

# Interim Report

JANUARY – MARCH 2010

"The results from the first quarter shows that the market continues to be very cautious and investment decisions still take longer time than usual.

In local currencies, our business volume remains more or less unchanged, but since the Swedish Krona has strengthened, the turnover for the quarter is lower compared to the first quarter of last year. The profit before and after tax is better than last year, the operating profit is lower, and the cash flow from operating activities is still positive.

The results from the different markets are varied, but it is rewarding to see that many of the previously weaker markets such as the UK, Germany, and Spain now show signs of improvement.

Our partner sales continue to grow strongly with an increase of 28 percent compared to the first quarter of last year.

Due to seasonal variations, the first quarter is our weakest part of the year. Although it has been a slow start, our assessment is that the market is on the rebound. As the market continues to improve, we are optimistic about our potential to increase our sales and improve our profitability"

Jan Andersson  
President and CEO

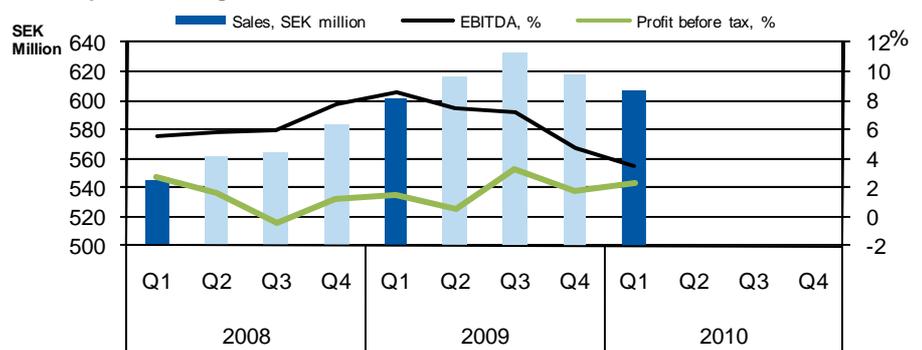
## Varied development during Q1

- Sales for January-March amounted to SEK 135.9 (146.5) million
- Operating profit EBITDA for the period was SEK -5.1 (2.9) million
- Earning per share after tax for the first quarter were SEK -0.18 (-0.27)
- Cash-flow from operating activities for the period was SEK 20.8 (42.8) million

Key data	2010	2009	2008	Rolling	Full year
	Jan-Mar	Jan-Mar	Jan-Mar	12 months	2009
Net sales, SEK million	135,9	146,5	129,1	607,1	617,7
Profit/loss EBITDA*, SEK million	-5,1	2,9	-3,3	20,4	29,1
Profit/loss before tax, SEK million	-4,5	-7,3	-9,0	14,1	11,3
Net profit/loss, SEK million	-5,7	-8,8	-9,1	10,2	7,1
Operating margin EBITDA*, %	-3,8	2,0	-2,5	3,4	4,7
Profit margin before tax, %	-3,3	-4,9	-6,9	2,3	1,8
Profit margin after tax, %	-4,2	-6,0	-7,0	1,7	1,1
Net earnings per share, SEK	-0,18	-0,27	-0,28	0,31	0,22
Cash flow, operating activities	20,8	42,8	23,7	80,5	102,5

\* Operating profit/loss before capitalization of costs for proprietary software development, depreciation, amortization, interest and tax.

### Development rolling 12 months



**READSOFT®**

## The Group

### Net sales and profit during the first quarter of 2010

Improved profit after tax

During the first quarter, sales amounted to SEK 135.9 (146.5) million. Operating profit/loss EBITDA for the quarter was SEK -5.1 (2.9) million. The operating margin EBITDA was -3.8 (2.0) percent. Profit/loss after tax was SEK -5.7 (-8.8) million. Operating profit (EBITDA) and profit after tax for the period were also affected by exchange rate differences of SEK 0.2 (0.5) million, which are included in the Income Statement under “Other operating expenses/income”.

Licensing revenue amounted to SEK 38.7 (44.2) million during the first quarter, which is 28 (30) percent of the total revenue. Out of the total licensing revenue for the quarter, Trade Process Automation represented SEK 29.3 (34.3) million, while Document Capture Automation represented SEK 9.4 (9.9) million. Revenue from maintenance agreements amounted to SEK 49.2 (47.3) million for the quarter. In addition, revenues for training and customer-specific development were SEK 39.2 (45.5) million. Hardware sales (primarily scanners) amounted to SEK 6.2 (6.8) million during the quarter. Other revenues amounted to SEK 2.6 (2.7) million.

In the Nordic market, sales totaled SEK 37.2 (40.5) million. The company’s sales in other European markets amounted to SEK 63.9 (66.7) million. In the U.S. and the rest of the world, sales amounted to SEK 34.8 (39.3) million.

### Key developments during the first quarter

In January, a world-leading technology company chose ReadSoft’s SAP-certified solution for automated invoice handling at an order value of 400,000 USD. This company chose ReadSoft because of its unique experience of similar multinational installation projects in the SAP-environment.

In early March the British subsidiary received an order from a major transport company valued at 180,000 EUR. The implementation will be carried out by one of ReadSoft’s partners. March also brought an agreement with Convergent Solutions – the first Oracle E-Business Suite On-Demand user in the USA to implement ReadSoft’s software for automated invoice processing. The deal was carried out by ReadSoft’s partner Dinero Solutions and the system is now helping the customer to process more than 15,000 invoices every year with a minimum of staff effort.

Global Fortune 500-food company signs order worth 500,000 EUR

The biggest deal of the quarter was a 500,000 EUR order from a global, Fortune-500 food company. ReadSoft’s solution will enable this client to automate the handling of hundreds of thousands of invoices and other business documents in Europe. This customer chose ReadSoft because its proven track record with SAP. Another SAP-order was closed with Coop Supermarkten in the Netherlands. Coop needed help with cutting costs and improve control over financial processes. The deal with Coop concerns the handling of 680,000 invoices annually.

On the German market, ReadSoft brought home yet another SAP-deal as Sandvik Mining and Construction decided to optimize its invoice handling with ReadSoft’s software. The agreement covers the handling of 40,000 invoices annually at Sandvik Mining and Construction’s service center in Austria. The deciding factor was that ReadSoft’s solution was the most technologically advanced product.

At the end of March, ReadSoft closed its second largest deal for the quarter at an order value of 600,000 USD with a multinational group in Malaysia. This customer has set up a global service center in Kuala Lumpur where ReadSoft’s solution automatically handles documents from the customer’s different branches around the world.

During the quarter, ReadSoft entered a partnership with Skye AS, a SAP-consultancy firm based in Norway, in order to sell ReadSoft’s solutions on the Nordic market. ReadSoft has signed an agreement about doing a smaller investment in Skye to enable an aggressive venture into the Nordic SAP market, and will therefore become a minority owner of the company.

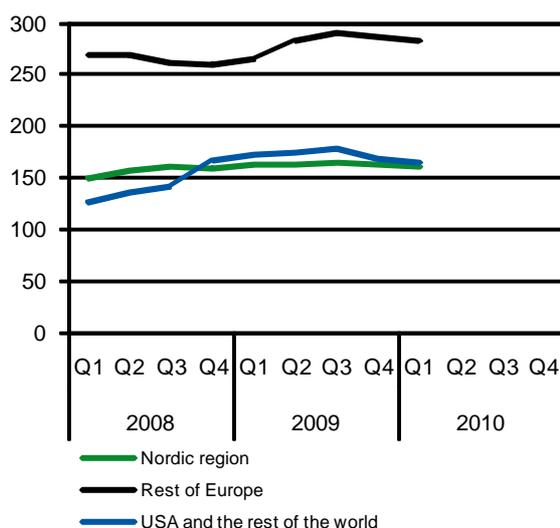
### Net sales and profit rolling 12 months

During the period April 2009 until March 2010 sales amounted to SEK 607.1 (601.7) million. Operating profit/loss EBITDA for the period amounted to SEK 20.4 (51.8) million. The operating margin EBITDA was 3.4 (8.6) percent. Profit/loss after tax was SEK 10.2 (7.2) million. Operating profit (EBITDA) and profit after tax for the period were affected negatively by exchange rate differences of SEK -3.9 (10.3) million, which are included in the Income Statement under “Other operating expenses/income”.

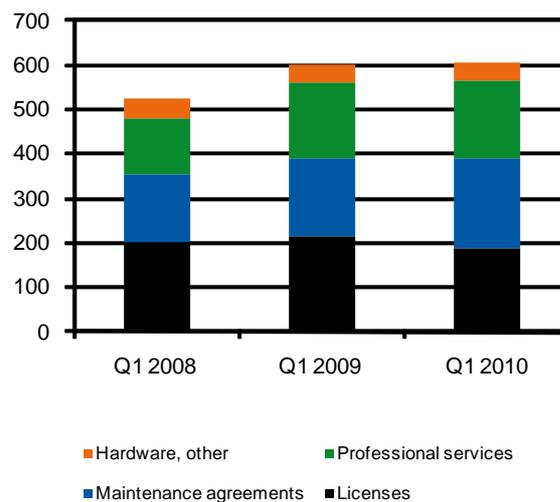
Licensing revenue amounted to SEK 186.5 (215.8) million during the period, which constituted 31 (36) percent of the total revenue. Of the periods licensing revenue, the product group Trade Process Automation represented SEK 153.7 (184.1) million, while Document Capture Automation represented SEK 32.8 (31.7) million. Revenue from maintenance agreements amounted to SEK 203.0 (173.7) million for the period. To this can be added revenues for training and customer-specific development of SEK 176.0 (170.2) million. Hardware sales (primarily scanners) amounted to SEK 29.5 (29.1) million during the period. Other revenues amounted to SEK 12.1 (12.9) million.

In the Nordic market, sales totaled SEK 159.7 (163.1) million. The company’s sales in other European markets amounted to SEK 283.3 (265.8) million. In the U.S. and the rest of the world, sales amounted to SEK 164.2 (172.7) million.

Sales rolling 12 months per geographic market, SEK million



Revenue distribution rolling 12 months, SEK million



### Consolidated balance sheet, financial position and investments

Cash and cash equivalents for the group as of March 31, 2010 amounted to SEK 89.3 (107.0) million. Bank overdraft facilities granted were SEK 56.4 (58.9) million, of which SEK 16.7 (4.1) million was utilized. Cash-flow from operating activities for the first quarter was SEK 20.8 (42.8) million.

The equity/assets ratio was 43.5 (44.1) percent on March 31, 2010.

Investments in tangible and intangible fixed assets for the first quarter amounted to SEK 1.6 (2.7) million and consisted of the acquisition of computer and office equipment as well as ERP and EPM systems. Depreciation of tangible fixed assets amounted to SEK 2.3 (2.5) million during the first quarter.

Of expenditure for proprietary software during the first quarter, SEK 12.2 (7.3) million was capitalized. Depreciation of capitalized expenditure for proprietary software has been carried out in an amount of SEK 7.6 (13.1) million for the quarter.

Depreciations of other intangible fixed assets amounted to SEK 1.4 (1.4) million for the first quarter.

### **Accounting principles**

This interim report is presented in accordance with International Financial Reporting Standards (IFRS), the IAS 34 Interim Reporting and the Swedish Financial Accounting Standards Council's recommendation RR31, Interim Reporting for Groups, as well as, for the parent company, RR32 Accounting for Legal Entities.

A new reporting standard regarding segment reporting (IFRS 8) came into effect on January 1, 2009. The purpose of this standard is that external financial information shall reflect the information and measures used internally within companies in controlling operations and making decisions regarding resource allocations. Companies shall identify the level at which the highest executive decision maker regularly monitors sales and operating results. Such levels are defined as segments.

ReadSoft's highest executive decision maker is the company's CEO. The regular internal reporting of results to the CEO that meets the criteria for representing a segment involves the Group as a whole. In other regards, sales are monitored for individual products and product groups, and results are reviewed for each geographic market. In our view, none of these review levels meets the criteria for an operating segment, which is why ReadSoft reports the Group in its entirety as its sole segment.

The same accounting principles that were used in the latest annual report have been used in this interim report.

### **Staff**

As of March 31, 2010, the ReadSoft staff amounted to 463 (441).

### **Risk management**

Important risks and uncertainties are described in the Annual Report for 2009 under the item Risk and Risk Management, in the Administration Report and in Notes 2 and 3.

### **Shareholder information**

At the end of the period, the number of shareholders amounted to 4,657 (5,280). Out of the company's total share capital, 53 (50) percent was owned by Swedish and foreign institutions, 25 (25) percent by the company's founders, and 22 (25) percent by private persons, including staff. At the end of the period, Swedish shareholders held 88 (85) percent and foreign shareholders held 12 (15) percent of the total share capital.

### **Going forward**

We assess that the underlying demand for our solutions is good. However, the market conditions are influenced by the ongoing recession and short-term demand is hard to forecast. The managements' primary focus going forward is on profit, cash flow and cost control.

ReadSoft's long-term financial objectives continue to be a yearly growth of 20-25 percent and a business margin of at least 15 percent (EBITDA).

## Financial Report

Consolidated income statement in summary, SEK million	2010	2009	2008	Rolling	Full year
	Jan-Mar	Jan-Mar	Jan-Mar	12 months	2009
<b>Net sales</b>	<b>135,9</b>	<b>146,5</b>	<b>129,1</b>	<b>607,1</b>	<b>617,7</b>
Capitalized expenditure for proprietary software	12,2	7,3	9,6	42,9	38,1
	<b>148,1</b>	<b>153,8</b>	<b>138,7</b>	<b>650,0</b>	<b>655,8</b>
Costs of goods and services sold	-10,5	-14,5	-14,2	-54,6	-58,6
Personnel costs	-99,4	-98,2	-86,6	-394,6	-393,4
Other external costs	-31,3	-31,4	-30,3	-133,5	-133,7
Other operating expenses/income	0,2	0,5	-1,3	-3,9	-3,5
Depreciation of tangible fixed assets	-2,3	-2,5	-1,7	-7,5	-7,8
Amortization of capitalized expenditure for proprietary software	-7,6	-13,1	-12,0	-33,1	-38,6
Amortization of intangible fixed assets	-1,4	-1,4	-1,4	-7,9	-7,9
<b>Operating profit/loss (EBIT)</b>	<b>-4,2</b>	<b>-6,8</b>	<b>-8,8</b>	<b>14,9</b>	<b>12,3</b>
<b>Financial income and expenses</b>					
Financial items	-0,3	-0,5	-0,2	-0,8	-1,0
<b>Net profit/loss before tax</b>	<b>-4,5</b>	<b>-7,3</b>	<b>-9,0</b>	<b>14,1</b>	<b>11,3</b>
Tax	-1,2	-1,5	-0,1	-3,9	-4,2
<b>Profit/Loss after tax</b>	<b>-5,7</b>	<b>-8,8</b>	<b>-9,1</b>	<b>10,2</b>	<b>7,1</b>

Until December 31, 2008, revenues and costs reported directly in shareholders' equity were included under "Change in equity" in interim and annual reports. In accordance with the revised reporting standard IAS 1, these revenues and costs shall be reported in a separate "Statement of comprehensive income" (see below).

Group - Statement of comprehensive income for the period, MSEK	Jan-Mar	Jan-Mar	Jan-Mar	Rolling	Full year
	2010	2009	2008	12 months	2009
<b>Profit/loss after tax for the period</b>	<b>-5,7</b>	<b>-8,8</b>	<b>-9,1</b>	<b>10,2</b>	<b>7,1</b>
<b>Other comprehensive income:</b>					
Exchange differences	0,4	-2,9	-3,0	-0,5	-3,8
Cash flow hedges, net after tax	1,7	0,8	-	6,6	5,7
<b>Other comprehensive income for the period, net of tax</b>	<b>2,1</b>	<b>-2,1</b>	<b>-3,0</b>	<b>6,1</b>	<b>1,9</b>
<b>Total comprehensive income for the period</b>	<b>-3,6</b>	<b>-10,9</b>	<b>-12,1</b>	<b>16,3</b>	<b>9,0</b>

<b>Consolidated balance sheet in summary, SEK million</b>	<b>Mar 31, 2010</b>	<b>Mar 31, 2009</b>	<b>Dec 31, 2009</b>
<b>Assets</b>			
<b>Fixed assets</b>			
Proprietary software development	75,6	66,1	71,0
Goodwill	66,2	66,2	66,2
Other non-fixed assets	18,2	21,9	20,6
Fixed assets	17,9	18,0	19,6
Financial assets	54,3	48,8	51,4
<b>Total fixed assets</b>	<b>232,2</b>	<b>221,0</b>	<b>228,8</b>
<b>Current assets</b>			
Accounts receivable - trade	156,1	175,7	188,5
Cash and cash equivalents	89,3	107,0	85,4
Other current assets	82,1	90,5	78,7
<b>Total current assets</b>	<b>327,5</b>	<b>373,2</b>	<b>352,6</b>
<b>Total assets</b>	<b>559,7</b>	<b>594,2</b>	<b>581,4</b>
<b>Equity and liabilities</b>			
Equity	243,6	261,9	249,5
Long-term liabilities	39,9	50,8	37,0
Accounts payable - trade	13,4	17,8	15,2
Other current liabilities	262,8	263,7	279,7
<b>Total equity and liabilities</b>	<b>559,7</b>	<b>594,2</b>	<b>581,4</b>
<b>Change in equity, SEK million</b>	<b>Jan-Mar</b>	<b>Jan-Mar</b>	<b>Full year</b>
	<b>2010</b>	<b>2009</b>	<b>2009</b>
Opening balance	249,5	272,8	272,9
Profit/loss for the period	-3,6	-10,9	9,0
Repurchased shares	-2,3	-	-32,5
Equity part of convertible loan	0,0	0,0	0,1
<b>Equity at the end of the period</b>	<b>243,6</b>	<b>261,9</b>	<b>249,5</b>
<b>Cash-flow statement in summary, SEK million</b>	<b>Jan-Mar</b>	<b>Jan-Mar</b>	<b>Full year</b>
	<b>2010</b>	<b>2009</b>	<b>2009</b>
Cash flow before working capital changes	-3,7	8,3	53,9
Working capital changes	24,5	34,5	48,6
<b>Cash flow from operating activities</b>	<b>20,8</b>	<b>42,8</b>	<b>102,5</b>
Cash flow from investing activities	-14,5	-9,7	-52,6
Cash flow from financing activities	-2,3	0,0	-38,3
<b>Change in cash and cash equivalents</b>	<b>4,0</b>	<b>33,1</b>	<b>11,6</b>

<b>Five-year summary and key data for the Group</b>	<b>Jan-Mar 2010</b>	<b>Jan-Mar 2009</b>	<b>Jan-Mar 2008</b>	<b>Jan-Mar 2007</b>	<b>Jan-Mar 2006</b>	<b>Full year 2009</b>
Net sales, SEK million	135,9	146,5	129,1	109,2	102,3	617,7
Sales growth, %	-7,2	13,5	18,1	6,7	21,8	5,7
Operating profit EBITDA, SEK million	-5,1	2,9	-3,3	-3,6	-3,1	29,1
Operating profit EBIT, SEK million	-4,2	-6,8	-8,8	-0,6	1,1	12,3
Profit/loss after financial items, SEK million	-4,5	-7,3	-9,0	-0,6	1,2	11,3
Profit/loss after tax, SEK million	-5,7	-8,8	-9,1	-2,6	0,8	7,1
Operating margin EBITDA, %	-3,8	2,0	-2,5	-3,2	-3,0	4,7
Operating margin EBIT, %	-3,1	-4,6	-6,8	-0,5	1,1	2,0
Profit margin after financial items, %	-3,3	-4,9	-6,9	-0,5	1,2	1,9
Profit margin after tax, %	-4,2	-6,0	-7,0	-2,4	0,8	1,1
Equity/assets ratio, %	43,5	44,1	44,9	50,7	50,8	42,9
Capital employed, SEK million	278,7	290,0	288,5	238,4	172,3	273,7
Return on equity, %	-2,3	-3,4	-3,7	-1,3	0,4	2,7
Return on total capital, %	-0,7	-1,2	-1,6	-0,1	0,3	2,3
Net debt/equity ratio, times	-0,22	-0,30	-0,04	-0,17	-0,36	-0,25
Net interest-bearing liabilities, SEK million	-54,2	-78,9	-10,2	-40,0	-61,1	-61,2
Number of employees at end of period	463	441	450	401	311	461
Number of shares at end of period, 000s	32 488	32 488	32 488	32 488	31 259	32 488
Equity per share, SEK	7,50	8,23	7,68	7,46	5,50	7,68
Earnings after financial items per share, SEK	-0,14	-0,22	-0,27	-0,02	0,04	0,35
Earnings after tax per share, SEK	-0,18	-0,27	-0,28	-0,08	0,03	0,22
Share price at end of period, SEK	12,40	9,25	13,90	24,80	28,90	14,30

## Glossary and Definitions

<b>Document Capture Automation</b>	The product group for Capture products in ReadSoft's range, for example FORMS, CLASSIFY and INDEX.
<b>Trade Process Automation</b>	The product group for products in ReadSoft's range that handle invoices and other business related documents, including INVOICES, INVOICE COCKPIT, WEB CYCLE and INVOICEIT.
<b>EBITDA</b>	Operating profit/loss before capitalization of costs for proprietary software development, depreciation, amortization, interest and tax.
<b>Equity per share</b>	Equity per share divided by the average number of shares.
<b>Net interest-bearing liabilities</b>	Interest-bearing liabilities minus interest-bearing assets.
<b>Net debt/equity ratio</b>	Net interest-bearing liabilities divided by equity.
<b>Return on equity</b>	Profit/loss after financial items less current tax as a percentage of average adjusted equity.
<b>Return on total capital</b>	Profit/loss after financial items plus financial expenses as a percentage of total assets.
<b>Equity/assets ratio</b>	Equity as a percentage of total assets.
<b>Working Capital</b>	Current assets less cash and cash equivalents and current liabilities.

## Parent company

### Income statement, Parent company

The parent company's net sales for the first quarter 2010, including inter-company posts, amounted to SEK 45.9 (49.2) million. The result after financial items was SEK -3.1 (-0.5) million.

### Balance sheet, financial position and investments, Parent company

Investments in fixed assets in the parent company amounted to SEK 0.7 (1.2) million during the first quarter. The parent company's cash and cash equivalents as of March 31 amounted to SEK 1.3 (0.5) million. Bank overdraft facilities granted amounted to SEK 50.0 (50.0) million, and utilized amounted to SEK 12.9 (0.0) million. Equity was SEK 211.0 (241.4) million, resulting in an equity/assets ratio of 53.9 (60.4) percent.

Parent Company income statement in summary, SEK million	Jan-Mar 2010	Jan-Mar 2009	Full year 2009
<b>Net sales</b>	<b>45,9</b>	<b>49,2</b>	<b>211,4</b>
Cost of goods and services sold	-9,2	-10,3	-49,3
Personnel costs	-29,6	-28,2	-107,4
Other external costs	-9,3	-8,6	-41,3
Other operating income/expenses	-0,8	-1,0	-11,0
Depreciation of tangible fixed assets	-0,8	-1,1	-4,2
<b>Operating loss EBIT</b>	<b>-3,8</b>	<b>0,0</b>	<b>-1,8</b>
<b>Financial income and expenses</b>			
Share of profit/loss in associated company	0,0	0	11,0
Net financial items	0,7	-0,5	3,7
<b>Net profit/loss before tax</b>	<b>-3,1</b>	<b>-0,5</b>	<b>12,9</b>
Appropriations	0,0	0,0	-1,9
Tax	0,0	0,0	1,1
<b>Net profit/loss after tax</b>	<b>-3,1</b>	<b>-0,5</b>	<b>12,1</b>

<b>Parent Company balance sheet in summary</b>	<b>Mar 31, 2010</b>	<b>Mar 31, 2009</b>	<b>Dec 31, 2009</b>
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible assets	6,0	6,8	6,9
Tangible assets	7,4	3,1	6,6
Shares in Group companies	97,2	93,5	93,7
Receivables from Group companies	201,4	199,6	200,7
Other fixed assets	0,4	0,4	0,4
<b>Total fixed assets</b>	<b>312,4</b>	<b>303,4</b>	<b>308,3</b>
<b>Current assets</b>			
Accounts receivable - trade	7,0	7,9	4,4
Receivables from Group companies	44,6	72,3	41,2
Cash and cash equivalents	1,3	0,5	5,9
Other current assets	17,8	8,3	9,1
<b>Total current assets</b>	<b>70,7</b>	<b>89,0</b>	<b>60,6</b>
<b>Total assets</b>	<b>383,1</b>	<b>392,4</b>	<b>368,9</b>
<b>Equity and liabilities</b>			
Equity and liabilities	193,2	225,5	199,4
Untaxed reserves	17,8	15,9	17,8
Long-term liabilities	9,4	24,6	9,4
Long-term liabilities to Group companies	14,1	11,1	12,9
Accounts payable - trade	5,0	5,2	3,7
Current liabilities to Group companies	70,5	47,7	59,0
Other current liabilities	73,1	62,4	66,7
<b>Total equity and liabilities</b>	<b>383,1</b>	<b>392,4</b>	<b>368,9</b>

## Financial information

Interim reports, annual reports and ReadSoft's press releases can be ordered from ReadSoft AB, Södra Kyrkogatan 4, SE-252 23 Helsingborg, by phone +46 (0)42-490 21 00, e-mail: [info@readsoft.com](mailto:info@readsoft.com) or at [www.readsoft.com](http://www.readsoft.com).

### Financial calendar

Interim Report January-June, 2010	July 20, 2010
Interim Report January-September, 2010	October 25, 2010
Year End Report January-December, 2010	February 15, 2011
Interim Report January-March, 2011	May 3, 2011
Annual General Meeting	May 3, 2011

This interim report has not been audited by the auditors of ReadSoft.

Helsingborg, Sweden, April 20, 2010

*The Board of Directors of ReadSoft AB (publ)*

### Contact

#### Jan Andersson, President and CEO

Phone: +46 708-37 66 00

#### Johan Holmqvist, Vice President Corporate Communications

Phone: +46 42-490 21 98 or +46 708-37 66 77

#### Jan Bertilsson, CFO

Phone: +46 42-490 21 43

e-mail: [firstname.lastname@readsoft.com](mailto:firstname.lastname@readsoft.com)

### About ReadSoft

*ReadSoft is a leading global provider of software solutions for Document Automation. ReadSoft's software enables companies to automate document processes such as data entry, classification, ERP matching, workflows, e-invoicing etc. The results are faster and less expensive document processing, and increased control. ReadSoft is by far the world's number one choice for invoice automation solutions. Specialized solution labs for SAP, Oracle, Microsoft and Capture processes ensure cutting edge solutions with great customer value. Since the start in 1991, ReadSoft has grown to a worldwide group with operations in 16 countries on five continents and a network of local and global partners. The head office is located in Helsingborg, Sweden and the ReadSoft share is traded on the NASDAQ OMX Nordic Exchange Small Cap list. For more information about ReadSoft, please visit [www.readsoft.com](http://www.readsoft.com).*