



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

April-June 2006

- Revenue SEK 110 (68) million
- Operating income SEK 20 (1) million
- Operating margin 18.3 (1.5) percent
- Income after taxes SEK 15 (1) million
- Earnings per share SEK 0.97 (0.12)

January-June 2006

- Revenue SEK 203 (134) million
- Operating income SEK 24 (9) million
- Operating income SEK 37 million after adjustments for items affecting comparability and foreign exchange effects
- Operating margin 11.7 (6.5) percent
- Operating margin 19.2 percent after adjustments for items affecting comparability and foreign exchange effects
- Income after taxes SEK 18 (7) million
- Earnings per share SEK 1.18 (0.53)

Significant events

- Strong growth in sales in all regions and continued favorable market
- The Board of Directors believes that Orc Software will exceed the financial objective of 15 percent pro forma revenue growth for the full-year 2006
- Cameron Systems has developed according to plan

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 Stockholmsbörsen (SSE: ORC). In 2005, the company's revenue was SEK 322 million pro forma. 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 increased pro forma by 10 percent during the first half-year and amounted to SEK 293 million. After adjustments for foreign exchange effects, the increase was 15 percent. Compared with the same point in time last year, the annual value of existing client contracts increased by 25 percent, excluding the acquisition of Cameron Systems. In view of the current annual value of existing client contracts, the Board of Directors believes that Orc Software will exceed the financial objective regarding revenue growth of 15 percent pro forma for the full-year 2006.²

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

Markets

A continued good market climate for trading technology prevailed in the second quarter. During the quarter, there were a number of discussions between exchanges regarding mergers or joint ventures. These discussions are driven by an increase in demand by clients to trade in several different types of asset classes, a globalization of the products that stock exchanges offer, as well as a harmonization of trading regulations. Furthermore, exchange clients are placing increasingly greater demands on exchanges to offer trading 24 hours a day, which in turn contributes to a greater number of exchanges looking for cooperation partners. These trends also imply an increased demand for Orc Software's products.

The foreign exchange market continues to develop. It was announced that Chicago Mercantile Exchange and Reuters, in a joint venture, will create a market place for trading in foreign exchange. Orc Software sees this as a growing segment and has recently launched market connections to two of the leading market places for foreign exchange trading, FXall and Hotspot FXi.

Volatility within the world's exchanges was high during the period. This resulted in a continued increase in trading volumes, which in turn contributed to increased demands on trading systems' performance and ability to handle large volumes. For Orc Software, this implies that the company continues to invest resources in developing and adapting the system for large volumes.

Utilization of the FIX protocol continues to grow rapidly – including within asset classes such as derivatives and foreign exchange. Growth can also be observed within areas such as post trade and market data, which is positive for Orc Software's recently acquired company Cameron Systems.

Significant events during the quarter

Strong sales

The second quarter was strong from a sales perspective, with growth in all regions. The number of customers increased, as did demand from existing customers. North America in particular showed strong sales development.

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.

Acquisition of Cameron Systems

The recently acquired Cameron Systems, which was consolidated as of February 1, 2006, grew well during the quarter and reported very strong sales. This is partly due to seasonal variations where the second quarter is normally Cameron Systems' strongest period.

Cameron Systems' revenue and income for the financial year ending June 30, 2006 form the basis for the calculation of the remaining part of the purchase price. The purchase price is estimated to amount to at least USD 9 million, and according to the agreement may amount to a maximum of USD 11 million. The calculation will be made during the third quarter. From an accounting viewpoint, the purchase price will affect the Group's goodwill and liquid funds. Equity will also be affected to a certain degree since goodwill from the acquisition of Cameron Systems is reported in Australian dollars, and subsequently revalued through equity. An acquisition analysis was presented in the interim report for January-March 2006.

Since the period that affects the size of the purchase price has now come to an end, the companies have started the integration of market activities and organization. The integration of product development was started earlier.

Product development

During the second quarter 2006, development focused on work related to the next release of the Orc System, which is to be launched in the fourth quarter 2006. The release will primarily contain enhancements of the Orc Trader and Orc Liquidator products.

During the quarter the US Options Montage was launched which aggregates the six US equity options exchanges into one virtual market with best price execution capabilities.

Orc Software's market connectivity offering was expanded with a connection to FXall – a foreign exchange spot platform, as well as a connection via a broker to the Prague Stock Exchange.

Orc Software offers access to 115 market places in total.

- Direct access to 97 market places.
- Access to 73 market places via brokers.

A number of market connections were also prepared for exchange upgrades that will be implemented during the summer and early fall. Such upgrades include for example Chicago Mercantile Exchange, Euronext.liffe, TLX, OMX and the Australian Stock Exchange. Furthermore, work has been initiated on a number of new market connections to be launched during the second half of 2006.

Cameron Systems launched a number of new products during the quarter, including the CameronFIX Rules of Engagement Tool that enables clients to quickly and simply connect to new counter-parties. The CameronFIX Market Data Server including FAST technology was also launched – a product where Cameron Systems has worked in close cooperation with the sector body FIX Protocol Limited (FPL) in order to integrate the new FIX standard for optimized market information (FAST).

The development of MarketOn, a product based on Orc Software's cooperation with OMX, continues as planned.

OMX has signed a declaration of intent with SGX regarding MarketOn

On April 12, a declaration of intent was announced between OMX and Singapore Exchange Limited (SGX) to supply the MarketOn product to SGX's members and their clients.

Reuters alliance

During the second quarter, a number of new ROMEX sites (Reuters Order Management for Exchange Execution) were added in Germany, Italy, Eastern Europe, the Middle East and Hong Kong. There is still considerable interest for trading via Reuters order routing network.

Earnings

January-June 2006

Operating income increased by SEK 15 million during January-June and amounted to SEK 24 million (SEK 9 million in the corresponding period 2005), representing an operating margin of 11.7 (6.5) percent. The increase was primarily related to Cameron Systems. Excluding the acquisition of Cameron Systems, operating income increased by 21 percent.

After adjustments for items affecting comparability and foreign exchange effects, operating income amounted to SEK 37 million, representing an operating margin of 19.2 percent.

As of June 30, 2006, future flows equivalent to SEK 24 (64) million had been hedged, consisting of USD 2.0 (5.0) million and EUR 1.0 (3.0) million. The currencies are secured against Swedish kronor at an average forward rate of 7.48 (7.24) USD/SEK and 9.22 (9.20) EUR/SEK with a total average remaining duration of around 4 (10) months.

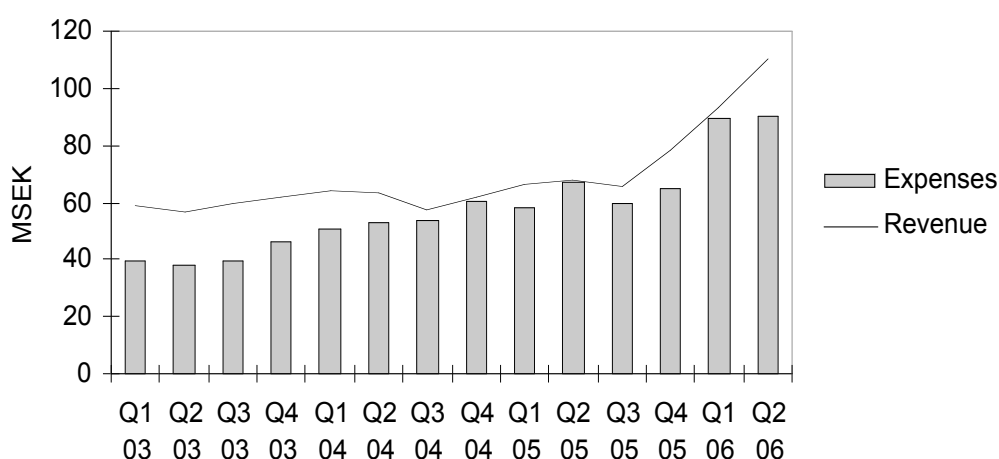
April-June 2006

Operating income increased by SEK 19 million during April-June and amounted to SEK 20 (1.0) million, representing an operating margin of 18.3 (1.5) percent. Excluding the acquisition of Cameron Systems, operating income increased by SEK 9.1 million.

After adjustments for foreign exchange effects, operating income for the quarter amounted to SEK 23 million, representing an operating margin of 21.7 percent.

Revenue

Quarterly revenue and expenses



January-June 2006

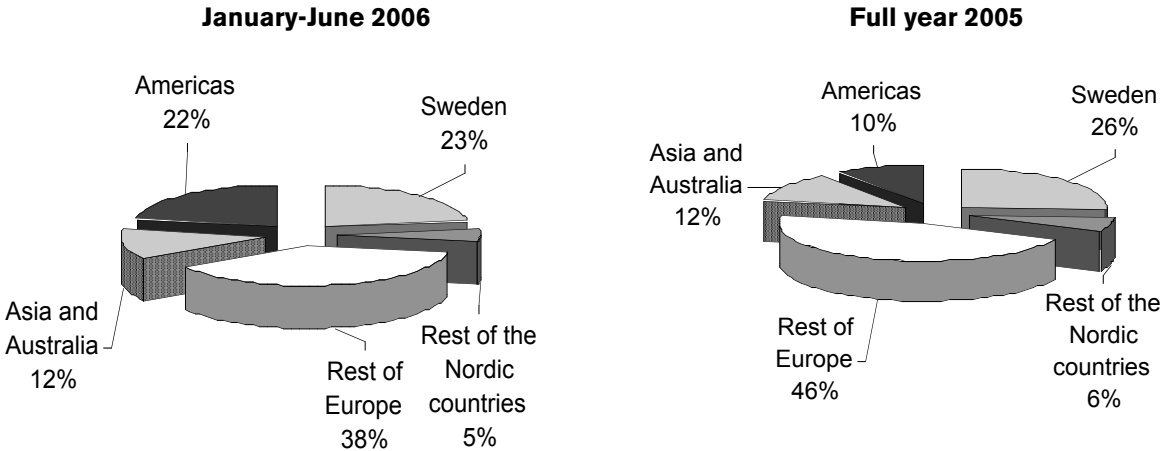
The Group's revenue increased by 51 percent to SEK 203 (134) million during January-June 2006. Excluding Cameron Systems, revenue increased by 26 percent, which is primarily due to higher systems revenue, compensation from OMX regarding MarketOn, and the consolidation of E2E infotech.

Systems revenue increased by 55 percent to SEK 175 (113) million, representing 86 (84) percent of revenue. Excluding Cameron Systems, systems revenue increased by 25 percent.

Other operating revenue amounted to SEK 28 (21) million, representing an increase of 33 percent. The increase is mainly related to compensation from OMX and higher consulting revenue. Positive foreign exchange differences amounted to SEK 7.7 (10.3) million.

A significant part of Cameron Systems' revenue consists of large initial charges and a relatively small ongoing support charge. This implies that Cameron Systems' 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, which in the short term will have a reducing effect on Cameron Systems' revenue.

Revenue per geographic market



April-June 2006

The Group's revenue increased by 62 percent to SEK 110 (68) million during April-June 2006. Excluding Cameron Systems, revenue increased by 25 percent. Compared with the previous quarter, revenue increased by 19 percent primarily due to Cameron Systems' strong sales during the second quarter, and the fact that Cameron Systems was not consolidated for the entire first quarter.

Sales growth was strong in all regions, for both new and existing clients. The largest increase was in North America.

Systems revenue increased by 70 percent to SEK 97 (57) million. Excluding Cameron Systems, systems revenue increased by 30 percent. In relation to the previous quarter, systems revenue increased by 25 percent. Excluding Cameron Systems the increase was 8 percent.

Other operating revenue increased by 18 percent to SEK 13 (11) million. Compared with the previous quarter, Other operating revenue decreased by 15 percent, due primarily to a decrease in positive foreign exchange differences that amounted to SEK 2.5 million for the quarter. These revenues otherwise consisted of revenue from sales of hardware and professional services.

Operating expenses

Operating expenses³ increased during January-June by 43 percent to SEK 179 (125) million. The first quarter contained items affecting comparability of approximately SEK 9 million. In spite of this, costs in the second quarter were basically unchanged compared with the first quarter, which primarily can be attributed to the full consolidation of Cameron Systems, costs for development tools, and higher sales commissions. The latter is due to a strong quarter in terms of sales.

Personnel costs increased by 51 percent to SEK 103 (68) million during January-June 2006. This increase is primarily a consequence of the acquisition of Cameron Systems, previously communicated severance pay, the taking-over of operations from OMX, the consolidation of E2E infotech and higher sales commissions. The average number of employees increased by 24 percent during the same period. In relation to the previous quarter, personnel costs decreased by 14 percent.

Other external expenses⁴ increased by 64 percent to SEK 41 (25) million during January-June 2006. Negative foreign exchange differences represented nearly half of the increase and amounted to SEK 12 million. Other cost rises are primarily a consequence of costs for development tools, increased sales activities and a greater use of external consultants. Compared with the previous quarter, Other external expenses increased by 46 percent, due mainly to the full consolidation of Cameron Systems and costs for development tools. The negative foreign exchange differences amounted to SEK 5.7 million in the second quarter.

Depreciation and amortization increased by 29 percent during the period and amounted to SEK 10.8 (8.4) 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 rose by 15 percent compared with the previous quarter.

Capitalized development expenditure

As for the same period last year, no development expenditure was capitalized for January-June 2006. Amortization of accumulated capitalized development expenditure amounted to SEK 3.2 (4.2) million.

Cash flow and investments

The Group's cash flow before changes in working capital and investments was SEK 31 (20) million during January-June 2006.

The change in working capital had a positive effect on cash flow in the amount of SEK 13.5 (2.6) million for the period January-June 2006 and was primarily due to increased operating liabilities. Operating capital amounted to SEK 105 (-25) million at the end of June. 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 the first half of 2006 amounted to SEK 100 (3.4) million and were primarily related to the acquisition of Cameron Systems.

³ 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.

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

Orc Software did not have any interest-bearing liabilities at the end of the period. Liquid funds amounted to SEK 118 (189) million. The company distributed SEK 50 million in dividends in the second quarter.

Taxation

The tax rate during January-June 2006 amounted to 29 (32) 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.

Employees

At the end of June 2006, Orc Software had 228 (183) employees. Recruitment for development and support went well during the quarter, and the net increase in number of employees was 7 people. Further recruitment is planned in the forthcoming quarters. The average number of employees during the first half of 2006 was 218 (176).

Employees per geographical segment			Employees by function		
	June 30 2006	June 30 2005		June 30 2006	June 30 2005
			Product development	110	88
Sweden	74	61	Support and account management	52	44
Russia	38	45	Sales	36	26
Rest of Europe	46	39	Company-wide functions	30	25
North America	28	17			
Asia & Australia	42	21			
Total	228	183	Total	228	183

Conditions for the acting CEO

In his new role as acting CEO, Lars Johansson has a fixed monthly salary of SEK 250 000. Lars Johansson also has the possibility to receive a maximum bonus of 6 times his monthly salary. His pension conditions have not changed since the annual accounts for 2005.

Shareholders

The number of shareholders in OrcSoftware on June 30, 2006 equaled 2 327 (2 274 as of May 31, 2005).

OrcSoftware's ten largest shareholders	No. of shares	% of shares
OMX Market Technology	4 488 075	29.5
SEB funds	1 728 240	11.4
If	758 000	5.0
Skandia	756 800	5.0
John Cameron	598 935	3.9
HQ Bankaktiebolag	495 000	3.3
Handelsbanken funds	461 832	3.0
Robur funds	429 705	2.8
RAM One	404 400	2.7
Danske Capital Sverige	323 600	2.1
Other shareholders	4 757 695	31.3
Total	15 202 282	100.0

Source: VPC AB, direct and nominee shareholders as of June 30, 2006.

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 did not repurchase any shares during January-June 2006. A total of 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 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 quarter 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 21 percent to SEK 155 (128) million. Income after financial items amounted to SEK 13.0 (7.1) million. Liquid funds amounted at the end of the period to SEK 63 (149) million. There were no short-term investments at the end of the period (SEK 132 million as of June 30, 2005). In addition, Orc Software 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.

Income statement

SEK thousands	Jan-Jun 2006	Jan-Jun 2005	Apr-Jun 2006	Apr-Jun 2005	2005
Operating revenue					
Systems revenue	174 970	113 000	97 292	56 605	233 337
Other operating revenue	28 159	21 045	12 924	11 222	44 775
Total revenue	203 129	134 045	110 216	67 827	278 112
Operating expenses					
Purchase cost of goods sold	-10 012	-9 142	-4 967	-4 229	-15 583
External expenses					
Cost of premises	-9 779	-8 507	-4 680	-4 430	-17 703
Telecom expenses	-4 069	-4 537	-2 193	-2 018	-9 275
Consulting fees	-725	-1 690	-358	-534	-2 573
Other external expenses	-41 299	-25 216	-24 537	-15 315	-55 843
Personnel costs	-102 742	-67 777	-47 529	-36 079	-133 311
Depreciation and amortization	-10 828	-8 419	-5 784	-4 191	-16 166
Total expenses	-179 454	-125 288	-90 048	-66 796	-250 454
Operating income	23 675	8 757	20 168	1 031	27 658
Financial items					
Income from participation in associated companies	64	211	55	88	92
Financial income	2 158	5 598	1 055	3 235	9 265
Financial expenses	-323	-3 784	-40	-2 393	-3 947
Net financial income	1 899	2 025	1 070	930	5 410
Income after financial items	25 574	10 782	21 238	1 961	33 068
Tax on net income for the period	-7 517	-3 502	-6 187	-538	-12 577
Net income for the period	18 057	7 280	15 051	1 423	20 491
Net income for the period attributable to the minority interest	240	-259	255	-330	410
Net income for the period attributable to the Parent company's shareholders	17 817	7 539	14 796	1 753	20 081
Earnings per share ⁵ , SEK	1.18	0.53	0.97	0.12	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 ⁶	15 049	14 337	15 202	14 337	14 337

⁵ Orc Software does not have any outstanding convertible loans or warrants and thereby no dilution effects.

⁶ The average number of shares was incorrectly reported for January-March 2006 at SEK 14 844 thousand. The correct amount is SEK 14 894 thousand.

Balance sheet

SEK thousands	Jun 30, 2006	Jun 30, 2005	Dec 31, 2005
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development expenditure	2 777	9 579	5 964
Goodwill ⁷	97 886	535	476
Other intangible fixed assets ⁸	84 235	1 051	680
Tangible assets			
Equipment	19 143	17 244	16 364
Shares in associated companies	151	-	87
Available-for-sale investments	3 082	3 082	3 082
Other long-term financial fixed assets	1 156	24 906	1 670
Deferred tax receivable	4 531	3 185	2 027
Total fixed assets	212 961	59 582	30 350
Current assets			
Current receivables			
Accounts receivable	67 481	43 271	48 062
Prepaid tax	6 440	7 452	2 312
Other receivables	5 752	5 119	6 790
Prepaid expenses and accrued income	8 673	8 636	7 617
Short-term investments	-	137 608	164 852
Cash and bank balances	117 726	51 396	61 999
Total current assets	206 072	253 482	291 632
TOTAL ASSETS	419 033	313 064	321 982
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	1 520	1 485	1 485
Other contributed capital	120 783	59 965	60 115
Reserves	-11 774	493	378
Retained earnings	110 049	122 899	128 115
Equity attributable to the minority interest	2 267	2 860	2 099
Total shareholders' equity	222 845	187 702	192 192
Long-term liabilities			
Deferred tax liability	49 512	25 881	26 260
Total long-term liabilities	49 512	25 881	26 260
Current liabilities			
Accounts payable	8 232	6 955	9 487
Tax liabilities	12 203	5 588	1 812
Other liabilities	11 192	12 523	4 273
Accrued expenses and prepaid income	115 049	74 415	87 958
Total current liabilities	146 676	99 481	103 530
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	419 033	313 064	321 982
Pledged assets	None	None	None
Contingent liabilities	None	None	None

⁷ 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.

⁸ This item pertains to Cameron Systems and Orc ExNet.

Specification of the Group's equity

SEK thousands	Jan-Jun 2006	Jan-Jun 2005	Apr-Jun 2006	Apr-Jun 2005	2005
Opening balance	192 192	199 192	265 758	203 559	199 192
The effect of the implementation of IAS 39, January 1, 2005	-	-2 184	-	-	-2 184
Dividend	-50 016	-21 785	-50 016	-21 785	-22 729 ⁹
Transfer of repurchased shares	46 215	-	-	-	-
Fair value of Available-for-sale investments	-	-140	-	-	-140
New share issue	31 255	-	-	-	-
Market valuation hedge instruments	-1 902	-	-1 758	-	144
Translation differences related to intangible assets	-10 401	-	-4 762	-	-
Change in subsidiaries	-73	2 354	-	2 354	-6 755
Change in minority	-72	-	-34	-	1 452
Change in associated company	-	-	-	-	205
Translation difference etc.	-2 410	2 985	-1 394	2 151	2 516
Net income for the period attributable to Parent company's shareholders	17 817	7 539	14 796	1 753	20 081
Net income for the period attributable to the minority interest	240	-259	255	-330	410
Closing balance	222 845	187 702	222 845	187 702	192 192
Shareholders' equity attributable to the Parent company's shareholders	220 578	184 842	220 578	184 842	190 093
Shareholders' equity attributable to the minority interest	2 267	2 860	2 267	2 860	2 099

The sum of revenue and expenses for the period January-June calculated as the sum of revenue and expenses, which are accounted for on the income statement and directly against shareholders' equity, amounted to SEK 3.3 (10.1) million as of June 30, 2006. Of this amount, SEK 3.1 (10.4) million is related to the Parent company's shareholders and SEK 0.2 (-0.3) million is related to the minority interest.

⁹ Of which SEK 1 224 thousand refers to dividends from Orc ExNet.

Cash flow statement

SEK thousands	Jan-Jun 2006	Jan-Jun 2005	2005
Operating activities			
Operating income	23 675	8 757	27 658
Adjustment for items not included in cash flow			
Depreciation and amortization	10 828	8 419	16 166
Other adjustments for items not included in cash flow	346	-2 119	-3 527
Financial items	1 690	1 278	5 357
Income tax paid	-5 756	3 382	-1 068
Cash flow from operating activities before changes in working capital	30 783	19 717	44 586
Changes in working capital			
Changes in accounts receivable	-7 223	642	-4 149
Changes in other operating assets	-607	-1 548	-1 225
Changes in accounts payable	-4 326	-59	2 535
Changes in other operating liabilities	25 623	3 568	9 301
Total change in working capital	13 467	2 603	6 462
Cash flow from operating activities	44 250	22 320	51 048
Investment activities			
Investments in tangible fixed assets	-6 745	-2 789	-6 211
Investments in businesses ¹⁰	-92 751	1 608	-6 853
Sale of businesses	-501	-	-
Changes in financial fixed assets	321	-2 175	20 982
Cash flow from investment activities	-99 676	-3 356	7 918
Financing activities			
Dividend	-50 016	-21 505	-22 729
Cash flow from financing activities	-50 016	-21 505	-22 729
Change in liquid funds	-105 442	-2 541	36 237
Opening liquid funds	226 851	186 166	186 166
Translation difference/exchange differences in liquid funds	-3 683	5 379	4 448
Closing liquid funds	117 726	189 004	226 851

¹⁰ 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-Jun 2006	Jan-Jun 2005	Apr-Jun 2006	Apr-Jun 2005	2005
Europe	127 863	98 785	67 539	49 301	202 463
Americas	40 042	11 612	23 557	5 838	27 009
Asia/Australia	27 513	13 336	16 633	7 223	29 817
Other	7 711	10 312	2 487	5 465	18 823
Total	203 129	134 045	110 216	67 827	278 112

Operating income¹¹

SEK thousands	Jan-Jun 2006	Jan-Jun 2005	Apr-Jun 2006	Apr-Jun 2005	2005
Europe	76 087	60 838	39 645	29 518	126 619
Americas	22 089	3 062	12 850	1 128	7 312
Asia/Australia	12 565	4 100	8 965	2 284	7 857
Other	-87 066	-59 243	-41 292	-31 899	-114 130
Total	23 675	8 757	20 168	1 031	27 658

Key ratios

	Jan-Jun 2006	Jan-Jun 2005	Apr-Jun 2006	Apr-Jun 2005	2005
Operating margin, %	11.7	6.5	18.3	1.5	9.9
Return on equity, %	17	8	24	4	10
Return on capital employed, %	25	15	35	9	19
Asset turnover ratio	1.0	1.4	1.8	1.3	1.4
Equity/assets ratio, %	53	60	53	60	60
Average number of employees	218	176	224	178	186
Number of employees at the end of the period (of which women)	228 (41)	183 (36)	228 (41)	183 (36)	207 (38)
Earnings per share, SEK	1.18	0.53	0.97	0.12	1.40
Equity per share, SEK	14.51	12.89	14.51	12.89	13.26
Share price at the end of the period, SEK	52.00	57.50	52.00	57.50	88.50

¹¹ Income for the geographical segments is reported before joint Group costs.

Quarterly figures

Income statement

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

Balance sheet

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

Forthcoming financial events

October 17, 2006 Interim report for the third quarter

Telephone conference

A telephone conference will be held on July 14, 2006 at 2 p.m. (CEST). Further information is available at www.orcsoftware.com.

The Board of Directors and the CEO approved on July 13, 2006 this interim report, covering the period January-June 2006, for publication on July 14, 2006.

The Board of Directors

For further information please contact:

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Susanne Holmlund, Investor Relations, tel: +46 8 407 38 50

Report on Review of Interim Financial Information

Introduction

We have reviewed the interim report for the period January 1 to June 30, 2006, for Orc Software AB (publ). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at June 30, 2006, and of its financial performance and its cash flows for the six month period then ended in accordance with IAS 34.

Stockholm July 14, 2006

Ernst & Young

Björn Fernström

Authorized Public Accountant

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

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