

Interim Financial Report for

Cinnober Financial Technology AB

Org. no. 556548-9654

For the Period

July 1, 2007 - March 31, 2008

Interim Financial Report for the Period July 1, 2007 to March 31, 2008

Summary

- Cinnober Financial Technology has been chosen as a technology partner by Turquoise, Alpha Trading Systems, and Quadriserv.
- Cinnober has seen a 92% increase in sales.
- Cinnober successfully delivered its TRADExpress Trading System to the BOAT consortium and put the System into production.
- Cinnober has had continued success in the recruitment of competent personnel.
- The Consolidated Sales and Profit after tax is 155.3 MSEK and 6.8 MSEK for the 9 months.
- Cinnober has moved to larger and more modern facilities in Central Stockholm.
- The consolidated, 10-month figures for sales and profit after tax are reported in the section Financial Information, below.

All companies in the Cinnober Group have been included in this report.

Key Figures (Consolidated)

	<i>as of 03-31-2008</i>	<i>as of 03-31-2007</i>
Sales/Income, after tax	MSEK 155.3	MSEK 80.9
Operating profit	MSEK 8.9	MSEK 3.4
Profit before tax	MSEK 9.9	MSEK 4.5
Net profit for the year, after tax	MSEK 6.8	MSEK 3.3
Operating margin	5.7 %	4.2 %
Net margin	4.4 %	4.1 %
Equity	MSEK 88.1	MSEK 81.2
Equity ratio	60.0 %	67.0 %
Quick ratio	237.8 %	299.4 %

Customers and the Market

Cinnober has continued to grow during the period, and we believe that our progress will continue during the current financial year. In the autumn we moved to larger, more modern facilities in Central Stockholm, to further enable our continued expansion.

We have a positive view of the market situation. Never before have we received so many requests for proposals for new systems. We anticipate that we will take on new business during the coming 6-12 months.

During the last year, Cinnober has gained the trust of three new, major customers: the European bank consortium Turquoise, the Canadian bank consortium Alpha Trading Systems, and the American securities-lending marketplace Quadriserv. All three customers have chosen Cinnober as their supplier of technology. These three large contracts position Cinnober as a leading supplier of trading systems for financial exchanges and other marketplaces. We are especially proud of the fact that, in the face of fierce competition, we were chosen as the technology partner of those establishing new marketplaces. We are thereby a partner to the key players who are redrawing the map of marketplaces in Europe and North America.

Cinnober is currently delivering systems to Alpha Trading Systems and Turquoise, two consortia that are creating marketplaces for stocks. Turquoise's stakeholders are nine of the world's leading investment banks—Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, Merrill Lynch, Morgan Stanley, UBS, BNP Paribas, and Société Générale—while Alpha Trading Systems is owned by nine of the leading players in the Canadian stock market. These experienced market participants bring to the table serious intent and a track record of proven performance, which bode well for the success of these projects. Both Alpha Trading Systems and Turquoise plan to put their systems in production in September, 2008, and our development of these projects is on-schedule.

Cinnober has grown quickly to meet the rocketing demand of its new customers. At the end of the period, the Cinnober Group had 125 employees and, in addition, employed approximately 30 external consultants. The number of external consultants is higher than normal, which has increased costs for the company. The number of consultants will soon begin to be reduced, as the most personnel-intensive stages of project development conclude.

Cinnober's list of customers includes leading exchanges and banks, who continue to place orders for further development of their currently running Cinnober systems. For example, Cinnober delivered additional functionality to BOAT, and delivered and put into production two new system parts at the London Metal Exchange. Simultaneously, in cooperation with the London Metal Exchange, we have worked on the next large upgrade project—Select—on a new TRADExpress platform.

During the third quarter, Cinnober established a new office on Wall Street in New York, with the purposes of being closer to the market and being better able to service our growing number of customers in North America.

The BOAT consortium accepted its new system in August, 2007, in accordance with the original timetable, and the system was successfully put into production on November 1, 2007.

During this period Borsa Italiana has received a new release, which has also been put into production. Furthermore, Borsa Italiana has ordered another release, which will contain, among other things, functionality which improves performance. Liffe NYSE Euronext received new functionality for Bclear during November, 2007, and January, 2008, respectively, and has ordered additional functionality for Bclear and Cscreen, which Cinnober is currently in the process of delivering.

Investments

Cinnober has continued to invest in our product family TRADExpress. During this period, most of the development has been integrated into our customer projects, and all costs related to development have been charged in the profit and loss statement. Investments during the first 10 months amount to 19.8 MSEK, and are carried as expenses.

Financial Information

For the Cinnober group, sales amounted to 155.3 MSEK (80.9 MSEK), and consolidated profit before tax was 9.9 MSEK (4.5 MSEK). The consolidated cash flow during the period was -0.9 MSEK (-9.4 MSEK). For the 10 months ending April 30, 2008, consolidated sales amounted to 180.7 MSEK, and consolidated profit before tax, 12.3 MSEK.

Capital Stock

As of March 31, 2008, the Capital Stock consists of 570 000 series A shares, and 1 570 940 series B shares. The total number of shares is 2 140 940.

Members of the Board of Directors

At the annual general meeting on November 6, 2007, the current board members were re-elected. The Board members are Gunnar Lindell (Chairman), Nils-Robert Persson, Helena Westin, Stefan Widenfelt, and Peter Lenti (alternate).

Stockholm, May 30, 2008

Jan Arpi
CEO

For further information, please contact: Jan Arpi, CEO, Telephone +46 (0)8 50 30 47 00

The figures in this report are unaudited.

Consolidated Profit and Loss Statement

<i>Amounts in thousands of SEK</i>	<i>07-01-2007 03-31-2008</i>	<i>07-01-2006 03-31-2007</i>
<i>Operating income</i>		
Net sales	155 087	80 871
Other operating income	231	-
	155 318	80 871
<i>Operating expenses</i>		
Other external expenses	-70 500	-29 369
Personnel expenses	-69 053	-43 841
Depreciation/amortization of equipment and intangible assets	-6 826	-4 309
Operating profit	8 939	3 352
<i>Profit from financial items</i>		
Profit from participations in associated companies	-	25
Interest income and similar profit items	981	1 220
Interest expenses and similar expense items	-10	-65
Profit after financial items	9 910	4 532
Profit before tax	9 910	4 532
Tax on profit for the year	-3 096	-1 269
Net profit for the year	6 814	3 263

Consolidated Balance Sheet

Amounts in thousands of SEK

03-31-2008

03-31-2007

ASSETS

Non-current assets

Intangible assets

Capitalized expenditure for research and development and similar	15 540	25 025
	<u>15 540</u>	<u>25 025</u>

Property, plant and equipment

Equipment, tools, fixtures and fittings	2 133	403
	<u>2 133</u>	<u>403</u>

Financial assets

Participations in associated companies	-	75
	<u>-</u>	<u>75</u>

Total Non-current assets	17 673	25 503
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Current Assets

Current Receivables

Accounts receivable - trade	66 789	47 132
Other receivables	7 609	62
Prepaid expenses	1 972	1 078
	<u>76 370</u>	<u>48 272</u>

<i>Investments in securities</i>	2 823	21 953
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<i>Cash and bank balances</i>	49 999	25 918
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Total Current Assets	129 192	96 143
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TOTAL ASSETS	146 865	121 646
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Consolidated Balance Sheet

Amounts in thousands of SEK

03-31-2008

03-31-2007

EQUITY AND LIABILITIES

Equity

Restricted Equity

Share capital (2 140 940 shares)

2 141

2 082

Restricted reserves

31 634

32 283

33 775

34 365

Non-restricted equity

Profit brought forward

47 515

43 927

Profit for the year

6 814

3 263

54 329

47 190

Total Equity

88 104

81 555

Provisions

Deferred tax liability

4 454

7 975

4 454

7 975

Current liabilities

Accounts payable - trade

10 009

11 929

Current tax liability

7 076

876

Other liabilities

6 924

2 719

Accrued expenses and deferred income

30 298

16 592

54 307

32 116

TOTAL EQUITY AND LIABILITIES

146 865

121 646

Pledged Assets and Contingent Liabilities

03-31-2008

03-31-2007

Pledged assets

None

None

Contingent liabilities

None

None

Consolidated Cash Flow Statement

<i>Amounts in thousands of SEK</i>	<i>03-31-2008</i>	<i>03-31-2007</i>
Operating activities		
Profit after financial items	9 910	4 532
Adjustments for non-cash items	6 826	4 310
	<u>16 736</u>	<u>8 842</u>
Income tax paid	-2 119	4 749
Cash flow from operating activities before working capital changes	14 617	13 591
<i>Cashflow from working capital changes</i>		
Increase(-)/Decrease (+) in current receivables	-27 943	-16 638
Increase(+)/Decrease (-) in current liabilities	20 670	11 158
Cash flow from operating activities	7 344	8 111
Investing activities		
Acquisition of subsidiary	-	-14 337
Sale of associated company	50	-
Acquisition of intangible assets	-	-1 773
Purchase of equipment	-1 914	-
Sale of financial assets	-	2 810
Cash flow from investing activities	-1 864	-13 300
Financing activities		
Dividend paid	-6 423	-4 163
Cash flow from financing activities	-6 423	-4 163
Cash flow for the year	-943	-9 352
Cash and cash equivalents at the beginning of the year	53 765	57 223
Cash and cash equivalents at the end of the year	52 822	47 871

Parent Company Profit and Loss Statement

<i>Amounts in thousands of SEK</i>	<i>07-01-2007 03-31-2008</i>	<i>07-01-2006 03-31-2007</i>
<i>Operating income</i>		
Net sales	155 056	81 224
Other operating income	131	-
	<u>155 187</u>	<u>81 224</u>
<i>Operating expenses</i>		
Other external expenses	-80 569	-31 672
Personnel expenses	-58 593	-41 142
Depreciation/amortization of equipment and intangible assets	-4 290	-3 602
Operating profit	<u>11 735</u>	<u>4 808</u>
<i>Profit from financial items</i>		
Interest income and similar profit items	1 040	1 123
Interest expenses and similar expense items	-8	-64
Profit after financial items	<u>12 767</u>	<u>5 867</u>
Profit before tax	12 767	5 867
Tax on profit for the year	-3 799	-1 643
Net profit for the year	8 968	4 224

Parent Company Balance Sheet

Amounts in thousands of SEK

03-31-2008

03-31-2007

ASSETS

Non-current assets

Intangible assets

Capitalized expenditure for research and development and similar	5 397	11 014
	<u>5 397</u>	<u>11 014</u>

Property, plant and equipment

Equipment, tools, fixtures and fittings	2 133	403
	<u>2 133</u>	<u>403</u>

Financial assets

Participations in group companies	16 177	16 232
Participations in associated companies	-	50
	<u>16 177</u>	<u>16 282</u>

Total Non-current assets	23 707	27 699
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Current Assets

Current Receivables

Receivables from group companies	1 631	587
Accounts receivable - trade	64 385	44 210
Other receivables	7 516	57
Prepaid expenses	1 958	1 077
	<u>75 490</u>	<u>45 931</u>

<i>Investments in securities</i>	2 823	21 953
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<i>Cash and bank balances</i>	44 958	23 063
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Total Current Assets	123 271	90 947
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TOTAL ASSETS	146 978	118 646
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Parent Company Balance Sheet

Amounts in thousands of SEK 03-31-2008 03-31-2007

EQUITY AND LIABILITIES

Equity

Restricted Equity

Share capital (2 140 940 shares)	2 141	2 082
Share premium reserve	26 860	22 175
Statutory reserve	200	200
	29 201	24 457

Non-restricted equity

Profit brought forward	49 931	44 818
Profit for the year	8 968	4 224
	58 899	49 042

Total Equity **88 100** **73499**

Untaxed reserves

Tax allocation reserves	6 419	13 074
	6 419	13 074

Current liabilities

Accounts payable - trade	9 844	11 929
Current tax liability	7 060	672
Other liabilities	5 696	2 882
Accrued expenses and deferred income	29 859	16 590
	52 459	32 073

TOTAL EQUITY AND LIABILITIES **146 978** **118 646**

Parent Company Pledged Assets and Contingent Liabilities

03-31-2008 03-31-2007

Pledged assets	None	None
Contingent liabilities	None	None

Parent Company Cash Flow Statement

<i>Amounts in thousands of SEK</i>	<i>03-31-2008</i>	<i>03-31-2007</i>
Operating activities		
Profit after financial items	12 767	5 867
Adjustments for non-cash items	4 290	3 418
	<hr/> 17 057	<hr/> 9 285
Income tax paid	-2 119	4 749
Cash flow from operating activities before working capital changes	<hr/> 14 938	<hr/> 14 034
<i>Cashflow from working capital changes</i>		
Increase(-)/Decrease (+) in current receivables	-27 717	-15 770
Increase(+)/Decrease (-) in current liabilities	17 341	11 318
Cash flow from operating activities	<hr/> 4 562	<hr/> 9 582
Investing activities		
Acquisition of subsidiary	-	-15 895
Sale of associated company	50	-
Acquisition of intangible assets	-	-1 773
Purchase of equipment	-1 914	-
Sale of financial assets	-	2 810
Cash flow from investing activities	<hr/> -1 864	<hr/> -14 858
Financing activities		
Dividend paid	-6 423	-4 163
Cash flow from financing activities	<hr/> -6 423	<hr/> -4 163
Cash flow for the year	-3 725	-9 439
Cash and cash equivalents at the beginning of the year	<hr/> 51 506	<hr/> 54 455
Cash and cash equivalents at the end of the year	47 781	45 016