition of Cameron Systems.

Given the continued strong system sales and favorable market the board believes that OrcSoftware will be able to exceed the financial target of 15 percent pro forma revenue growth for the full-year 2006.²

As previously communicated, increased investments in product development and client support as well as costs related to severance pay from the first quarter will affect the income for the full-year 2006.

The board of directors' objective is an annual revenue growth of at least 15 percent and an annual operating margin of at least 15 percent in the medium term.

Markets

Demand continued to be strong within trading technology in the third quarter. Several exchanges and market places around the world experienced increased trading volumes. The possibility to trade on several markets continues to be very important. Market participants continue to gain increasingly greater benefits from how liquidity and volatility vary among the exchanges. Mobility within the trading patterns contributes to greater arbitrage opportunities among different exchanges.

In the US, a larger proportion of electronic trading enabled lower fees and contributed to the rise in trading volumes. Greater competition among the exchanges in the US also led to the exchanges launching trading in new types of instruments and asset classes. For example, the equity options exchange, International Securities Exchange, recently started the MidPoint Match market place for trading in equity.

The markets for trading technology in Asia and Australia are developing well, and international investment banks in particular are showing greater interest in trading in Japan. It has also been noticed that brokers are showing a continued and growing interest in offering their clients direct market access.

In Europe, demand for automatization and rationalization of order flows is rising in general. This increase is expected to continue in 2007, primarily as a consequence of the EU directive known as MiFID (Markets in Financial Instruments Directive) which could create new business opportunities for certain players, as well as requiring better follow-up possibilities for everyone. Requirements within the MiFID framework also increase demand for FIX-based products for both general and more simple adaptable solutions for order flows.

The FIX protocol continues to strengthen its position as the global standard for electronic messaging among players in the financial markets. The sector-organisation FIX Protocol Ltd released a beta version of FIX 5.0 in the third quarter, representing the first major update since version 4.0 was made available in 1996. The new release will cover more instruments as well as message format, which is expected to further increase the uptake of FIX.

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. Cameron Systems is included in this calculation as of December 31, 2005.

² Orc Software's revenue for 2005 amounted pro forma to SEK 322 million.

Significant events during the quarter

Thomas Bill appointed new CEO of Orc Software

Thomas Bill was appointed new CEO of Orc Software in September. Thomas Bill comes from Protect Data where he was CEO, and has previously held several leading positions within Front Capital Systems. Thomas Bill took up his new position on October 1.

Lars Johansson, previously acting CEO, and before that EVP and COO, has decided to leave the company on January 31, 2007.

New CTO and CMO

On September 5, John Cameron was appointed CTO and Annie Walsh CMO. Both join from Cameron Systems, where John Cameron was founder and chairman of the board, and Annie Walsh held the position of marketing manager.

Orc Software's executive management team consists of Thomas Bill, CEO, Lars Johansson, EVP, John Cameron, CTO, Annie Walsh, CMO, Jan Hallsenius, head of sales and support, Fredrik Skogby, head of operations, Joacim Wiklander, head of product management, and Hugh Stables, head of development.

Acquisition of Cameron Systems

The agreement entered into with Cameron Systems in December 2005 was based on a purchase price of USD 32 million, of which USD 11 million in cash, USD 10 million in Orc shares, and an additional purchase price of a maximum of USD 11 million based on Cameron Systems' revenue and income.

The final purchase price for Cameron Systems was determined in the quarter at USD 30.8 million, with the additional purchase price being established at USD 9.8 million, based on Cameron Systems' strong financial developments.

The integration regarding market activities, organization and product developments is continuing according to plan.

Product development

Development efforts in the third quarter focused on the upcoming release of the Orc System scheduled to be launched in the fourth quarter. The release will primarily contain enhancements for the Orc Trader and Orc Liquidator products.

A number of additional market connections for foreign exchange, bonds and commodities trading were developed during the quarter and will be released in the fourth quarter.

Orc Software also developed further existing market connections as a consequence of changes in the market places. Third and fourth quarters are generally an active time for exchange upgrades. New versions of most market connections are therefore made in the second quarter. In the third quarter, a number of upgrades were delivered for existing market connections for exchange upgrades.

Orc Software offers access to 116 market places in total.

- Direct access to 98 market places.
- Access to 74 market places via brokers.

Earnings

January-September 2006

Operating income increased by SEK 32 million during January-September and amounted to SEK 46 (SEK 14 million in the corresponding period 2005) million, representing an operating margin of 15.0 (7.1) percent. The increase was primarily related to increased systems revenue and the acquisition of Cameron Systems. Excluding the acquisition of Cameron Systems, operating income increased by SEK 17 million. After adjustments for items affecting comparability and foreign exchange effects, operating income amounted to SEK 61 million, representing an operating margin of 20.4 percent.

As of September 30, 2006, future flows equivalent to SEK 40 (56) million had been hedged, consisting of USD 3.0 (5.0) million and EUR 2.0 (2.0) million. The currencies are secured against Swedish kronor at an average forward rate of 7.18 (7.43) USD/SEK and 9.21 (9.24) EUR/SEK with a total average remaining duration of around 6 (6) months.

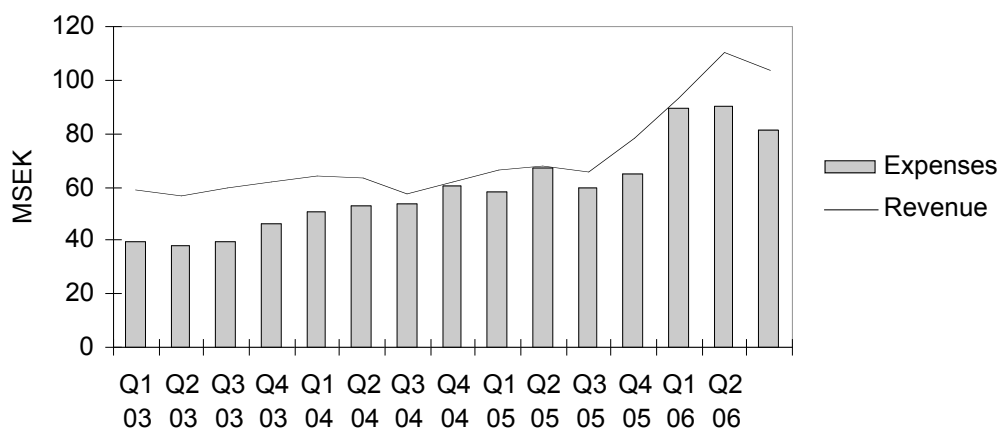
July-September 2006

Operating income increased by SEK 16.5 million during July-September and amounted to SEK 22 (5.5) million, representing an operating margin of 21.6 (8.4) percent. Excluding the acquisition of Cameron Systems, operating income increased by SEK 15 million. Compared to the previous quarter, operating income increased by 11 percent.

After adjustments for items affecting comparability and foreign exchange effects, operating income for the quarter amounted to SEK 23 million, representing an operating margin of 22.7 percent.

Revenue

Quarterly revenue and expenses



January-September 2006

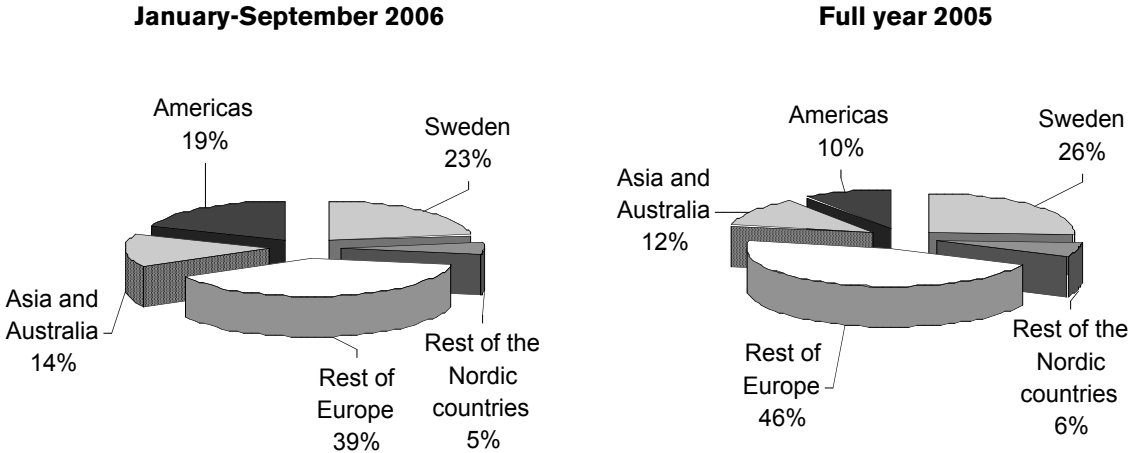
The Group's revenue increased by 54 percent to SEK 307 (200) million during January-September 2006. Excluding Cameron Systems, revenue increased by 29 percent, which is primarily due to higher systems revenue and compensation from OMX regarding MarketOn³.

³ The MarketOn product is based on the cooperation agreement entered into between Orc Software and OMX in the autumn of 2005.

Systems revenue increased by 59 percent to SEK 269 (169) million, representing 88 (85) percent of revenue. Excluding Cameron Systems, systems revenue increased by 31 percent.

Other operating revenue amounted to SEK 38 (30) million, representing an increase of 27 percent. The increase was mainly related to revenue from OMX and higher consulting revenue. Positive foreign exchange differences amounted to SEK 10 (15) million.

Revenue per geographic market



July-September 2006

The Group's revenue increased by 60 percent to SEK 104 (65) million during July-September 2006. Excluding Cameron Systems, revenue increased by 37 percent.

Both Orc Software and Cameron Systems had a strong third quarter from a sales aspect. However, compared with the previous quarter, revenue declined by 6 percent, due partly to seasonal variations as the second quarter is normally Cameron Systems' strongest quarter. Furthermore, Cameron Systems has started a transition to a license model similar to Orc Software's, which in the short term will have a reducing effect on Cameron Systems' revenue.

Systems revenue increased by 68 percent to SEK 94 (56) million. Excluding Cameron Systems, systems revenue increased by 42 percent. In relation to the previous quarter, systems revenue decreased by 4 percent. Excluding Cameron Systems, systems revenue increased by 9 percent.

Other operating revenue amounted to SEK 10.0 (9.4) million. Compared with the previous quarter, Other operating revenue decreased by 22 percent, due partly to a decrease in positive foreign exchange differences that amounted to SEK 1.9 million for the quarter. These revenues otherwise consisted of revenue from professional services and sales of hardware.

Operating expenses

Operating expenses increased during January-September by 41 percent to SEK 261 (185) million. Compared with the previous quarter, operating expenses decreased by 10 percent.

Personnel costs increased by 57 percent to SEK 154 (98) million during January-September 2006. This increase is primarily a consequence of the acquisition of Cameron Systems, higher sales commissions and bonus, previously communicated severance pay, the taking-over of operations from OMX, and the consolidation of E2E infotech. The average number of employees increased by 24 percent during the same period. In relation to the previous quarter, personnel costs increased by 7 percent. This increase is attributable to higher sales commissions and bonus.

A reduced vacation pay liability led to the customary cost reduction in the quarter. During the third quarter an expense was accounted for in an amount equal to 1.3 million plus social security fees, equivalent to compensation for the period following the end of Lars Johansson's employment in accordance with the agreement entered into in February 2006.

Cost of premises increased by 8 percent to SEK 14 (13) million during January-September 2006, a consequence of the acquisition of Cameron Systems. These costs were unchanged in relation to the previous quarter. Costs for premises are expected to increase in the forthcoming quarters, due essentially to a planned expansion of the existing offices.

Other external expenses⁴ increased by 34 percent to SEK 55 (41) million during January-September 2006. About half of the increase is attributable to the consolidation of Cameron Systems. Other cost rises are primarily a consequence of increased sales activities and negative foreign exchange differences. Compared with the previous quarter, Other external expenses decreased by 44 percent. The decrease is mainly due to the second quarter containing higher negative foreign exchange differences, bad debt losses and cost for development tools. The negative foreign exchange differences amounted to SEK 1.0 million in the third quarter.

Depreciation and amortization increased by 42 percent during January-September 2006 and amounted to SEK 17 (12) million. This increase is attributable to higher Other intangible fixed assets, which in turn is related to the acquisition of Cameron Systems. Depreciation and amortization was mainly unchanged compared with the previous quarter.

Capitalized development expenditure

Capitalized development expenditure during January-September 2006 amounted to SEK 1.0 (-) million. Capitalized development expenditure concerns a development project that is being capitalized since September 1, 2006. Amortization of the accumulated capitalized development expenditure amounted to SEK 5.0 (6.1) million.

Cash flow and investments

The Group's cash flow before changes in working capital and investments was SEK 58 (31) million during January-September 2006. The change in working capital had an effect on cash flow in the amount of SEK -2 (-12) million for the period January-September 2006 and was primarily due to increased accounts receivables. Operating capital amounted to SEK 189 (-14) million at the end of September. The acquisition of Cameron Systems affected operating capital through a decline in liquid funds and an increase in shareholders' equity as a consequence of a new share issue and transfer of repurchased shares. The Group's investments during January-September 2006 amounted to SEK 178 (-19) million and were 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 53 (206) million as of September 30, 2006.

Taxation

The tax rate during January-June 2006 amounted to 30 (34) percent. Tax expenses are calculated after estimated tax for the Parent company and respective subsidiaries. The higher tax rate for 2005 is due to an unaccounted tax receivable related to a deduction for losses in a subsidiary.

⁴ Other external expenses consist mainly of other external consulting (not related to product development), travel, marketing, and negative foreign exchange differences.

Employees

At the end of September 2006, Orc Software had 239 (194) employees. During the third quarter the number of employees increased by 11, primarily on the development side in Stockholm and within the subsidiary E2E infotech. The average number of employees during January-September was 223 (180).

Conditions for the new CEO

Orc Software's new CEO has a fixed monthly salary of SEK 290 000. The variable part of the salary may amount to a maximum of 56 percent of the annual fixed salary. In addition, the CEO has a premium-based pension benefit amounting to 15 percent of the fixed salary.

Nominating committee

In accordance with the authorization from the Annual General Meeting in 2006, Orc Software's chairman Magnus Böcker has summoned a nominating committee. The nominating committee will be presented during October.

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 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 transfer shares in the company. Orc Software had not repurchased any shares at the end of the period.

Transactions with affiliated companies

As of October 1, 2005 Orc Software has taken over 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.

Cameron Systems has during the year sold FIX and FAST technology to OMX Market Technology in Australia for USD 200 000.

The Parent company

The Parent company's revenue increased by 28 percent to SEK 239 (187) million. Income after financial items amounted to SEK 36 (18) million. Liquid funds amounted at the end of the period to SEK 19 (166) million. There were no short-term investments at the end of the period (SEK 139 million as of September 30, 2005). In addition, the Parent company has an unutilized 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. An additional purchase price, based on Cameron Systems' revenue and income, was paid in September in the amount of SEK 76 million, including direct expenditures related to the acquisition. Cameron Systems contributed with revenue of SEK 49 million and an operating income of SEK 22 million for the period February 1 to September 30, 2006. For the period January 1 to January 31, 2006 revenue amounted to SEK 2.3 million, with an operating income of SEK -0.3 million.

Specification of acquired net assets

SEK thousands	
Acquisition value	
Cash payment	-167 918
Direct expenditures attributable to the acquisition	-7 446
352 282 newly issued Orc shares	-31 255
513 500 repurchased Orc shares	-46 215
Total acquisition value	-252 834

Acquired assets and liabilities

SEK thousands	Fair value	Acquired book value
Intangible assets ⁵	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

Specification of acquired goodwill

Total acquisition value	252 834
Fair value of acquired net assets	-72 683
Goodwill⁶	180 151

The acquisition of Cameron Systems has affected the Group's cash flow in the amount of SEK -169 million, consisting of the cash part of the purchase price as well as the direct expenditures related to the merger reduced by the acquired liquid funds.

⁵ 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.

⁶ Goodwill consists of anticipated future synergy effects through the expansion of the product range. In addition to synergy effects, personnel and future profitability also represent components of goodwill.

Income statement

SEK thousands	Jan-Sept 2006	Jan-Sept 2005	Jul-Sept 2006	Jul-Sept 2005	2005
Operating revenue					
Systems revenue	268 507	169 096	93 537	56 096	233 337
Other operating revenue	38 194	30 430	10 035	9 385	44 775
Total revenue	306 701	199 526	103 572	65 481	278 112
Operating expenses					
Purchase cost of goods sold	-14 787	-12 206	-4 775	-3 064	-15 583
External expenses					
Cost of premises	-14 403	-12 840	-4 624	-4 333	-17 703
Telecom expenses	-6 080	-7 301	-2 011	-2 764	-9 275
Consulting fees	-1 045	-2 217	-320	-527	-2 573
Other external expenses	-54 987	-40 645	-13 688	-15 429	-55 843
Personnel costs	-153 667	-97 694	-50 925	-29 917	-133 311
Work performed by the company for its own use and capitalized	997	-	997	-	-
Depreciation and amortization	-16 700	-12 360	-5 872	-3 941	-16 166
Total expenses	-260 672	-185 263	-81 218	-59 975	-250 454
Operating income	46 029	14 263	22 354	5 506	27 658
Financial items					
Income from participation in associated companies	-201	211	-265	-	92
Financial income	2 625	8 043	467	2 445	9 265
Financial expenses	-298	-3 816	25	-32	-3 947
Net financial income	2 126	4 438	227	2 413	5 410
Income after financial items	48 155	18 701	22 581	7 919	33 068
Tax on net income for the period	-14 674	-6 418	-7 157	-2 916	-12 577
Net income for the period	33 481	12 283	15 424	5 003	20 491
Net income for the period attributable to the minority interest	651	-25	411	234	410
Net income for the period attributable to the Parent company's shareholders	32 830	12 308	15 013	4 769	20 081
Earnings per share ⁷ , SEK	2.17	0.86	0.99	0.33	1.40
Number of outstanding shares at the end of the period reduced by Orc Software's repurchase of own shares, thousands	15 202	14 337	15 202	14 337	14 337
Average number of outstanding shares reduced by Orc Software's repurchase of own shares, thousands	15 101	14 337	15 202	14 337	14 337

⁷ Orc Software does not have any outstanding convertible loans or warrants and thereby no dilution effects.

Balance sheet

SEK thousands	Sept 30, 2006	Sept 30, 2005	Dec 31, 2005
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development expenditure	1 961	7 734	5 964
Goodwill ⁸	175 492	535	476
Other intangible fixed assets ⁹	83 254	865	680
Tangible assets			
Equipment	18 432	16 287	16 364
Shares in associated companies	-	-	87
Available-for-sale investments	3 082	3 082	3 082
Other long-term financial fixed assets	1 275	1 818	1 670
Deferred tax receivable	6924	2 931	2 027
Total fixed assets	290 420	33 252	30 350
Current assets			
Current receivables			
Accounts receivable	83 143	43 830	48 062
Prepaid tax	8 800	8 986	2 312
Other receivables	5 323	13 755	6 790
Prepaid expenses and accrued income	9 912	7 675	7 617
Short-term investments	1 351	144 619	164 852
Cash and bank balances	51 807	61 300	61 999
Total current assets	160 336	280 165	291 632
TOTAL ASSETS	450 756	313 417	321 982
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	1 520	1 485	1 485
Other contributed capital	120 656	58 056	60 115
Reserves	-7 786	355	378
Retained earnings	125 432	129 547	128 115
Equity attributable to the minority interest	2 741	2 283	2 099
Total shareholders' equity	242 563	191 726	192 192
Long-term liabilities			
Deferred tax liability	49 189	25 718	26 260
Total long-term liabilities	49 189	25 718	26 260
Current liabilities			
Accounts payable	8 065	5 615	9 487
Tax liabilities	20 501	6 537	1 812
Other liabilities	5 706	5 135	4 273
Accrued expenses and prepaid income	124 618	78 686	87 958
Shares in associated companies	114	-	-
Total current liabilities	159 004	95 973	103 530
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	450 756	313 417	321 982
Pledged assets	None	None	None
Contingent liabilities	None	None	None

⁸ This item pertains to Cameron Systems, Orc ExNet and E2E infotech. Goodwill in Cameron Systems is stated in Australian dollars and goodwill in E2E infotech is stated in British pounds. Both are adjusted according to the closing day rate. The Group's goodwill is specified on the next page.

⁹ This item pertains to Cameron Systems and Orc ExNet.

Specification of the Group's goodwill

Goodwill arose in conjunction with the acquisition of Cameron Systems, E2E infotech and the establishment of Orc ExNet.

SEK thousands	
Opening gross amount January 1, 2006	476
Opening accumulated write-downs January 1, 2006	-
Goodwill added during the year	180 151
Write-downs during the year	-
Translation differences	-5 135
Closing gross value and accumulated write-downs September 30, 2006	175 492

Specification of the Group's equity

SEK thousands	Jan-Sept 2006	Jan-Sept 2005	Jul-Sept 2006	Jul-Sept 2005	2005
Opening balance	192 192	199 192	222 845	187 702	199 192
The effect of the implementation of IAS 39, January 1, 2005	-	-2 184	-	-	-2 184
Dividend	-50 016	-22 729 ¹⁰	-	-944	-22 729 ¹⁰
Transfer of repurchased shares	46 215	-	-	-	-
Fair value of Available-for-sale investments	-	-140	-	-	-140
New share issue	31 255	-	-	-	-
Market valuation hedge instruments	-144	-	1 758	-	144
Translation differences related to intangible assets	-8 374	-	2 027	-	-
Change in subsidiaries	-73	2 844	-	490	-6 755
Change in minority	-9	-	63	-	1 452
Change in associated company	-	-	-	-	205
Translation difference etc.	-1 964	2 460	446	-525	2 516
Net income for the period attributable to Parent company's shareholders	32 830	12 308	15 013	4 769	20 081
Net income for the period attributable to the minority interest	651	-25	411	234	410
Closing balance	242 563	191 726	242 563	191 726	192 192
Shareholders' equity attributable to the Parent company's shareholders	239 822	189 443	239 822	189 443	190 093
Shareholders' equity attributable to the minority interest	2 741	2 283	2 741	2 283	2 099

The sum of revenue and expenses for January-September calculated as the sum of revenue and expenses, which are accounted for on the income statement and directly against shareholders' equity, amounted to SEK 23.0 (14.6) million as of September 30, 2006. Of this amount, SEK 22.3 (14.6) million is related to the Parent company's shareholders and SEK 0.7 (0) million is related to the minority interest.

¹⁰ Of which SEK 1 224 thousand refers to dividends from Orc ExNet.

Cash flow statement

SEK thousands	Jan-Sept 2006	Jan-Sept 2005	2005
Operating activities			
Operating income	46 029	14 263	27 658
Adjustment for items not included in cash flow			
Depreciation and amortization	16 700	12 360	16 166
Other adjustments for items not included in cash flow	606	-2 041	-3 527
Financial items	1 715	3 789	5 357
Income tax paid	-6 906	2 235	-1 068
Cash flow from operating activities before changes in working capital	58 144	30 606	44 586
Changes in working capital			
Changes in accounts receivable	-22 885	83	-4 149
Changes in other operating assets	-411	-9 322	-1 225
Changes in accounts payable	-4 493	-1 399	2 535
Changes in other operating liabilities	25 884	-1 434	9 301
Total change in working capital	-1 905	-12 072	6 462
Cash flow from operating activities	56 239	18 534	51 048
Investment activities			
Investments in intangible fixed assets	-996	-	-
Investments in tangible fixed assets	-7 764	-3 696	-6 211
Investments in businesses ¹¹	-169 205	1 923	-6 853
Sale of businesses	-501	-	-
Changes in financial fixed assets	208	20 733	20 982
Cash flow from investment activities	-178 258	18 960	7 918
Financing activities			
Dividend	-50 016	-22 729	-22 729
Cash flow from financing activities	-50 016	-22 729	-22 729
Change in liquid funds	-172 035	14 765	36 237
Opening liquid funds	226 851	186 166	186 166
Translation difference/exchange differences in liquid funds	-1 658	4 988	4 448
Closing liquid funds	53 158	205 919	226 851

¹¹ The part of the acquisition value assignable to Cameron Systems that consists of Orc shares does not affect the cash flow for the Group.

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-Sept 2006	Jan-Sept 2005	Jul-Sept 2006	Jul-Sept 2005	2005
Europe	198 351	145 113	70 488	46 328	202 463
Americas	57 382	18 083	17 340	6 471	27 009
Asia/Australia	41 340	21 041	13 827	7 705	29 817
Other	9 628	15 289	1 917	4 977	18 823
Total	306 701	199 526	103 572	65 481	278 112

Operating income¹²

SEK thousands	Jan-Sept 2006	Jan-Sept 2005	Jul-Sept 2006	Jul-Sept 2005	2005
Europe	119 729	87 129	43 643	26 292	126 619
Americas	30 005	4 740	7 916	1 678	7 312
Asia/Australia	19 543	6 605	6 978	2 504	7 857
Other	-123 248	-84 211	-36 183	-24 968	-114 130
Total	46 029	14 263	22 354	5 506	27 658

Key ratios

	Jan-Sept 2006	Jan-Sept 2005	Jul-Sept 2006	Jul-Sept 2005	2005
Operating margin, %	15.0	7.1	21.6	8.4	9.9
Return on equity, %	20	8	24	10	10
Return on capital employed, %	30	15	36	17	19
Asset turnover ratio	1.9	1.4	1.6	1.4	1.4
Equity/assets ratio, %	54	61	54	61	60
Average number of employees	223	180	233	189	186
Number of employees at the end of the period (of which women)	239 (48)	194 (39)	239 (48)	194 (39)	207 (38)
Earnings per share, SEK	2.17	0.86	0.99	0.33	1.40
Equity per share, SEK	15.78	13.21	15.78	13.21	13.26
Share price at the end of the period, SEK	68.50	69.00	68.50	69.00	88.50

¹² Income for the geographical segments is reported before joint Group costs.

Quarterly figures

Income statement

SEK thousands	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005
Operating revenue							
Systems revenue	93 537	97 292	77 678	64 241	56 096	56 605	56 395
Other operating revenue	10 035	12 924	15 235	14 345	9 385	11 222	9 823
Total revenue	103 572	110 216	92 913	78 586	65 481	67 827	66 218
Operating expenses							
Other expenses	-24 421	-36 735	-29 149	-25 768	-26 117	-26 526	-22 565
Personnel costs	-50 925	-47 529	-55 213	-35 617	-29 917	-36 079	-31 698
Depreciation and amortization	-5 872	-5 784	-5 044	-3 806	-3 941	-4 191	-4 228
Total expenses	-81 218	-90 048	-89 406	-65 191	-59 975	-66 796	-58 491
Operating income	22 354	20 168	3 507	13 395	5 506	1 031	7 727
Net financial items	227	1 070	829	972	2 413	930	1 095
Tax on net income for the period	-7 157	-6 187	-1 330	-6 159	-2 916	-538	-2 964
Net income for the period	15 424	15 051	3 006	8 208	5 003	1 423	5 858
Net income for the period attributable to the minority interest	411	255	-15	435	234	-330	71
Net income for the period attributable to the Parent company's shareholders	15 013	14 796	3 021	7 773	4 769	1 753	5 787

Balance sheet

SEK thousands	30 Sept 2006	30 Jun 2006	31 Mar 2006	31 Dec 2005	30 Sept 2005	30 Jun 2005	31 Mar 2005
Fixed assets							
Intangible assets	260 707	184 898	194 153	7 120	9 134	11 165	13 155
Tangible assets	18 432	19 143	19 987	16 364	16 287	17 244	17 890
Financial assets	11 281	8 920	8 625	6 866	7 831	31 173	28 414
Total fixed assets	290 420	212 961	222 765	30 350	33 252	59 582	59 459
Current assets							
Accounts receivable	83 143	67 481	71 177	48 062	43 830	43 271	41 741
Other receivables	24 035	20 865	20 308	16 719	30 416	21 207	31 267
Cash and bank balances and short-term investments	53 158	117 726	143 675	226 851	205 919	189 004	185 536
Total current assets	160 336	206 072	235 160	291 632	280 165	253 482	258 544
TOTAL ASSETS	450 756	419 033	457 925	321 982	313 417	313 064	318 003
Shareholders' equity	242 563	222 845	265 758	192 192	191 726	187 702	203 559
Deferred tax liability	49 189	49 512	50 865	26 260	25 718	25 881	25 335
Current non interest-bearing liabilities	159 004	146 676	141 302	103 530	95 973	99 481	89 109
TOTAL EQUITY AND LIABILITIES	450 756	419 033	457 925	321 982	313 417	313 064	318 003

Forthcoming financial events

January 25, 2007 Year-end report 2006
March 2007 Annual report 2006
April 19, 2007 Interim report for the first quarter
April 25, 2007 Annual General Meeting

Contact details for the nominating committee:

E-mail: nominatingcommittee@orcsoftware.com
Address: Nominating Committee, Orc Software, Box 7742, SE-103 95 Stockholm, Sweden

Analyst and press meeting, and telephone conference

An analyst and press meeting will be held on October 17, 2006 at 1 p.m. (CEST) (in Swedish), and a telephone conference will be held at 4 p.m. (CEST) (in English). Further information is available at www.orcsoftware.com, Company, Investor Relations, Calendar.

The board of directors and the CEO approved on October 16, 2006 this interim report, covering the period January-September 2006, for publication on October 17, 2006.

The board of directors

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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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