



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 July 1, 2006 – June 30, 2007

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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 2006/2007 fiscal year, the company's ninth year of operations.

An accounting of the business activities of the Group follows below.

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 System which is 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. Cinnober has a strong international emphasis with close to 100% of its sales coming from outside of Sweden in the form of the export of services.

The fiscal year from July 1, 2006 to June 30, 2007 was yet another expansive and successful year with a 58% increase in sales to SEK 126.0 million.

During the year we continued our close working relationships with our existing customers and in addition obtained new customers, something which we are very proud of.

BOAT is a London-based consortium comprised of nine leading investment banks (ABN AMRO, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, Merrill Lynch, Morgan Stanley and UBS) which have joined together for the purpose of establishing a collective system in order to disseminate market information in accordance with the EU "MiFID Directive." In January 2007, BOAT selected Cinnober as its systems supplier and operating partner. The system is based on the TRADExpress™ Platform, and it will be put into operation during the latter part of the fourth quarter 2007.

Deutsche Bank, one of the world's largest banks, during the spring, chose Cinnober as its supplier for an internal matching system of shares. The contract is a breakthrough for us in an entirely new customer segment – banking – and shows exciting opportunities for the future. The system is a TRADExpress™ Trading system where we can take full advantage of our product investments and expertise in deliveries, allowing us to produce the product for delivery in a record time of a very quick 5 weeks. The introduction of the product was successful, and on schedule on July 2, 2007.

We have continued with our close relationships with our existing customers. On the **American Stock Exchange** (AMEX), which is our largest installation, the trading volume continues to be heavy. During the year we made several deliveries including increased functionality which makes it more attractive to trade on AMEX, for the purpose of increasing the order flow on the exchange. The fierce competition which characterizes the American options market makes it necessary to continuously develop the system in order to meet the demands for increased efficiency and capacity, as well as to be able to offer new functions. During August 2007, Cinnober's system at AMEX reached a new record level of 403 million quotes during *one* trading day.

Borsa Italiana in Milan operates equity, derivatives, and bond markets in Italy. Cinnober has delivered a system for the dissemination of market data from all of their markets to the Borsa Italiana members as well as to resellers of information such as Reuters. The system was accepted and was very successfully put into operation during this fiscal year. Borsa Italiana continued during the year to place supplemental orders regarding the functionality of the system.

Euronext.liffe has had great success with its "ABC" system (Afirm, Bclear, Cscreen). Bclear, which is based on the TRADExpress™ Trade Manager, won the Innovation of the Year Award at the Futures and Options World's Clearing and Settlement Awards in November 2006. Bclear is a system for a fast and effective registration of stock derivatives contracts for further process to clearing. In May, the system registered more than 100 million contracts, which is a very high figure. The number of users in the Cscreen community has continued to strongly increase. Two deliveries of increased functionality have been made during the year, for functionality which makes it possible to trade in raw materials, and functionality makes it possible to increase the variety of products for new product segments.

The **London Metal Exchange** (LME) has continued to develop its implementation of the TRADExpress™ Trading systems called Select+. We have delivered functionality for the LMEmini, a forward contract which is settled in cash. In addition, we delivered a system for the MIQ - Market Indicative Quote, a service which operates 24 hours a days for 5 days a week. An additional service called MOIC – Market Operation Input Console – which is used to disseminate prices from the floor to vendors was delivered.

Chicago Board Options Exchange (CBOE), the world's largest options exchange, purchased our system for electronic trading of FLEX options in 2006, and is now in the process of planning for implementation in the fall of 2007.

Nordpool continues to develop its system based on TRADExpress™ Trade Manager, and we have made several deliveries with new functionality during the year.

During the past year we have noticed a considerable increased demand for our systems and services, which has meant that we undertook a recruitment effort for new staff. The result of this is that we have outgrown our existing premises and therefore have recently signed a new lease agreement for a larger premises in central Stockholm. The move-in is planned for December 1, 2007.

The remaining 50% of the associated company Cinetics AB has been acquired during the financial year and is now included in the Group as a wholly-owned subsidiary. The final acquisition calculations for this acquisition have recently been made and the premium according to the calculation has been classified as intangible assets concerning the Ctrade software.

Jan Arpi took up his position as new CEO in September 2006.

Employees

The strong growth which we have achieved during the year is a result of the extensive efforts made by our employees. Cinnober's employees have many challenges to overcome in our projects such as technology, functionality and distance, which they manage to do in an exceptional manner. Their ability to be proficient and successfully deal with the "hard" part of the work concerning performance, capacity, network resilience and functionality, while at the same time keeping in mind the "soft" part of the work, is something that our customers greatly appreciate. We very often hear from our customers that they find our personnel to be exceptionally competent and at the same time, very easy to work with.

There were 97 individuals employed in the Group at the close of the fiscal year (June 30, 2007), which is an increase from 80 employees at the beginning of the fiscal year (July 1, 2006). Our workforce includes 29 women and 68 men. All employees are members of a profit sharing program which takes effect from the seventh month of their employment. During this fiscal year, SEK 26,205 was distributed in the form of profit sharing to every employee who worked full-time during the period.

Profits

The consolidated net sales increased by 58% to SEK 126.0 million, from SEK 79.8 million. The consolidated profit before tax increased to SEK 9.4 million from SEK 9.2 million for the previous year. Operating profit increased by 193% to SEK 13.5 million from SEK 4.6 million.

Sales consist from supplemental orders and support to existing customers, as well as income from the new projects for BOAT and Deutsche Bank.

Product development continued during the past year with increased investments in the TRADExpress™ family. In total, SEK 1.5 million has been capitalized during the year as compared with previous year's capitalizations of SEK 4.5 million.

Depreciation was taken in the amount of SEK 6.8 million for the year.

Expenses are dominated by personnel costs, which amounted to SEK 65.4 million (52.4). Of the salaries and social insurance contributions paid out over the year, SEK 0.8 million has been capitalized as product development costs. Other external expenses amount to SEK 40.3 million (19.0). Expenses for consultants in the amount of SEK 13.1 million (7.3) and pass-through invoicing expenses for the purchase of computer hardware and hosting in the amount of SEK 8.2 MSEK (0.2 MSEK) have been included here. The remaining other external expenses have increased in line with the increase in personnel and the increased level of activities in the company.

The greatest share of the Group's income is invoiced in GBP, USD and EUR, in that order. Cinnober hedges a large part of the known income stream.

Financial Condition

The Group's financial condition remains very strong. The Group's shareholder equity at the year-end on June 30, 2007 amounted to SEK 89.5 million (83.7). During the period a warrants program fell due for exercise which resulted in a new share issue of SEK 4.7 million. During the year, buy-back of a part of the previously mentioned warrants program occurred and this resulted in a charge to the profits with a financial expense in the amount of SEK 5.9 million.

The assets side includes current assets totaling SEK 102.8 million (94.6). Accounts receivable at year-end were at a higher level than usual, SEK 0.6 million was outstanding as of July 27, 2007. None of these accounts receivable are regarded as being doubtful receivables.

The Marketplace

Cinnober's goal-oriented investments in product development during recent years has allowed us to establish a good foundation in order to be able to offer customers solutions with a high degree of customer adaptation faster than our competitors. In addition, we now have the possibility to very quickly deliver a "standard system" where only adaptations are made to the system environment where it is to operate. The recent delivery to Deutsche Bank is an excellent example of this.

The market activity continued to increased compared with the previous years, and we do not foresee any slowing down. the EU MiFID Directive, which takes effect November 1st will generate business for the participants in the financial market, something which will positively affect us in the form of increased interest for investments in system solutions.

To summarize, we have a positive view of the market and see good possibilities for continued growth in the coming years.

Significant events after the close of the fiscal year

The Board of Directors has decided to place the investment in products in a wholly-owned subsidiary. The purpose of this is to establish the conditions for an increased focus on Cinnober's product portfolio in terms of both sales and research and development.

Key Figures

<i>Consolidated</i>	<i>06-30-2007</i>	<i>06-30-2006</i>
Sales/Income	SEK 126.0 million	SEK 79.8 million
Operating profit/loss	SEK 13.5 million	SEK 4.6 million
Adjusted operating profit/loss*	SEK 15.1 million	SEK 4.6 million
Profit/loss before taxes	SEK 9.4 million	SEK 9.2 million
Net profit for the year	SEK 5.2 million	SEK 6.4 million
Operating margin	10.7%	5.7%
Net margin	4.1 %	8.0 %
Stockholder equity	SEK 89.5 million	SEK 83.7 million
Equity ratio	74.4%	81.3%
Quick ratio	316.3%	464.7%

* The operating profit/loss has been adjusted for items affecting comparability in the amount of SEK 1.6 million. The item consists of attorney's fees and moving costs.

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 Cinetics AB and Cinnober Exchange Technology AB with their registered offices in Stockholm. Cinnober Exchange Technology AB has not, as of yet, engaged in any activities. The company Börsspelet Swedish AB is included in the financial accounting as an associated company.

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 144 stockholders as of June 30, 2007. The maturity of a warrant options program has resulted in a new share issue of 59,300 series B shares. This new share issue is in the process of being recorded at the close of the reporting period.

Cinnober has been registered with the Alternativa Aktiemarknaden / Alternative Stockmarket (www.alternativa.se) since 2006. In June 2007 a trade was made for 13,650 shares at a price of SEK 120 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*	15.30	13.01
Peter Lenti	11.94	6.64
Pär Bertilsson	11.87	6.29
Gunnar Mjöberg	11.02	7.41
Peter Snellman	5.22	5.04
Catella Kapital, managed via the Fokus Fund	2.50	12.78

* Including family and/or privately held company holdings

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

The Board of Directors and the CEO recommend that of the profits available for distribution in the amount of SEK 56.4 million, of which this year's profit is SEK 11.5 million, be allocated according to the following:

	<i>Amount</i>
Dividends, [2,140,940 shares at SEK 3.00 per share] *	6,422,820
Carried forward to the following accounting period	49,931,217
Total	56,354,037

* The recommendation for the issuance of dividends is based on the number of shares after the recording of the new share issue.

Members of the Board of Directors**Gunnar Lindell, Chairman, born 1956**

Stockholdings: With privately held company: 150,667 A Series; 120,191 B Series

Options: none

Occupation: Working Chairman of the Board, Cinnober Financial Technology AB

Other associations: none

Nils-Robert Persson, Board Member, born 1956

Stockholdings: With family and privately held company: 350,000 A Series; 54,865 B Series

Options: none

Occupation: Employee of Cinnober Financial Technology AB

Other associations: non-executive Chairman of Triona AB, Member of the Board of Neonet AB and Zaramant Fonder AB

Helena Westin, Board Member, born 1961

Stockholdings: none

Options: none

Occupation: CEO Aftonbladet TV7

Other associations: Member of the Board of 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

Peter Lenti, Alternate Board Member, born 1957

Stockholdings: 125,667 A series, 12,500 B series

Options: none

Occupation: Employee of Cinnober Financial Technology AB

Other associations: none

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>07-01-2006- 06-30-2007</i>	<i>07-01-2005- 06-30-2006</i>
Operating income			
Net sales	1	126,027	79,848
Other operating income		125	-
		126,152	79,848
Operating expenses			
Other external expenses	2	-40,367	-19,045
Personnel expenses	3	-65,413	-52,488
Other operating expenses		-	-289
Operating profit before depreciation		20,372	8,026
Depreciation of tangible and Intangible fixed assets		-6,849	-3,475
Operating profit/loss		13,523	4,551
<i>Gains/expenses from financial items</i>			
Gains/losses from participatory interests in associated companies		4	-3
Interest income and similar earnings items	4	1,819	5,994
Interest expenses and similar expense items	5	-5,939	-1,376
Profit/loss after financial items		9,407	9,166
Profits, before tax		9,407	9,166
Tax on current year profits	7	-4,227	-2,805
Net profit for the year		5,180	6,361

Consolidated Balance Sheet

<i>Amounts in SEK thousands</i>	<i>Note</i>	<i>06-30-2007</i>	<i>06-30-2006</i>
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenditures for research and development	8	23,823	13,006
		23,823	13,006
<i>Tangible fixed assets</i>			
Equipment, tools, and fixtures	9	453	239
		453	239
<i>Financial fixed assets</i>			
Participatory interests in associated companies	11	54	47
		54	47
Total fixed assets		24,330	13,292
Current assets			
<i>Current receivables</i>			
Accounts receivable		42,010	26,399
Receivables from Group companies		566	-
Prepaid tax		100	5,720
Other receivables		2,462	1,049
Prepaid expenses and accrued income	12	3,936	4,186
		49,074	37,354
<i>Short-term investments</i>			
Cash on hand including bank deposits	13	22,108	30,076
		31,657	27,147
Total current assets		102,839	94,577
TOTAL ASSETS		127,169	107,869

Consolidated Balance Sheet

<i>Amounts in SEK thousands</i>	<i>Note</i>	<i>06-30-2007</i>	<i>06-30-2006</i>
STOCKHOLDER EQUITY AND LIABILITIES			
<i>Stockholder equity</i>	<i>14</i>		
<i>Restricted equity</i>			
Stock capital		2,082	2,082
New share issue in progress		4,744	-
Restricted reserves		26,949	31,988
		33,775	34,070
<i>Unrestricted equity</i>			
Unrestricted reserves		50,519	43,310
Net profit for the year		5,180	6,361
		55,699	49,671
Total stockholder equity		89,474	83,741
<i>Provisions</i>			
Provision for deferred tax obligations		5,186	3,757
		5,186	3,757
<i>Current liabilities</i>			
Accounts payable		6,468	2,938
Liabilities to Group companies		50	-
Taxes on income (less payments on account)		6,010	289
Other short-term liabilities		1,745	1,093
Accrued expenses and deferred income	<i>15</i>	18,236	16,051
		32,509	20,371
TOTAL STOCKHOLDER EQUITY AND LIABILITIES		127,169	107,869

Pledged Assets and Contingent Liabilities

		<i>06-30-2007</i>	<i>06-30-2006</i>
Pledged assets		None	None
Contingent liabilities	<i>17</i>	None	None

Consolidated Cash Flow Statement

<i>Amounts in SEK thousands</i>	06-30-2007	06-30-2006
Current operations		
Profit/loss after financial items	9,407	9,166
Adjustments for items not included in the cash flow	12,253	3,475
	21,660	12,641
Current tax	4,156	-1,778
Cash flow from current operations before changes in working capital	25,816	10,863
<i>Cash flow from changes in working capital</i>		
Increase(-)/Reduction (+) of current receivables	-16,374	-9,848
Increase(+)/Reduction (-) of current liabilities	5,414	1,163
Cash flow from current operations	14,856	2,178
Investment activities		
Acquisition of a subsidiary company	-11,369	-
Acquisition of intangible fixed assets	-	-4,509
Acquisition of tangible fixed assets	-1,884	-180
Sale of financial assets	2,866	25
Cash flow from investment activities	-10,387	-4,664
Financing activities		
New share issue	4,744	-
Returned shareholder contributions	-2,630	-
Redemption of warrants	-5,878	-
Dividends paid out	-4,163	-4,163
Cash flow from the financing activities	-7,927	-4,163
Net cash flow for the year	-3,458	-6,649
Cash on hand at the beginning of the year	57,223	64,060
Exchange rate adjustments for cash on hand	-	-188
Cash on hand at the close of the year	53,765	57,223

Supplementary Disclosures to the Consolidated Cash Flow Statement

Adjustments for items not included in the cash flow

Accrued interest	-470	-
Financial expenses	5,878	-
Depreciation of tangible fixed assets	154	105
Depreciation of intangible fixed assets	6,695	3,370
Capital gain on the sale of participatory interests in associated companies	-4	-
	12,253	3,475

Cash on hand

The following subcomponents are included in cash on hand:

Cash on hand including bank deposits	31,657	27,147
Short-term financial investments equivalent to cash on hand	22,108	30,076
	53,765	57,223

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>07-01-2006- 06-30-2007</i>	<i>07-01-2005- 06-30-2006</i>
Operating income			
Net sales	1	127,243	77,725
Other operating income		125	-
		127,368	77,725
Operating expenses			
Other external expenses	2	-45,236	-22,915
Personnel expenses	3	-60,770	-47,849
Operating profit/loss before depreciation		21,362	6,961
Depreciation of tangible and Intangible fixed assets		-5,223	-3,475
Operating profit/loss		16,139	3,486
Gains/expenses from financial items			
Interest income and similar earnings items	4	1,625	5,807
Interest expenses and similar expense items	5	-5,939	-1,206
Profit/loss after financial items		11,825	8,087
Transfers to/from untaxed reserves	6	6,655	-2,135
Before tax profits		18,480	5,952
Tax on current year profits	7	-6,944	-1,795
Profit for the year		11,536	4,157

Parent Company Balance Sheet

<i>Amounts in SEK thousands</i>	<i>Note</i>	<i>06-30-2007</i>	<i>06-30-2006</i>
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenditures for development and similar activities	8	9,454	13,006
		9,454	13,006
<i>Tangible fixed assets</i>			
Equipment, tools, and fixtures	9	453	239
		453	239
<i>Financial fixed assets</i>			
Participatory interests in Group companies	10	16,177	337
Participatory interests in associated companies	11	50	2,860
		16,227	3,197
Total fixed assets		26,134	16,442
Current assets			
<i>Current receivables</i>			
Accounts receivable		41,608	26,526
Receivables from group companies		116	584
Prepaid tax		-	5,720
Other receivables		2,258	984
Prepaid expenses and accrued income	12	1,515	1,883
		45,497	35,697
<i>Short-term investments</i>			
<i>Cash on hand including bank deposits</i>	13	22,108	30,076
		29,398	24,380
Total current assets		97,003	90,153
TOTAL ASSETS		123,137	106,595

STOCKHOLDER EQUITY AND LIABILITIES

Stockholder equity	14		
<i>Restricted equity</i>			
Stock capital (2,081,640 shares with a nominal value of SEK 1)		2,082	2,082
New share issue		4,744	-
Share premium reserve		22,175	22,175
Restricted reserves		200	200
		29,201	24,457
<i>Unrestricted equity</i>			
Profit/loss brought forward		44,818	44,824
Net profit for the year		11,536	4,157
		56,354	48,981
Total stockholder equity		85,555	73,438
<i>Untaxed reserves</i>			
Tax allocation reserves	16	6,419	13,074
		6,419	13,074
<i>Current liabilities</i>			
Accounts payable		6,468	2,985
Liabilities to Group companies		219	-
Taxes due		5,380	-
Other short-term liabilities		1,451	1,073
Accrued expenses and deferred income	15	17,645	16,025
		31,163	20,083
TOTAL STOCKHOLDER EQUITY AND LIABILITIES		123,137	106,595

Parent Company Pledged Assets and Contingent Liabilities

Pledged assets		None	None
Contingent liabilities	17	None	None

Parent Company Cash Flow Statement

<i>Amounts in SEK thousands</i>	<i>06-30-2007</i>	<i>06-30-2006</i>
Current operations		
Profit/loss after financial items	11,825	8,087
Adjustments for items not included in the cash flow	11,101	3,475
	22,926	11,562
Current tax	4,156	-1,762
Cash flow from current operations before changes in working capital	27,082	9,800
<i>Cash flow from changes in working capita</i>		
Increase(-)/Reduction (+) of current receivables	-15,521	-8,467
Increase(+)/Reduction (-) of current liabilities	5,699	1,024
Cash flow from current operations	17,260	2,357
Investment activities		
Acquisition of shares in subsidiary companies	-15,895	-
Acquisition of participatory interests in associated companies	-	-2,697
Acquisition of intangible fixed assets	-	-4,509
Acquisition of tangible fixed assets	-1,884	-180
Sale of financial assets	2,866	25
Cash flow from investment activities	-14,913	-7,361
Financing activities		
New share issue	4,744	-
Redemption of warrants	-5,878	-
Dividends paid out	-4,163	-4,163
Cash flow from the financing activities	-5,297	-4,163
Net cash flow for the year	-2,950	-9,167
Cash on hand at the beginning of the year	54,456	63,623
Cash on hand at the close of the year	51,506	54,456

Supplementary Disclosures to the Parent Company Cash Flow Statement

Adjustments for items not included in the cash flow

Redemption of warrants	5,878	
Depreciation of tangible fixed assets	154	105
Depreciation of intangible fixed assets	5,069	3,370
	11,101	3,475

Cash on hand

The following subcomponents are included in cash on hand:

Cash on hand including bank deposits	29,398	24,380
Short-term financial investments equivalent to cash on hand	22,108	30,076
	51,506	54,456

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 BFNAR 2001:1 Income taxes). Total tax is composed 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.

Recognition of revenues

Invoiced sales includes sales of systems and associated services. Revenues are recognized when the income to be received can be calculated in a reasonably reliable manner and when all substantial rights which are associated with the ownership have been transferred to the buyer, something which ordinarily occurs in connection with the delivery.

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.

The following depreciation periods are utilized:

	<i>Consolidated years</i>	<i>Parent Company years</i>
Internally developed intangible assets	3	3
Acquired intangible assets	5	

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:		
Equipment, tools 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. Exchange rate gains/losses on current receivables and current liabilities are included in the operating profit/loss, while exchange rate gains/losses 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

(If applicable:)

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 proportional 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 venturer's share of the assets and liabilities, and the income and expenses, are 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 before its acquisition (50%).

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 gains/losses 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, 8% of the purchases and 2.5% of the sales is from other companies within the Group.

Notes

Note 1 Net sales

	<i>07-01-2006- 06-30-2007</i>	<i>07-01-2005- 06-30-2006</i>
Consolidated		
Net income, sales of services	119,045	79,848
One-time pass-through invoicing	6,982	-
	126,027	79,848
Parent company		
Net income, sales of services	120,261	77,725
One-time /pass-through invoicing	6,982	-
	127,243	77,725

Note 2 Fees to the auditor and reimbursement for expenses

	<i>07-01-2006- 06-30-2007</i>	<i>07-01-2005- 06-30-2006</i>
Group		
<i>Deloitte AB</i>		
Audit fee	380	239
Other tasks	276	38
Total	656	277
Parent company		
<i>Deloitte AB</i>		
Audit fee	230	144
Other tasks	276	38
Total	506	182

Note 3 The employees, and expenses for personnel

Number of employees (annualized average)

	<i>07-01-2006- 06-30-2007</i>	<i>07-01-2005- 06-30-2006</i>
Parent company		
Men	66	53
Women	26	22
Total in the parent company	92	75

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Subsidiaries

Men	3	4
Women	1	-
Total in subsidiaries	4	4
Group total	96	79

Gender breakdown in company management

	<i>06-30-2007 Percentage of Women</i>	<i>06-30-2006 Percentage of women</i>
Parent company		
Members of the Board of Directors	20	20
Senior management	-	-
Group		
Members of the Board of Directors	-	-
Senior management	-	-

Salaries, other remuneration, and social insurance contributions

	<i>07-01-2006- 06-30-2007</i>	<i>07-01-2005- 06-30-2006</i>
Parent company		
Board of Directors and CEO	2,125	1,965
Other employees	38,187	31,994
Total	40,312	33,959
Social insurance contributions (of which, pension contributions) 1)	18,347 4,978	15,362 4,253
Subsidiaries		
Board of Directors and CEO	-	-
Other employees	4,064	4,133
Total	4,064	4,133
Social insurance contributions (of which, pension contributions)	579 -	494 -
Consolidated		
Board of Directors and CEO	2,125	1,965
Other employees	42,251	36,127
Total	44,376	38,092
Social insurance contributions (of which, pension contributions) 2)	18,926 4,978	15,856 4,253

1) Of parent company's pension costs, 224 (197 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, 224 (197 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).

Absence due to illness

	06-30-2007	06-30-2006
Total absence due to illness as a percentage of ordinary working hours	1%	3%
Percentage of the total absence due to illness which is related to consecutive days of absence due to illness for 60 days or more	0%	51%
<i>Absence due to illness according to gender:</i>		
Men	0%	3%
Women	2%	4%
<i>Absence due to illness according to age categories:</i>		
29 years old or younger	1%	3%
30-49 years old	1%	3%
50 years old or older	1%	0%

Note 4 Other interest income and similar earnings items

	07-01-2006- 06-30-2007	07-01-2005- 06-30-2006
Consolidated		
Interest income	1,031	1,012
Capital gains	170	4,773
Currency exchange rate gains	618	209
	1,819	5,994
Parent company		
Interest income	1,007	825
Capital gains	170	4,773
Currency exchange rate gains	448	-
Other	-	209
	1,625	5,807

Note 5 Interest expenses and similar expense items

	07-01-2006- 06-30-2007	07-01-2005- 06-30-2006
Consolidated		
Interest expenses	61	198
Currency exchange rate losses	-	1,178
Financial expense, redemption of warrants issued to personnel	5,878	-
	5,939	1,376
Parent company		
Interest expenses	61	28
Currency exchange rate losses	-	1,178
Financial expense, redemption of warrants issued to personnel	5,878	-
	5,939	1,206

Note 6 Transfers to/from untaxed reserves

	<i>07-01-2006- 06-30-2007</i>	<i>07-01-2005- 06-30-2006</i>
Tax allocation reserves, provision for tax assessment	-	2,135
Tax allocation reserves, reversals	6,655	-
Total	6,655	2,135

Note 7 Tax on current year profits

	<i>07-01-2006- 06-30-2007</i>	<i>07-01-2005- 06-30-2006</i>
Consolidated		
Current tax	7,010	2,111
Deferred tax	-2,783	694
Total	4,227	2,805
Parent company		
Current tax	6,944	1,795
Total	6,944	1,795

Note 8 Capitalized expenditures for development and similar activities

	<i>06-30-2007</i>	<i>06-30-2006</i>
Consolidated		
<i>Accumulated acquisition value:</i>		
- At the beginning of the year	17,209	12,700
- Capitalizations for the year	1,517	4,509
- Intangible asset Cinetics/Ctrade *	15,995	-
	34,721	17,209
<i>Accumulated depreciation/write-offs according to plan:</i>		
- At the beginning of the year	-4,203	-833
- Intangible asset Cinetics/Ctrade *	-1,626	-
- Depreciation taken for the year according to plan	-5,069	-3,370
	-10,898	-4,203
Value on the books at the close of the year	23,823	13,006

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Parent company*Accumulated acquisition value:*

- At the beginning of the year	17,209	12,700
- Capitalization for the year	1,517	4,509
	18,726	17,209
<i>Accumulated depreciation according to plan:</i>		
- At the beginning of the year	-4,203	-833
- Depreciation taken for the year according to plan	-5,069	-3,370
	-9,272	-4,203
Value on the books at the close of the year	9,454	13,006

* In connection with the acquisition of the remaining 50% of the associated company Cinetics AB, a goodwill item arose which during the year was reclassified to an intangible asset.

Note 9 Equipment, tools, and fixtures

	06-30-2007	06-30-2006
Consolidated		
<i>Accumulated acquisition values:</i>		
- At the beginning of the year	1,058	878
- Purchases	367	180
	1,425	1,058
<i>Accumulated depreciation according to plan:</i>		
- At the beginning of the year	-818	-714
- Depreciation taken for the year according to plan	-154	-105
	-972	-819
Closing residual value according to plan	453	239
<i>Financial leasing agreements on equipment are included in the following amounts</i>	<i>None</i>	<i>None</i>
Parent company		
<i>Accumulated acquisition values:</i>		
- At the beginning of the year	1,058	878
- Acquisitions	367	180
	1,425	1,058
<i>Accumulated depreciation according to plan:</i>		
- At the beginning of the year	-818	-714
- Depreciation taken for the year according to plan	-154	-105
	-972	-819
Closing residual value according to plan	453	239
<i>Financial leasing agreements on equipment are included in the following amounts</i>	<i>None</i>	<i>None</i>

Note 10 Holdings in group companies

	06-30-2007	06-30-2006
<i>Accumulated acquisition value:</i>		
- At the beginning of the year	337	337
- Purchases	15,895	-
- Reclassification of stock capital	-55	-
Value on the books at the close of the year	16,177	337

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

The percentage owned of the total number of shares outstanding 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 Exchange Technology AB, Stockholm</i>	100,000	100	100
<i>Cinnober Americas Inc., New York</i>	1,000	100	182
<i>Cinetics AB, 556676-2554, Stockholm</i>	8	100	15,895
			16,177

Note 11 Participatory interests in associated companies

	<i>Consolidated</i>	<i>Parent company</i>
<i>Accumulated acquisition value:</i>		
- At the beginning of the year	47	250
- Adjustment due to change in accounting principles	7	-200
Value on the books at the close of the year	54	50

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

<i>Associated company / org. no., domicile</i>	<i>Proportion of shares in %</i>	<i>Reported value Net worth</i>	<i>in the parent company</i>	<i>Book value in the Group</i>
<i>Börsspelet Svenska AB, 556594-0953, Stockholm</i>	50%	84	50	54
Total			50	54

Note 12 Prepaid expenses and accrued income

	06-30-2007	06-30-2006
Consolidated		
Accrued project income	2,404	2,274
Prepaid rental payments	873	965
Accrued interest income	456	351
Other items	203	596
	3,936	4,186
Parent company		
Accrued project income		
Prepaid rental payments	873	965
Accrued interest income	456	322
Other items	186	596
	1,515	1,883

Note 13 Short-term investments

Specification of mutual fund investments

and other marketable securities

	<i>Value carried on the books</i>	<i>Market value on the exchange (or similar market)</i>
Consolidated		
Tanglin, fund shares	21,943	23,285
Other	165	165
	22,108	23,450
Parent company		
Tanglin, fund shares	21,943	23,285
Other	165	165
	22,108	23,450

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

Note 14 Stockholder equity

	<i>Stock capital</i>	<i>Restricted Reserves</i>	<i>Unrestricted equity</i>
Consolidated			
Closing balance according to the balance sheet from the previous year	2,082	31,988	49,671
Dividends			-4,163
New share issue in progress		4,744	
Adjustment between restricted reserves and unrestricted capital		-5,039	5,039
Net profit for the year			5,180
Currency exchange rate gain/loss for the year			-28
Stockholder equity at the close of the year	2,082	31,693	55,699

	<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
New share issue in progress			4,744	
Dividends				-4,163
Net profit for the year				11,536
Stockholder equity at the close of the year	2,082	200	26,919	56,354

Note 15 Accrued expenses and deferred income

	<i>06-30-2007</i>	<i>06-30-2006</i>
Consolidated		
Accrued vacation pay including social insurance contributions	9,220	8,564
Accrued social insurance contributions	1,308	913
Bonuses including social insurance contributions	2,729	2,345
Other items	4,979	4,229
	18,236	16,051
Parent company		
Accrued vacation pay including social insurance contributions	9,220	8,564
Accrued social insurance contributions	1,308	913
Bonuses including social insurance contributions	2,729	2,345
Other items	4,388	4,203
	17,645	16,025

Note 16 Tax allocation reserves

	<i>06-30-2007</i>	<i>06-30-2006</i>
Tax allocation reserves, provision for 2003 tax assessment		266
Tax allocation reserves, provision for 2005 tax assessment		6,389
Tax allocation reserves, provision for 2006 tax assessment	4,284	4,284
Tax allocation reserves, provision for 2007 tax assessment	2,135	2,135
	6,419	13,074

Note 17 Contingent Liabilities

Legal dispute:

The company has filed a lawsuit against an external company, a previous employee, and a previously retained consultant for misuse of trade secrets as well as infringement of intellectual property rights. No provisions have been made for this.

Signatures

Stockholm, October 2, 2007

Gunnar Lindell
Chairman of the Board

Arpi Jan
CEO

Nils-Robert Persson

Helena Westin

Stefan Widenfelt

My auditor's statement has been submitted
October 2, 2007
Deloitte AB

Svante Forsberg
*Auktoriserad revisor / Authorized Public
Accountant*