

The Board of Directors and CEO of

Cinnober Financial Technology AB (Publ.)

Org. no. 556548-9654

hereby submit the

Annual Report and Consolidated Financial Statement

for the fiscal year 07.1.2005 – 6.30.2006

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Management Report

The Board of Directors and the Chief Executive Officer of Cinnober Financial Technology AB, 556548-9654, hereby submit the Annual Report and consolidated financial statements for the 2005/2006 fiscal year, the company's eighth year of operations.

Summary of Business Activities

Cinnober Financial Technology AB is a knowledge company which develops software products for financial exchanges and other marketplaces. Its products include the TRADExpress Trading Engine, a complete trading engine, the TRADExpress Trade Manager for various post trade management functions, and the TRADExpress Odds Engine for trading of odds and binary options. Our associated company Cinetics AB, of which we own 50%, markets the CTrade system for OTC trading. Cinnober has a strong international emphasis with almost 100% of its sales coming from outside of Sweden.

The fiscal year from July 1, 2005 to June 30, 2006 was a very intensive and successful year for several reasons:

The **Chicago Board Options Exchange** (CBOE) is the world's largest options marketplace. We are very proud that CBOE ordered our TRADExpress Trading Engine along with CTrade in March 2006 in order to offer electronic trading of FLEX options. The adaptation work was completed during the spring in close contact with the customer and the plans are to go live in the autumn.

Borsa Italiana in Milan operates equity, derivatives, and bond markets in Italy. During the spring, we received an order for a new system in order to disseminate market data from all of their markets to the Borsa Italiana members as well as resellers of information such as Bloomberg. The system is an adaptation of the TRADExpress Trading Engine. We are very happy that Borsa Italiana chose Cinnober for this significant project. It will provide Cinnober with one of Europe's largest stock exchanges as a new customer, as well as being a new area of usage for TRADExpress. The development and adaptation for Borsa Italiana took place during the spring and summer, and putting it into operation is planned for the autumn.

During the past year, we completed our delivery of the "ABC system" (Afirm, Bclear, Cscreen) to **Euronext.liffe**, one of the world's leading exchanges. ABC involves a powerful investment in a new market area for Euronext.liffe, and Cinnober has delivered a comprehensive solution based on TRADExpress Trade Manager, as well as also managing the operation of the Cscreen part of the system. The delivery and the rollout went very well. As the system became commercially successful, it made a huge impact – which of course contributes in a positive way to Cinnober's public reputation.

We continue to maintain good contact with our existing customers. At one of our largest installations, the **American Stock Exchange** (AMEX), we have had a very intensive year with many requests for modifications as well as changes in the operating environment. The American options market is characterized by fierce competition, and continuously adding new functionality and lowering costs are necessary in order for AMEX to maintain its position. During the year, we have decided to make two large functionality releases. In addition, we decided a release which allowed the AMEX to change to the Linux platform and thereby achieve significantly lower operational costs. In parallel with these activities, a number of minor changes have also been implemented.

During the year, we delivered a large new upgrade to the **London Metal Exchange** (LME), where the TRADExpress Trading Engine, under the name LME Select+, continues to increase its market share. The LME has announced that there will be continued development during the coming years which will mean additional work for us.

Our relationship with **Nordpool** continues to be strong.

During the past year, our associated company Cinetics AB has received new orders, for instance with GFI in Hong Kong (a brokerage firm) and FishEx in Tromsø (a newly established marketplace for farmed salmon).

During the year, we have also continued with our product development. We have been refining our TRADExpress Trading Engine but the greatest efforts during the past year were with our investments in the TRADExpress Odds Engine. The product can be used both for odds for sports betting and for trading of binary options and economic indicators.

Employees

The above-mentioned achievements are a result of the extensive efforts made by our employees during the year. Our projects have a wide span over technology, functionality and geographic regions, and there exists no better group of employees in the world than our select team of devoted, flexible and skilled individuals. They successfully deal with not only with the “hard” part of the work concerning performance, capacity, network resilience and functionality, but also with the “soft” part where we often hear from our customers that we are easy to work with.

There were 72 individuals employed in the Group at the beginning of the fiscal year (July 1, 2005), and at the close of the fiscal year we had 80 employees (June 30, 2006). Our workforce of 80 includes 23 women and 57 men. All employees are members of a bonus program that becomes applicable from the seventh month of employment. In this fiscal year, a bonus of SEK 30,808 was paid to every employee who worked full-time during the period.

Profits

The consolidated net sales increased by 20% to SEK 79.8 million from SEK 66.7 million. In the previous year’s figure, income in the amount of SEK 13.3 million from the sale of Cinnober’s share of CScreen Ltd is included. It is included under financial items and not under net sales.

The consolidated profit before tax increased to SEK 9.2 million, compared with SEK 2.8 million for the previous year.

Sales consist in part from supplemental orders and support to existing customers, and revenue for the new projects to CBOE and Borsa Italiana. These two new projects are fixed price projects, and are to be delivered after the end of the fiscal year.

Product development has continued during the past year with investments in the TRADExpress Trading Engine and in the TRADExpress Odds Engine. In total, SEK 4.5 million has been capitalized during the year as compared with previous year’s capitalizations in the amount of SEK 10.2 million. Depreciation was taken in the amount of SEK 3.4 million for the year.

Expenses are dominated by personnel costs, which amounted to SEK 55.6 million as compared with the previous year’s figure of SEK 54.8 million. Of the salaries and social insurance contributions paid out over the year, SEK 3.1 million has been capitalized as product development costs.

The largest share of the Group’s income is invoiced in GBP, followed by USD. Cinnober hedges a large part of the known income stream.

During the year, a gain was realized in the amount of SEK 4.8 million on the investment in the Tanglin mutual fund. The total investment in Tanglin amounts to SEK 29.8 million as of June 30, 2006.

Financial Position

The Group’s financial position remains very strong. The Group’s equity at the year-end on June 30, 2006 amounted to SEK 83.7 million (81.8).

The assets side includes current assets totaling SEK 94.6 million (87.7). Accounts receivable at year-end were higher than usual, however all of these have been paid as of July 31, 2006.

The Marketplace

Via our investments in product development over the recent years, we have a foundation to use as a springboard in order to offer better solutions quicker than our competitors.

Our trademark has been strengthened with the addition of two world renowned names to our customer list, and a significant impact with the ABC contract with Euronext.liffe.

The market activity has increased compared with the previous years.

All in all, we have a positive view of the market and believe that we have good possibilities for growth in the coming years.

Significant events after the close of the fiscal year

The CBOE has accepted delivery of the system supplied.

The remaining 50% of the shares of Cinetics AB have been purchased by Cinnober Financial Technology AB. The deal resulted in a surplus value, which according to a preliminary calculation will be SEK 9.3 million.

We have a new CEO: Jan Arpi.

Key Figures (all amounts are in SEK millions)

<i>Consolidated</i>	<i>06-30-2006</i>	<i>06-30-2005</i>
Sales/Income	SEK 79.8 million	SEK 66.7 million *
Profit/loss before taxes	SEK 9.2 million	SEK 2.8 million
Net profit for the year	SEK 6.4 million	SEK 5.6 million
Operating margin	5.7%	2.6% *
Net margin	11.5%	4.1% *
Stockholder Equity	SEK 83.7 million	SEK 81.8 million
Equity ratio	81.3%	81.7%
Quick ratio	464.7%	574.3%

* includes amounts received from the sale of the associated company CScreen.

The relationship between companies in the Group

Apart from the parent company Cinnober Financial Technology AB, the Group consists of the wholly-owned subsidiaries Cinnober Americas Inc., which is registered in the US, and Cinnober Exchange Technology AB with its registered office in Stockholm. The Swedish subsidiary has not, as of yet, engaged in any activities. The company Börsspelet Swedish AB is included in the financial accounting as an associated company and Cinetics AB as a jointly owned joint venture.

Ownership

The company's stock capital consists of 950,000 series A shares with ten votes per share and 1,131,640 series B shares with one vote per share.

The company has a total of 138 stockholders as of June 30, 2006

Cinnober has been registered with the Alternativa Aktiemarknaden / Alternative Stockmarket (www.alternativa.se) since 2005. In June 2006 a trade was made for 49,400 shares at a price of SEK 90 per share.

Stockholder Structure

The largest individual stockholders in Cinnober, with their voting rights and percentage of equity, are:

Stockholder	Voting rights in %	Equity in %
Nils-Robert Persson*	33.44	19.45
Gunnar Lindell*	15.35	13.26
Peter Lenti	11.94	6.64
Pär Bertilsson	11.91	6.53
Gunnar Mjöberg*	11.20	8.37
Peter Snellman	5.22	5.04
Catella Kapitalförvaltning via the Fokus fund	2.50	12.78
Others	8.44	27.93

* Including family and/or privately held company holdings

Proposal for the allocation of the company's profit or loss

The Board and the CEO recommend that of the profits available for distribution in the amount of SEK 49.0 million, of which this year's profit is SEK 4.2 million, be allocated according to the following:

	<i>Amount</i>
Dividends, [2,081,640 x SEK 2.00]	4,163,280
Carried forward to the following accounting period	44,817,782
Total	48,981,062

Members of the Board of Directors

Nils-Robert Persson, Chairman, born 1956

Stockholdings: With family and privately held company: 350,000 A Series; 35,490 B Series

Options: 500 warrants

Occupation: Chairman of the Board, Cinnober Financial Technology AB

Other associations: non-executive Chairman of Triona AB, Board Member of Neonet AB

Pär Bertilsson, Board Member, born 1959

Stockholdings: 150,666 A Series; 266 B Series

Options: 500

Occupation: Employed at Cinnober Financial Technology AB

Other associations: none

Helena Westin, Board Member, born 1961

Stockholdings: none

Options: none

Occupation: Business Development Director at Aftonbladet

Other associations: Board Member of SRF Iris AB, GI/IHR

Stefan Widenfelt, Board Member, born 1959

Stockholdings: none

Options: none

Occupation: CEO of Catella Capital AB and Catella Kapitalförvaltning AB

Other associations: Chairman of Catella Fondförvaltning AB

Concerning the company's profit/loss and financial position in general, please refer to the following profit and loss statements and the balance sheets along with the related notes to the financial statements.

Consolidated Profit and Loss Statement

<i>Amounts in SEK thousands</i>	<i>Note</i>	<i>07-01-2005- 06-30-2006</i>	<i>07-01-2004- 06-30-2005</i>
Operating income			
Net sales		79,848	53,380
		79,848	53,380
Operating expenses			
Other external expenses	1	-19,045	-19,302
Personnel expenses	2	-52,488	-44,612
Depreciation of tangible and Intangible fixed assets	7,8	-3,475	-962
Operating expenses		-289	-
Operating profit/loss		4,551	-11,496
Gains/expenses from financial items			
Gains/losses from participatory interests in associated companies		-3	13,307
Interest income and similar earnings items	3	5,994	1,009
Interest expenses and similar expense items	4	-1,376	-
Profit/loss after financial items		9,166	2,820
Before tax profits		9,166	2,820
Tax on current year profits	6	-2,805	2,789
Net profit for the year		6,361	5,609

Consolidated Balance Sheet

<i>Amounts in SEK thousands</i>	<i>Note</i>	<i>06-30-2006</i>	<i>06-30-2005</i>
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenditures for research and development	7	13,006	11,867
		13,006	11,867
<i>Tangible fixed assets</i>			
Inventories, equipment and fixtures	8	239	164
		239	164
<i>Financial fixed assets</i>			
Participatory interests in associated companies	10	47	94
Receivables due from associated companies		-	63
Other long-term receivables		-	25
		47	182
Total fixed assets		13,292	12,213
Current assets			
<i>Current receivables</i>			
Accounts receivable		26,399	13,140
Prepaid tax		5,720	3,336
Other receivables		1,049	792
Prepaid expenses and accrued income	11	4,186	6,600
		37,354	23,868
<i>Short-term investments</i>			
<i>Cash on hand including bank deposits</i>	12	30,076	37,954
		27,147	26,106
Total current assets		94,577	87,928
TOTAL ASSETS		107,869	100,141

STOCKHOLDER EQUITY AND LIABILITIES

Stockholder equity	13		
<i>Restricted equity</i>			
Stock capital		2,082	2,082
Restricted reserves		31,988	30,462
		34,070	32,544
<i>Unrestricted equity</i>			
Unrestricted reserves		43,310	43,614
Net profit for the year		6,361	5,609
		49,671	49,223
Total stockholder equity		83,741	81,767
Provisions			
Provision for deferred tax obligations		3,757	3,063
		3,757	3,063
Current liabilities			
Accounts payable		2,938	2,423
Taxes on income (less payments on account)		289	-
Other short-term liabilities		1,093	7
Accrued expenses and deferred income	14	16,051	12,881
		20,371	15,311
TOTAL STOCKHOLDER EQUITY AND LIABILITIES		107,869	100,141

Pledged Assets and Contingent Liabilities

Pledged assets	None	None
Contingent liabilities	None	None

Consolidated Cash Flow Statement

<i>Amounts in SEK thousands</i>	<i>06-30-2006</i>	<i>06-30-2005</i>
Current operations		
Profit/loss after financial items	9,166	2,820
Adjustments for items not included in the cash flow	3,475	-12,345
	12,641	-9,525
Current tax	-1,778	-5,988
Cash flow from current operations before changes in working capital	10,863	-15,513
<i>Cash flow from changes in working capita</i>		
Increase(-)/Reduction (+) of current receivables	-9,848	-10,942
Increase(+)/Reduction (-) of current liabilities	1,163	-215
Cash flow from current operations	2,178	-26,670
Investment activities		
Acquisition of participatory interests in associated companies	-	-1,319
Sale of participatory interests in associated companies	-	14,921
Acquisition of intangible fixed assets	-4,509	-10,200
Acquisition of tangible fixed assets	-180	-111
Acquisition of financial fixed assets	-	-63
Sale of financial fixed assets	25	-
Cash flow from investment activities	-4,664	3,228
Financing activities		
Dividends paid out	-4,163	-4,163
Cash flow from the financing activities	-4,163	-4,163
Net cash flow for the year	-6,649	-27,605
Cash on hand at the beginning of the year	64,060	91,665
Exchange rate adjustments in cash on hand	-188	-
Cash on hand at the close of the year	57,223	64,060

Supplementary Disclosures to the Consolidated Cash Flow Statement

Adjustments for items not included in the cash flow

Depreciation of tangible fixed assets	105	129
Depreciation of intangible fixed assets	3,370	833
Capital gain on the sale of participatory interests in associated companies	-	-13,307
	3,475	-12,345

Cash on hand

The following subcomponents are included in cash on hand:

Cash on hand including bank deposits	27,147	26,106
Short-term financial investments equivalent to cash on hand	30,076	37,954
	57,223	64,060

The above items have been classified as cash on hand, on the assumption that:

- There is no significant risk of fluctuations in value.
- They can be readily converted into cash.
- They have a maturity date of not more than 3 months from the date of acquisition.

Parent Company Profit and Loss Statement

<i>Amounts in SEK thousands</i>	<i>Note</i>	<i>07-01-2005- 06-30-2006</i>	<i>07-01-2004- 06-30-2005</i>
Operating income			
Net sales		77,725	53,380
		77,725	53,380
Operating expenses			
Other external expenses	1	-22,915	-23,705
Personnel expenses	2	-47,849	-40,464
Depreciation of tangible and Intangible fixed assets	7,8	-3,475	-962
Operating profit/loss		3,486	-11,751
Gains/expenses from financial items			
Gains/losses from participatory interests in associated companies		-	12,775
Interest income and similar earnings items	3	5,807	1,032
Interest expenses and similar expense items	4	-1,206	-
Profit/loss after financial items		8,087	2,056
Transfers to/from untaxed reserves	5	-2,135	10,207
Before tax profits		5,952	12,263
Tax on current year profits	6	-1,795	-78
Profit for the year		4,157	12,185

Parent Company Balance Sheet

<i>Amounts in SEK thousands</i>	<i>Note</i>	<i>06-30-2006</i>	<i>06-30-2005</i>
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenditures for development and similar activities	7	13,006	11,867
		13,006	11,867
<i>Tangible fixed assets</i>			
Inventories, equipment and fixtures	8	239	164
		239	164
<i>Financial fixed assets</i>			
Participatory interests in Group companies	9	337	337
Participatory interests in associated companies	10	250	100
Receivables from associated companies		2,610	63
Other long-term receivables		-	25
		3,197	525
Total fixed assets		16,442	12,556
Current assets			
<i>Current receivables</i>			
Accounts receivable		26,526	13,008
Receivables from group companies		584	586
Prepaid tax		5,720	3,320
Other receivables		984	792
Prepaid expenses and accrued income	11	1,883	6,577
		35,697	24,283
<i>Short-term investments</i>			
<i>Cash on hand including bank deposits</i>	12	30,076	37,954
		24,380	25,669
Total current assets		90,153	87,906
TOTAL ASSETS		106,595	100,462

STOCKHOLDER EQUITY AND LIABILITIES

Stockholder equity	13		
<i>Restricted equity</i>			
Stock capital (2,081,640 shares with a nominal value of SEK 1)		2,082	2,082
Share premium reserve		22,175	22,175
Restricted reserves		200	200
		24,457	24,457
<i>Unrestricted equity</i>			
Profit/loss brought forward		44,824	36,802
Net profit for the year		4,157	12,185
		48,981	48,987
Total stockholder equity		73,438	73,444
Untaxed reserves			
Tax allocation reserves	15	13,074	10,939
		13,074	10,939
Current liabilities			
Accounts payable		2,985	3,283
Other short-term liabilities		1,073	7
Accrued expenses and deferred income	14	16,025	12,789
		20,083	16,079
TOTAL STOCKHOLDER EQUITY AND LIABILITIES		106,595	100,462

Parent Compay Pledged Assets and Contingent Liabilities

Pledged assets	None	None
Contingent liabilities	None	None

Parent Company Cash Flow Statement

<i>Amounts in SEK thousands</i>	<i>06-30-2006</i>	<i>06-30-2005</i>
Current operations		
Profit/loss after financial items	8,087	2,056
Adjustments for items not included in the cash flow	3,475	-11,813
	11,562	-9,757
Current tax	-1,762	-5,941
Cash flow from current operations before changes in working capital	9,800	-15,698
<i>Cash flow from changes in working capita</i>		
Increase(-)/Reduction (+) of current receivables	-8,468	-10,831
Increase(+)/Reduction (-) of current liabilities	1,024	406
Cash flow from current operations	2,356	-26,123
Investment activities		
Acquisition of participatory interests in associated companies	-2,697	-1,319
Sale of participatory interests in associated companies	-	14,904
Acquisition of intangible fixed assets	-4,509	-10,200
Acquisition of tangible fixed assets	-180	-111
Acquisition of financial fixed assets	-	-63
Sale of financial fixed assets	25	-
Cash flow from investment activities	-7,361	3,211
Financing activities		
Dividends paid out	-4,163	-4,163
Cash flow from the financing activities	-4,163	-4,163
Net cash flow for the year	-9,168	-27,075
Cash on hand at the beginning of the year	63,623	90,698
Cash on hand at the close of the year	54,455	63,623

Supplementary Disclosures to the Parent Company Cash Flow Statement

Adjustments for items not included in the cash flow

Depreciation of tangible fixed assets	105	129
Depreciation of intangible fixed assets	3,370	833
Capital gain on the sale of participatory interests in associated companies	-	-12,775
	3,475	-11,813

Cash on hand

The following subcomponents are included in cash on hand:

Cash on hand including bank deposits	24,380	25,669
Short-term financial investments equivalent to cash on hand	30,076	37,954
	54,456	63,623

The above items have been classified as cash on hand, on the assumption that:

- There is no significant risk of fluctuations in value.
- They can be readily converted into cash.
- They have a maturity date of not more than 3 months from the date of acquisition.

General Accounting Principles and Notes to the Financial Statements

Amounts are stated in SEK thousands unless otherwise indicated.

General accounting principles

This Annual Report has been prepared in accord with the *Årsredovisningslagen* (Swedish Annual Accounts Act) and general guidance issued by the *Bokföringsnämnden* (Swedish Accounting Standards Board).

Valuation principles

Assets, provisions, and liabilities have been valued at the acquisition value, unless otherwise stated below.

Tax

The company and the Group apply the *Redovisningsrådet's* (Swedish Financial Accounting Standards Council) Recommendation RR 9 Income taxes (or BFNR 2001:1 Income taxes). Total tax is constituted of current tax and deferred tax.

Taxes are included in the profit and loss statement except when the underlying transaction is included directly against equity whereupon the associated tax effects are included in stockholder equity. Current tax (previously called "Taxes paid") is tax which is to be paid or to be received related to the present year. Adjustments of current tax relating to earlier periods are also included here. Deferred tax is calculated according to the balance sheet method with the starting point being the temporary differences between the tax included in the balance sheet and the tax related values on assets and liabilities. The amounts are calculated based on how the temporary differences are expected to become evened out and with the application of the tax rates and tax rules which are determined or advised, as of the closing date of the reporting period. Temporary differences are not taken into consideration in consolidated goodwill nor are the differences relating to shares in subsidiary and associated companies which are not expected become taxed within the foreseeable future. For legal entities, untaxed reserves and deferred tax obligations are included. In the consolidated financial statements, on the other hand, the untaxed reserves are divided up between deferred tax obligations and equity.

Deferred tax obligations in tax-deductible temporary differences and losses carried forward are only included where it is probable that these will result in lower tax payments in the future.

Intangible assets

Expenses for research and development

Expenditures for research that has the objective to attain new scientific or technical knowledge are included as an expense when they are incurred.

Expenditures for development, where the results of the research or other knowledge are applied in order to achieve new or improved products or processes, are included as an asset in the balance sheet, if the product or process is technically and commercially usable and the company has sufficient resources to proceed with the development and thereafter to use or to sell the intangible asset. The reported value includes expenditures for materials, direct expenditures for salaries and indirect expenditures which can be related to the asset in a reasonable and consistent way. Other expenditures for development, are included in the profit and loss statement as an expense when they are incurred. Development costs are included in the balance sheet at their acquisition value less accumulated depreciation and write-downs.

Other intangible assets

Other intangible assets which have been acquired by the company are reported at their acquisition value less accumulated depreciation and write-down. Expenditures for internally generated goodwill and trademarks are reported in the profit and loss statement as an expense when they are incurred.

Additional expenditures

Additional expenditures for an intangible asset are included at their acquisition value only if they increase the future economic advantages which exceed the original assessment, and the expenditures can be calculated in a reliable manner. All other expenditures are expensed when they are incurred.

Depreciation

Depreciation according to plan is based on the original acquisition value decreased by the residual value. The depreciation occurs using the straight-line method over the useful life of the asset and is recorded as an expense in the profit and loss statement.

	<i>Consolidated years</i>	<i>Parent Company years</i>
The following depreciation periods are utilized:		
<i>Internally received intangible assets</i>	3	3

Depreciation principles for tangible fixed assets

Depreciation according to plan is based on the original acquisition value reduced by the estimated residual value. Depreciation occurs using the straight-line over the projected useful life of the asset.

The following depreciation periods are utilized:

	<i>Consolidated years</i>	<i>Parent Company years</i>
Tangible fixed assets:		
Inventories, equipment and fixtures	5	5

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have translated to the rate of exchange at the close of the reporting period in accordance with Redovisningsrådet's Recommendation no. 8, with exceptions for long term monetary dealings between independent foreign enterprises, where in such case the acquisition value is used. Differences in the rate of exchange on current receivables and current liabilities are included in the operating profit/loss, while differences in financial receivables and liabilities are included among the financial items.

To the extent that receivables and liabilities in a foreign currency have been forward covered, they have been translated to the forward rate.

Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with Redovisningsrådet's Recommendation RR1: 00.

Subsidiaries

Subsidiaries are companies which the parent company either directly or indirectly owns more than 50% of the total number of votes or in another way has a controlling interest over the operational and financial control of the enterprise. Subsidiaries are included in ordinary cases at the acquisition method. The acquisition method means that an acquisition of a subsidiary is to be considered as a transaction whereby the parent company

indirectly acquires the assets of the subsidiary and assumes its liabilities. As of the acquisition date, the acquired company's income and expenses are included in the consolidated financial statements, as are indefinable assets and liabilities as well as any goodwill or negative goodwill.

Associated Companies

Holdings of shares in associated companies, in which the Group has at least 20% and at most 50% of the votes or in another way has a significant influence over the operational and financial management of the company, are ordinarily included according to the proportion of equity method. The proportion of equity method means that the consolidated book value of the shares in an associated company corresponds to the group's share of the associated company's stockholder equity and any residual value of the consolidated surplus value or consolidated negative value. In the consolidated profit and loss statement, the group's share of the associated company's profit/loss after financial income is reported as a share of the associated company's profit/loss and expenses are adjusted for any depreciation on or dissolution of the acquired surplus value or negative value. The group's share of the associated company's taxes is included in the consolidated tax expenses. Any share of the profits received after the acquisition of an associated company which has been received as a dividend, is allocated to the equity method reserve which constitutes a part of the consolidated restricted equity.

Joint ventures

Joint ventures are, for the purposes of financial accounting, those companies for which the group via cooperation agreements with one or more parties share joint decision making authority over the operational and financial control of the company. In the consolidated financial statements, holdings in joint ventures are consolidated according to the proportional method. According to the proportional method, the Group's share of the company's income and expenses the group is entitled to, as well as its share of the assets and liabilities, are included in the consolidated profit and loss statement and balance sheet. This is done via that all of the joint owner's share of the assets and liabilities, and the income and expenses, included together item by item with the corresponding items on the joint venturer's consolidated financial statements.

The associated company Cinetics AB has been included according to the proportional method.

Currency translation for the profit and loss statements and balance sheets of foreign subsidiaries

The current exchange rate method is applied for currency translations in the profit/loss statement and the balance sheet in independent foreign enterprises. With enterprises which have been integrated into the parent company, they are translated according to the monetary method. Independent foreign enterprises in countries with significantly high rates of inflation are adjusted for the inflationary affects and then translated according to the current exchange rate method. (Alternately, independent foreign enterprises countries with significantly high rates of inflation are translated according to the monetary method.)

The current exchange rate method means that all assets, provisions and liabilities are translated to the rate of exchange at the close of the reporting period and that all items in the profit and loss statement are translated at the average exchange rate. Any gains/losses due to exchange rate differences are posted directly to net equity.

The monetary method means, in principle, that monetary assets and liabilities are translated to the rate of exchange at the close of the reporting period, while non-monetary items and corresponding items in the profit and loss statement are translated to investment rates of exchange. Other profit/loss items are translated at the weighted average rate of exchange during the accounting period. Any gains/losses due to exchange rate differences are included in the profit/loss for the year.

With the sale of independently operated foreign enterprises, this is credited to the enterprise to which the accumulated translation differences relates to, after deduction for any currency hedging, in the consolidated profit and loss statement.

Information regarding the Group

From the parent company's total purchases and sales, as measured in SEK, 7% of the purchases and 1% of the sales is from other companies within the Group.

Notes

Note 1 Fees to the auditor and reimbursement for expenses

	07-01-2005- 06-30-2006	07-01-2004- 06-30-2005
Group		
<i>Deloitte AB</i>		
Audit fee	239	91
Other tasks	38	166
Total	277	257
Parent company		
<i>Deloitte AB</i>		
Audit fee	144	70
Other tasks	38	166
Total	182	236

Note 2 The employees, and expenses for personnel

Number of employees (annualized average)

	07-01-2005- 06-30-2006	07-01-2004- 06-30-2005
Parent company		
Men	53	50
Women	22	19
Total in the parent company	75	69
Subsidiaries		
Men	4	2
Women	1	1
Total in subsidiaries	5	3
Group total	80	72

Gender breakdown in company management

	06-30-2006 <i>Percentage of women</i>	06-30-2005 <i>Percentage of women</i>
Parent company		
Members of the Board of Directors	20	-
Senior management	-	-
Group	-	-
Members of the Board of Directors	-	-
Senior management	-	-

Salaries, other remuneration, and social insurance contributions

	07-01-2005- 06-30-2006	07-01-2004- 06-30-2005
Parent company		
Board of Directors and CEO	1,965	2,311
Other employees	31,994	23,415
Total	33,959	25,726
Social insurance contributions (of which, pension contributions) 1)	15,362 4,253	14,643 4,091
Subsidiaries		
Board of Directors and CEO	-	-
Other employees	4,133	3,060
Total	4,133	3,060
Social insurance contributions (of which, pension contributions)	494 -	253 -
Consolidated		
Board of Directors and CEO	1,965	2,311
Other employees	36,127	26,475
Total	38,092	28,786
Social insurance contributions (of which, pension contributions) 2)	15,856 4,253	14,896 4,091

1) Of parent company's pension costs, 197 (231 the previous year) relates to the Group Board of Directors and CEO. The company's outstanding pension obligations to these individuals amounts to 0 (0 the previous year).

2) Of the Group's pension costs, 197 (231 the previous year) relates to the Group Board of Directors and CEO. The Group's outstanding pension obligations to these individuals amounts to 0 (0 the previous year).

3) The deviation between the years in salary expenses and the social insurance contributions can primarily be explained in that SEK 3.1 million have been capitalized in the balance sheet as internal development projects. The corresponding figure for the previous year was SEK 10.2 million.

Absence due to illness

	06-30-2006	06-30-2005
Total absence due to illness as a percentage of ordinary working hours	3%	2%
Percentage of the total absence due to illness which is related to consecutive days of absence due to illness for 60 days or more	51%	25%
<i>Absence due to illness according to gender:</i>		
Men	3%	2%
Women	4%	3%
<i>Absence due to illness according to age categories:</i>		
29 years old or younger	3%	2%
30-49 years old	3%	2%
50 years old or older	0%	10%

Note 3 Interest income and similar earnings items*07-01-2005-
06-30-2006***Consolidated**

Interest income	1,012
Capital gains	4,773
Currency gains	209
	5,994

Parent company

Interest income	825
Capital gains	4,773
Other	209
	5,807

Note 4 Interest expenses and similar expense items*07-01-2005-
06-30-2006***Consolidated**

Interest expenses	198
Currency exchange losses	1,178
	1,376

Parent company

Interest expenses	1,178
Currency exchange losses	28
	1,206

Note 5 Transfers to/from untaxed reserves*07-01-2005-
06-30-2006* *07-01-2004-
06-30-2005*

Tax allocation reserves, provision for tax assessment	2,135	-
Total	2,135	-

Note 6 Tax on current year profits*07-01-2005-
06-30-2006* *07-01-2004-
06-30-2005***Consolidated**

Current tax	2,111	-69
Deferred tax	694	2,858
Total	2,805	2,789

Parent company

Current tax	1,795	78
Total	1,795	78

Note 7 Capitalized expenditures for development and similar activities

	06-30-2006	06-30-2005
Consolidated		
<i>Accumulated acquisition value:</i>		
- At the beginning of the year	12,700	2,500
- Capitalization for the year	4,509	10,200
	17,209	12,700
<i>Accumulated depreciation according to plan:</i>		
- At the beginning of the year	-833	-
- Depreciation taken for the year according to plan	-3,370	-833
	-4,203	-833
Value on the books at the close of the year	13,006	11,867
Parent company		
<i>Accumulated acquisition value:</i>		
- At the beginning of the year	12,700	2,500
- Capitalization for the year	4,509	10,200
	17,209	12,700
<i>Accumulated depreciation according to plan:</i>		
- At the beginning of the year	-833	-
- Depreciation taken for the year according to plan	-3,370	-833
	-4,203	-833
Value on the books at the close of the year	13,006	11,867

Note 8 Inventories, equipment and fixtures

	06-30-2006	06-30-2005
Consolidated		
<i>Accumulated acquisition values:</i>		
- At the beginning of the year	878	767
- Purchases	180	111
	1,058	878
<i>Accumulated depreciation according to plan:</i>		
- At the beginning of the year	-714	-585
- Depreciation taken for the year according to plan	-105	-129
	-819	-714
Closing residual value according to plan	239	164
<i>Financial leasing agreements on inventories are included in the following amounts</i>	None	None
Parent company		
<i>Accumulated acquisition values:</i>		

- At the beginning of the year	878	767
- Acquisitions	180	111
	1,058	878
<i>Accumulated depreciation according to plan:</i>		
- At the beginning of the year	-714	-585
- Depreciation taken for the year according to plan	-105	-129
	-819	-714
Closing residual value according to plan	239	164
<i>Financial leasing agreements on inventories are included in the following amounts</i>	None	None

Note 9 Holdings in group companies

	06-30-2006	06-30-2005
<i>Accumulated acquisition value:</i>		
- At the beginning of the year	337	337
Value on the books at the close of the year	337	337

Specification of the parent company's holdings of shares and participatory interests in group companies

The number of shares owned is shown, which also corresponds to the percentage share of the total number of votes.

<i>Subsidiary / Org. no. / Domicile</i>	<i>Number of shares</i>	<i>in %</i>	<i>Book value</i>
<i>Cinnober Americas Inc., New York</i>	<i>1,000</i>	<i>100</i>	<i>237</i>
<i>Cinnober Exchange Technology AB, Stockholm</i>	<i>100,000</i>	<i>100</i>	<i>100</i>
			337

Note 10 Participatory interests in associated companies

	Consolidated	Parent company
<i>Accumulated acquisition value:</i>		
- At the beginning of the year	100	100
- Adjustment due to change in accounting principles	-53	-
- Acquisitions	-	150
Value on the books at the close of the year	47	250

Specification of the company's holdings of shares and participatory interests in associated companies

<i>Associated company / org. no., domicile</i>	<i>Number of shares (Proportion of equity in %)</i>	<i>Reported value in the parent</i>	<i>Book value in the Group</i>
------------------------------------------------	-----------------------------------------------------	-------------------------------------	--------------------------------

		' equity	company	
Börsspelet Svenska AB, 556594-0953, Stockholm	1,000 (50%)	84	50	47
Cinetics AB, 556676-2554, Stockholm	4 (50%)	1,887	200	-
Total			250	47

Note 11 Prepaid expenses and accrued income

	06-30-2006	06-30-2005
Consolidated		
Accrued project income	2,274	4,896
Prepaid rental	965	956
Accrued interest on income	351	346
Other items	596	402
	4,186	6,600
Parent company		
Accrued project income	-	4 896
Prepaid rental	965	956
Accrued interest on income	322	346
Other items	596	379
	1,883	6,577

Note 12 Short-term investments

<i>Specification of mutual fund investments and other marketable securities</i>	<i>Value carried on the books</i>	<i>Market value on the exchange (or similar market)</i>
Consolidated		
Tanglin, fund shares	29,773	29,773
Other	303	303
	30,076	30,076
Parent company		
Tanglin, fund shares	29,773	29,773
Other	303	303
	30,076	30,076

The company's short-term investments consist of shares of the Tanglin hedge fund.

Note 13 Stockholder equity

<i>Share capital</i>	<i>Restricted reserves</i>	<i>Unrestricted equity</i>
--------------------------	--------------------------------	--------------------------------

Consolidated

Closing balance according to the balance sheet from the previous year	2,082	30,462	49,223
Dividends			-4,163
Adjustment between restricted reserves and unrestricted capital	-	1,785	-1,785
Net profit for the year			6,361
Currency exchange rate gain/loss for the year	-	-259	35
Stockholder equity at the close of the year	2,082	31,988	49,671

The company's stock capital consists of 2,081,640 shares at a nominal value of SEK 1.

	<i>Stock capital</i>	<i>Restricted reserves</i>	<i>Share premium reserves</i>	<i>Unrestricted equity</i>
Parent company				
At the beginning of the year	2,082	200	22,175	48,987
Dividends				-4,163
Net profit for the year				4,157
Stockholder equity at the close of the year	2,082	200	22,175	48,981

Note 14 Accrued expenses and deferred income

	06-30-2006	06-30-2005
Consolidated		
Accrued vacation pay including social insurance contributions	8,564	7,952
Accrued social insurance contributions	913	1,099
Bonuses including social insurance contributions	2,345	2,422
Other items	4,229	1,408
	16,051	12,881
Parent company		
Accrued vacation pay including social insurance contributions	8,564	7,952
Accrued social insurance contributions	913	1,099
Bonuses including social insurance contributions	2,345	2,422
Other items	4,203	1,316
	16,025	12,789

Note 15 Tax allocation reserves

	06-30-2006	06-30-2005
Tax allocation reserves, provision for 2003 tax assessment	266	266
Tax allocation reserves, provision for 2004 tax assessment	6,389	6,389
Tax allocation reserves, provision for 2005 tax assessment	4,284	4,284
Tax allocation reserves, provision for 2007 tax assessment	2,135	-
	13,074	10,939

Signatures

Stockholm, September 12, 2006

Nils-Robert Persson
Chairman of the Board

Gunnar Lindell
CEO

Pär Bertilsson

Helena Westin

Stefan Widenfelt

My auditor's statement has been submitted
October 27, 2006
Deloitte AB

Svante Forsberg
*Auktoriserad revisor / Authorized Public
Accountant*