READSOFT®
PRESS RELEASE

Interim Report

Helsingborg, 13 February 2006

Year End Report 2005

- The turnover for 2005 increased to SEK 400.9 (358.7) million
- Results after tax for 2005 was SEK 52.0 (28.0) million
- Results per share after tax for 2005 was SEK 1.66 (0.90)
- Cash-flow from the current business for 2005 was SEK 65.9 (37.4) million
- The turnover for the fourth quarter increased to SEK 125.8(117.4) million
- Results after tax for the fourth quarter was SEK 29.8 (19.3) million
- Results per share after tax for the fourth quarter was SEK 0.95 (0.62)
- Cash-flow from the current business for the fourth quarter was SEK 33.1 (10.0) million

KEY DEVELOPMENTS DURING THE YEAR

ReadSoft enjoyed a strong year in 2005, during which sales continued to grow in all its geographic regions. The segment “the United States and the rest of the world” showed a very positive development, generating growth of 31%.

The ReadSoft DOCUMENTS for Invoices software obtained 200 new customers during the year, bringing the total number of users to 1,200. Among the new customers was one of the world's biggest pharmaceutical companies, which signed an agreement – worth SEK 30 million over several years – for installations in more than 100 countries. Commerzbank, one of the biggest German banks, chose document automation by ReadSoft to handle half a million invoices per year. ReadSoft delivers its SAP-certified solution in cooperation with Ebydos, its global SAP partner. Vodafone's central service centre for Australia and New Zealand purchased and installed an Oracle-integrated solution consisting of ReadSoft DOCUMENTS for Invoices and InvoiceIT by ReadSoft Consit AS (formerly Consit Development). Among ReadSoft’s other new customers were Leroy Merlin, Portugal telecom, FöreningsSparbanken Finans, BBC, Optimera and Visma.

Sales of ReadSoft DOCUMENTS for Forms also experienced solid growth during the year. The biggest agreement for the product was in the United States, where a government agency invested more than SEK 8 million. Laos also used the software from ReadSoft in connection with a census of its six million inhabitants. Karolinska University Hospital in Stockholm purchased the software to read more than 18 million of its medical documents each year. Among the 100 new customers that bought ReadSoft DOCUMENTS for Forms during the year were the British Chamber of Commerce and the Statistics Department of Malaysia. ReadSoft now has more than 3,100 customers that use the software.

In early 2005, ReadSoft acquired a 50% stake in ReadSoft Consit in Denmark. The acquisition represented an additional step for ReadSoft into the world of Oracle, offering direct access to the software and associated expertise. That enables effective use of ReadSoft's products for electronic document management in Oracle e-Business Suite. Oracle's certification of the InvoiceIT invoicing software ensures 100% compatibility with Oracle e-Business Suite. The certification further strengthens ReadSoft and ReadSoft Consit in the market for electronic invoicing solutions.

TURNOVER AND RESULTS FOR 2005
During 2005, the revenue increased by 12 percent and amounted to SEK 400.9 (358.7) million. Results after interest income was SEK 52.5 (33.1) million. The operating margin for 2005 was 13.1 (9.2) percent. The item, other operating income/expenses, constitutes of currency divergence during the year. Results after tax was SEK 52.0 (28.0) million. The tax SEK 0,5 (-5,1) million was affected by deferred tax assets and used deduction for loss.

In Scandinavia the sales totaled SEK 112.5 (99.8) million. The company's sales in the remaining part of Europe amounted to SEK 204.7 (195.1) million. In the U.S. and the rest of the world the sales amounted to SEK 83.7(63.8) million.

The license revenue, consisting of one-time payments for the right to use our software, amounted to SEK 166.8 (140.9) million during 2005, which is 42 (39) percent of the total revenue. Out of the total license revenue for the year, ReadSoft DOCUMENTS for Invoices SEK 87.9 (81.1) million, ReadSoft DOCUMENTS for Forms represented SEK 44.3 (40.0) million and External licenses SEK 34.6 (19.8) million. Service fees amounted to SEK 108.6 (91.7) million. In addition, revenues for training and customer-specific development were SEK 86.5 (78.3) million. Hardware sales (scanners) amounted to SEK 32.0 (40.6) million. Other revenues SEK 6.9 (7.2) million.

TURNOVER AND RESULTS DURING THE FOURTH QUARTER OF 2005
During the fourth quarter, the revenue increased by 7 percent and amounted to SEK 125.8 (117.4) million. Results after interest income for the period was SEK 29.1 (22.7) million. The operating margin for the quarter was 23.1(19.3) percent. The item, other operating income/expenses, constitutes of currency divergence during the fourth quarter. Results after tax was SEK 29.8(19.3) million. The fourth quarter tax 0,7 (-3,4) million has been affected by deferred tax assets and used deduction for loss.

In Scandinavia the sales totaled SEK 39.2 (39.1) million. The company's sales in the remaining part of Europe amounted to SEK 60.8 (56.0) million. In the U.S. and the rest of the world the sales amounted to SEK 25.8 (22.3) million.

The license revenue, consisting of one-time payments for the right to use our software, amounted to SEK 54.5 (50.6) million during the fourth quarter, which is 43 (43) percent of the total revenue. Out of the total license revenue for the fourth quarter, ReadSoft DOCUMENTS for Invoices SEK 32.3 (31.9) million, ReadSoft DOCUMENTS for Forms represented SEK 11.8 (10.1) million and External licenses SEK 10.4 (8.6) million. Service fees amounted to SEK 33.7 (26.9) million. In addition, revenues for training and customer-specific development were SEK 24.5 (26.2) million. Hardware sales (scanners) amounted to SEK 10.9 (11.9) million. Other revenues SEK 2.2 (1.8) million.

DIVIDEND
The board of directors suggests no share dividend for 2005.

STAFF
As of December 31, 2005, the ReadSoft staff amounted to 301 (274). The average number of staff during the year has been 292 (271). 24 (25) percent were women and 76 (75) percent men.

INVESTMENTS
Investments during the year amounted to SEK 5.7 (3.8) million and consisted of the acquisition of computer and office related equipment. Investments during the fourth quarter amounted to SEK 1.2 (1.6) million. Depreciations of tangible assets amounts to SEK 4.4 (4.2) million during 2005 and with SEK 1.5 (1.1) million for the fourth quarter.

Of the research and development costs during the year SEK 25.4 (23.2) million was capitalized in accordance with *Redovisningsrådet's* recommendation no. 15. During the fourth quarter SEK 7.3 (7,0) million was capitalized. Depreciations of product development expenses carried forward amounts to SEK 6.8 (6.8) million for 2005 and with SEK 2.0 (2.3) million for the fourth quarter.

ISSUE OF SHARES
As a part of the payment in connection with the acquisition of Consit Development ApS (now ReadSoft Consit AS) 367,171 ReadSoft B-Shares, corresponding to SEK 6.8 million was issued. The share issue increased the share capital by SEK 36,717.

FINANCIAL POSITION
The cash and bank balances for the group as of December 31 was SEK 52.0 (32.0) million. Bank overdraft facilities granted was SEK 43.4 (43.2) million, and used was SEK 0 (9.1) million. The cash-flow from the current business for 2005 was SEK 65.9 (37.4) million. For the fourth quarter cash-flow from the current business was SEK 33.1 (10.0) million. The change in cash and bank balances for the period was SEK 8.8 (-0.8) million. The solidity was 46.0 (41.2) percent as of December 31.

SHAREHOLDER INFORMATION
At the end of the period, the number of shareholders amounted to 7,553 (7,259). Out of the company's total capital, 41 (34) percent were owned by Swedish and foreign institutions, 26 (28) percent by the company's founders, and 33 (38) percent by private persons, including staff. At the end of the period, Swedish shareholders held 89 (88) percent and foreign shareholders held 11 (12) percent of the total share value.

THE PARENT COMPANY
The parent company's net sales for 2005, including inter-company posts, amounted to SEK 147.4 (109.5) million. The result after financial items was SEK 48.8 (-8.0) million. The reversal of prior write downs in subsidiaries SEK 27.6 (-9.7) million has had a positive affect on the result in the parent company but they have had no affected on the year end result of the Group. Investments in fixed assets in the parent company amounted to SEK 3.2(1.5) million. The parent company's cash and bank balances as of December 31, was SEK 10.7 (0.2) million. Bank overdraft facilities granted was SEK 35.0 (35.0) million, and used was SEK 0 (9.1) million. Equity was SEK 125.6 (62.2) million, resulting in a solidity of 69,7 (59.8) percent.

ACCOUNTING POLICY AND TRANSITION TO IFRS
As of January 1, 2005, all public traded companies within the European Union will comply with the accounting policies of International Financial Reporting Standards (IFRS) as approved by the European Union in 2002. Therefore this interim report is presented in accordance with the IAS 34 Interim Reporting. The transition to IFRS has not substantially altered the accounting policies of the company compared to the annual report of 2004. The transition alterations have had no impact on the group's Opening Balance on January 1, 2005. A detailed description of the accounting policies for ReadSoft are to be found in the upcoming annual report.
With regard to IAS 19 concerning reimbursements to employees, ReadSoft has pension obligations which in part are benefit-governed pension plans that involve several employers. At the time of writing, there is not enough information available from the other pension providers, so the plan cannot be presented as benefit-governed. Instead it is presented as a fee-determined plan, in accordance with a statement from FAR. The company estimates that presenting the insurance plan as a benefit-determined plan would not have greatly affected the balance sheet of the group or the parent company.

GOING FORWARD
ReadSoft posted solid growth in most markets and substantially higher Group earnings in 2005. Its key revenue from license sales and maintenance agreements was up by more than 18%, which represented growth fully in line with ReadSoft's long-term targets. The company's goal is to continue growing internationally while expanding its business in important markets such as Germany, France, the United Kingdom and the United States. Demand for ReadSoft's products is being driven by the greater need for lower costs, cost-effectiveness and financial control, all of which is likely to continue boosting ReadSoft's short-term and long-term growth.

UPCOMING FINANCIAL REPORTS
- Annual general meeting on April 25th 2006
- Interim Report January – March 2006 on April 25h 2006
- Interim Report January – June 2006 on August 14h 2006
- Interim Report January – September 2006 on October 24h 2006

The Board of Directors ReadSoft AB

For more information contact President/CEO Jan Andersson +46-42-490 21 00, mobile +46-708-37 66 00 or CEO Jan Bertilsson at +46 42 490 21 43. Please visit www.readsoft.com

Group's income statements in summary

Amounts in SEK million

	Oct-Dec 2005	Oct-Dec 2004	Full year 2005	Full year 2004
Net sales	**125.8**	**117.4**	**400.9**	**358.7**
Capitalization of R&D expenditure	7.2	7.0	25.3	23.2
	133.0	124.4	426.2	381.9
Commodities	-25.2	-25.3	-81.4	-73.7
Personnel costs	-59.6	-49.9	-216.1	-184.1
Other external costs	-19.7	-18.3	-78.0	-75.1
Other operating income/expences	4.2	-4.8	13.9	-4.7
Share of profits in associated companies	-0.3	-	-1.2	-
Depreciations on fixed assets	-1.5	-1.1	-4.4	-4.2
Depreciations on product dev expenses carried forward	-2.0	-2.3	-6.8	-6.8
Operating income	**28.9**	**22.7**	**52.2**	**33.3**
Financial income and expenses				
Interest income	0.2	0	0.3	-0.2
Income after financial items	**29.1**	**22.7**	**52.5**	**33.1**
Tax	0.7	-3.4	-0.5	-5.1
Net profit/loss after taxes	**29.8**	**19.3**	**52.0**	**28.0**

Group's balance sheet in summary

	2005 Dec 31	2004 Dec 31
Assets		
Fixed assets	93.5	58.7
Current assets	274.2	213.9
Total assets	**367.7**	**272.6**
Equity and liabilities		
Equity	169.2	112.3
Long-term liabilities	0.4	0.8
Short-term liabilities	198.1	159.5
Total equity and liabilities	**367.7**	**272.6**

Change in equity

	2005	2004
Opening balance	112.3	77.9
New issue	7.2	5.0
Translation difference	-2.3	1.4
Result for the period	52.0	28.0
Closing balance	**169.2**	**112.3**

Cash-flow statements in summary

	Oct-Dec 2005	Oct-Dec 2004	2005	2004
Cash-flow before changes in working capital	29.0	28.7	53.5	45.3
Changes in working capital	4.1	-18.7	12.4	-7.9
Cash-flow from the current business	**33.1**	**10.0**	**65.9**	**37.4**
Cash-flow from investment activities	-7.9	-8.0	-36.6	-26.6
Cash-flow from financial activities	-16.4	-2.8	-9.3	-2.7
Change in liquid assets	**8.8**	**-0.8**	**20.0**	**8.1**

Three-year summary and key data, group

	2005	2004	2003
Revenue	400.9	358.7	294.7
Revenue growth %	11.8	21.7	4.2
Operating income	52.2	33.3	14.6
Income after financial items	52.5	33.1	14.1
Net result after tax	52.0	28.0	14.5
Operating margin %	13.0	9.3	4.9
Profit margin financial items %	13.1	9.2	4.8
Profit margin after tax %	13.0	7.8	4.9
Solidity %	46.0	41.2	36.8
Capital employed	169.8	122.2	95.5
Return on equity, %	37.8	29.4	20.4
Return on total capital, %	16.9	14.0	7.4
Net dept/equity ratio	-0.30	-0.20	-0.08
Net interest bearing liabilities	-51.3	-22.0	-6.3
Number of employees at end of period	301	274	265
Number of shares at close of period, thousands	31,259	30,892	30,467
Equity per share, (SEK)	5.41	3.64	2.56
Earnings after financial items per share (SEK)	1.68	1.07	0.46
Earnings after tax per share (SEK)	1.66	0.90	0.48
Share price at close of period (SEK)	29.60	14.25	12.00

Statement of accounts in geographical areas

Scandinavia

	2005	2004
Revenue	112.5	99.8
Result before financial items	39.1	36.1
Profit margin %	34.7	36.2
Assets	78.5	65.8
Liabilities	50.5	38.5
Investments	0.6	0.6
Depreciation	0.7	0.4

The rest of Europe

	2005	2004
Revenue	204.7	195.1
Result before financial items	46.3	43.3
Profit margin %	22.6	22.2
Assets	134.2	109.3
Liabilities	70.5	65.8
Investments	0.9	1.0
Depreciation	1.0	1.0

U.S. and the rest of the world

	2005	2004
Revenue	83.7	63.8
Result before financial items	24.2	8.4
Profit margin %	28.9	13.1
Assets	53.6	42.9
Liabilities	25.4	17.4
Investments	1.0	0.7
Depreciation	0.8	0.8

Parent Company incl. Group adjustments

	2005	2004
Revenue	-	-
Result before financial items	-57.3	-55.1
Profit margin %	-	-
Assets	101.4	54.6
Liabilities	52.1	38.6
Investments	28.6	24.7
Depreciation	8.7	8.8

Total

	2005	2004
Revenue	400.9	358.7
Result before financial items	52.2	33.3
Profit margin %	13.3	9.3
Assets	367.7	272.6
Liabilities	198.5	160.3
Investments	31.1	27.0
Depreciation	11.2	11.0

Learn more about ReadSoft on **www.readsoft.com**

ReadSoft is the world's leading supplier of software for Document Automation. The company develops and markets a complete software platform for Document Automation named ReadSoft DOCUMENTS. The vision is to free businesses everywhere from manual document handling. Since its founding in 1991, ReadSoft has developed into a global group with 11 subsidiaries in Europe, North and South America and Australia, and a large number of local and global partners. ReadSoft is headquartered in Helsingborg, Sweden, and its primary R&D facility is in Stockholm. ReadSoft has been listed on the Stockholm stock exchange since 1999. ReadSoft AB, Södra Kyrkogatan 4, 252 23 Helsingborg, Sweden. Phone: +46-(0)42 – 490 21 00. Registration number: 556398-1066