

# Interim Financial Report

Period July 1, 2011 – September 30, 2011

Cinnober Financial Technology AB

Corporate identity number 556548-9654

- ▶ Net sales for the period amounted to SEK 44.7 million (SEK 73.7 million)
- ▶ Profit before taxes for the period amounted to SEK 0.6 million (SEK 21.0 million)
- ▶ Earnings per share for the period amounted to SEK 0.17 (SEK 7.10)
- ▶ Major breakthrough deal for RealTime Clearing after end of quarter



# Summary and key figures

Key figures, Consolidated	09-30-2011	09-30-2010	09-30-2009	09-30-2008	09-30-2007
Sales (SEK million)	44.7	73.7 <sup>1</sup>	56.3	46.2	26.3
Operating profit (SEK million)	0.2	21.8 <sup>1</sup>	10.9	-5.0	-2.5
Profit before tax (SEK million)	0.6	21.0 <sup>1</sup>	11.6	-3.9	-2.5
Net profit (SEK million)	0.4	15.5 <sup>1</sup>	8.4	-4.2	-2.2
Operating margin (%)	0.3%	29.5% <sup>1</sup>	19.3%	Negative	Negative
Net margin (%)	0.9%	21.0 <sup>1</sup>	15.0%	Negative	Negative
Equity (SEK million)	122.9	142.1	133.1	88.0	87.2
Equity ratio (%)	67.7%	68.2%	58.2%	51.0%	71.8%
Quick ratio (%)	214.1%	312.2%	237.0%	195.6%	338.5%

<sup>1</sup>Sales for the period July 1, 2010 – September 30 2010 include a positive non-recurring effect of SEK 21.0 million and SEK 12.4 million in operating profit.

## Introduction

This financial report covers the first quarter of financial year 2011/2012 for the Group and Parent Company.

## Customers and market

Cinnober is currently running at a high activity level. Over the past few months we have been working hard on a number of large, highly interesting business deals. Our sales processes can take as long as 36 months and our relationships with existing and potential customers last for decades. During the past year we noted an unusually high number of queries and ongoing sales processes.

Today we can report that Cinnober, after the end of the reporting period, signed a very large breakthrough deal in which we will deliver a customized RealTime Clearing solution to one of the world's largest marketplaces. This is in a new geographic market for us. The customer has asked to remain anonymous for another few months as the deal must first be approved by a state authority. It is our assessment that the approval process is a formality. The initial value of this deal makes it the largest in the company's history. The final agreement was signed by the customer in October, but Cinnober already started work in accordance with an existing binding agreement in September.

In June the Stockholm Exchange of Thailand (SET) appointed Cinnober its technology partner to replace the exchange's platforms for stock and derivatives trading. In addition, Cinnober will deliver new solutions for SET's market surveillance and distribution of market data. The project is running

according to plan and the first systems will be launched during 2012.

We are also working with several interesting systems orders and upgrades, including a major platform upgrade for the London Metal Exchange, a comprehensive undertaking within clearing at an Asian organization, and the launch of production for our first delivery in the Middle East. During the period we also initiated a design study for a larger systems replacement for a European customer.

While Cinnober is stronger in the market we are reporting a lower turnover and profit level for the first quarter of financial year 2011/2012 compared with the same period last year, when we had high non-recurring income. However, we believe that the above new projects will increase both sales and profit levels this year compared to last year, as these projects begin to offset profits. It is our assessment that 2011/2012 will be one of the best in the history of the company.

## Investments

We continue to invest resources to continuously develop our TRADExpress family of products.

## Financial information

Consolidated sales for the first quarter of 2011/2012 was SEK 44.7 million (73.7) with a profit of SEK 0.6 million (21.0) before tax. Sales in the same quarter last year included a one-time positive effect of SEK 21.0 million and SEK 12.4 million in operating income.

Cinnober continuously hedges its foreign exchange rate exposure, up to 12 months. Accounts receivables and other receivables in foreign currencies are recorded at the agreed forward exchange rates and contracted and anticipated future sales revenues in foreign currencies are settled at the forward rate when they occur. Per reporting date, there is an unrealized foreign exchange loss of SEK 2,6 million (exchange gain SEK 0 million) for the portfolio of foreign exchange forward agreements. This is primarily due to the fact that the exchange rate of USD/SEK exceeds the average rate of the forward agreements at the period end.

## Share data

As per September 30, 2011, the company's capital stock consisted of 570,000 series A shares and 1,613,040 series B shares. The total number of shares was 2,183,040.

Cinnober Financial Technology AB's annual meeting on October 24, 2011, approved a proposal to issue a dividend of SEK 7 per share, with a record date of October 27.

## Board and management

The annual meeting also reelected Nils-Robert Persson, Peter Lenti, Helena Westin and Stefan Widenfelt.

During the subsequent board meeting Nils-Robert Persson was appointed Chairman of the Board.

Stockholm, 27 October 2011

Jan Arpi  
Chief Executive Officer

For more information, please contact  
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This report has not been reviewed by the company's auditors. This interim report was prepared in accordance with the Swedish Accounting Standards Board's recommendation BFNAR 2007:1 Voluntary interim reporting. This report was prepared using the same reporting principles as were used in the most recent annual report.

This report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

# Consolidated Income Statement

Amounts in thousands of SEK	07-01-2011- 09-30-2011	07-01-2010- 09-30-2010
<b><i>Operating income</i></b>		
Net sales	44 689	73 721
	<b>44 689</b>	<b>73 721</b>
<b><i>Operating expenses</i></b>		
Other external expenses	-14 021	-22 695
Personnel expenses	-29 464	-28 220
<b>Operating profit before depreciation/amortization</b>	<b>1 204</b>	<b>22 806</b>
Depreciation/amortization and impairment of equipment and intangible assets	-1 032	-1 042
<b>Operating profit</b>	<b>172</b>	<b>21 764</b>
<b><i>Profit from financial items</i></b>		
Interest income and similar profit items	462	513
Interest expenses and similar expense items	-	-1 294
<b>Profit after financial items</b>	<b>634</b>	<b>20 983</b>
<b>Profit before tax</b>	<b>634</b>	<b>20 983</b>
Tax on profit for the period	-253	-5 490
<b>Profit for the period</b>	<b>381</b>	<b>15 493</b>

# Consolidated Balance Sheet

Amounts in thousands of SEK	09-30-2011	09-30-2010
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Capitalized expenditures for research and development and similar	-	3 381
	-	<b>3 381</b>
<i>Property, plant and equipment</i>		
Equipment, tools, fixtures and fittings	1 349	1 951
	<b>1 349</b>	<b>1 951</b>
<i>Financial assets</i>		
Participations in associated companies	300	300
Other securities held as non-current assets	53 861	-
Other long-term receivables	371	433
	<b>54 532</b>	<b>733</b>
<b>Total non-current assets</b>	<b>55 881</b>	<b>6 065</b>
<b>Current assets</b>		
<i>Current receivables</i>		
Accounts receivable - trade	25 960	64 890
Tax receivables	3 091	154
Other receivables	3 451	1 284
Prepaid expenses and accrued income	18 619	22 458
	<b>51 121</b>	<b>88 786</b>
<i>Investments in securities</i>	<b>3 000</b>	<b>60 546</b>
<i>Cash and bank balances</i>	<b>71 666</b>	<b>52 898</b>
<b>Total current assets</b>	<b>125 787</b>	<b>202 230</b>
<b>Total assets</b>	<b>181 668</b>	<b>208 295</b>

# Consolidated Balance Sheet

Amounts in thousands of SEK 09-30-2011 09-30-2010

## EQUITY AND LIABILITIES

### *Equity*

Share capital	2 577	2 183
Restricted reserves	22 323	23 893
Non-restricted reserves	97 623	100 503
Profit for the period	381	15 493
<b>Total equity</b>	<b>122 904</b>	<b>142 072</b>

### *Provisions*

Deferred tax liability	-	1 451
	-	<b>1 451</b>

### *Current liabilities*

Accounts payable - trade	4 019	6 303
Current tax liability	-	17 545
Other liabilities	18 822	17 469
Accrued expenses and deferred income	35 923	23 455
	<b>58 764</b>	<b>64 772</b>

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>181 668</b>	<b>208 295</b>
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## PLEDGED ASSETS AND LIABILITIES

	09-30-2011	09-30-2010
<i>Pledged assets</i>		
Bank guarantee	14 478	None
<i>Contingent liabilities</i>	2 629	None

# Consolidated Cash Flow Statement

Amounts in thousands of SEK	07-01-2011- 09-30-2011	07-01-2010- 09-30-2010
<b><i>Operating activities</i></b>		
Profit after financial items	634	20 984
Adjustments for non-cash items	-14 249	-14 239
	<b>-13 615</b>	<b>6 745</b>
Income tax paid	-778	-2 899
<b>Cash flow from operating activities before working capital changes</b>	<b>-14 393</b>	<b>3 846</b>
<b><i>Cash flow from working capital changes</i></b>		
Increase (-)/Decrease (+) in current receivables	11 354	-33 649
Increase (+)/Decrease (-) in current liabilities	-1 039	9 579
<b>Cash flow from operating activities</b>	<b>-4 078</b>	<b>-20 224</b>
<b><i>Investing activities</i></b>		
Acquisition of subsidiary	-50	-
Purchase of equipment	-44	-20
Acquisition of financial assets	-14 631	-
<b>Cash flow from investing activities</b>	<b>-14 725</b>	<b>-20</b>
<b>Cash flow for the period</b>	<b>-18 803</b>	<b>-20 244</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>93 469</b>	<b>133 688</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>74 666</b>	<b>113 444</b>

# Parent Company Income Statement

Amounts in thousands of SEK	07-01-2011- 09-30-2011	07-01-2010- 09-30-2010
<b><i>Operating income</i></b>		
Net sales	44 689	73 721
	<b>44 689</b>	<b>73 721</b>
<b><i>Operating expenses</i></b>		
Other external expenses	-14 274	-22 919
Personnel expenses	-29 178	-27 969
<b>Operating profit before depreciation/amortization</b>	<b>1 237</b>	<b>22 833</b>
Depreciation/amortization and impairment of equipment and intangible assets	-187	-197
<b>Operating profit</b>	<b>1 050</b>	<b>22 636</b>
<b><i>Profit from financial items</i></b>		
Interest income and similar profit items	462	513
Interest expenses and similar expense items	-	-1 293
<b>Profit after financial items</b>	<b>1 512</b>	<b>21 856</b>
<b>Profit before tax</b>	<b>1 512</b>	<b>21 856</b>
Tax on profit for the period	-475	-5 712
<b>Profit for the period</b>	<b>1 037</b>	<b>16 144</b>

# Parent Company Balance Sheet

Amounts in thousands of SEK	09-30-2011	09-30-2010
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Property, plant and equipment</i>		
Equipment, tools, fixtures and fittings	1 349	1 951
	<b>1 349</b>	<b>1 951</b>
<i>Financial assets</i>		
Participations in Group companies	16 227	16 177
Participations in associated companies	300	300
Other securities held as non-current assets	53 861	-
Other long-term receivables	346	408
	<b>70 734</b>	<b>16 885</b>
<b>Total non-current assets</b>	<b>72 083</b>	<b>18 836</b>
<b>Current assets</b>		
<i>Current receivables</i>		
Accounts receivable - trade	25 960	64 890
Receivables from Group companies	133	228
Tax receivables	3 655	-
Other receivables	3 451	1 284
Prepaid expenses and accrued income	18 516	22 429
	<b>51 715</b>	<b>88 831</b>
<i>Investments in securities</i>	<b>3 000</b>	<b>60 546</b>
<i>Cash and bank balances</i>	<b>71 231</b>	<b>45 226</b>
<b>Total current assets</b>	<b>125 946</b>	<b>194 603</b>
<b>TOTAL ASSETS</b>	<b>198 029</b>	<b>213 439</b>

# Parent Company Balance Sheet

Amounts in thousands of SEK 09-30-2011 09-30-2010

## EQUITY AND LIABILITIES

### *Equity*

#### *Restricted equity*

Share capital (2 183 040 shares)	2 577	2 183
Statutory reserve	22 375	22 375
	<b>24 952</b>	<b>24 558</b>

#### *Non-restricted equity*

Profit brought forward	91 833	92 008
Share premium reserve	14 512	14 512
Profit for the period	1 037	16 144
	<b>107 382</b>	<b>122 664</b>

<b>Total equity</b>	<b>132 334</b>	<b>147 222</b>
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#### *Untaxed reserves*

Tax allocation reserves	-	2 135
	-	<b>2 135</b>

#### *Current liabilities*

Accounts payable -trade	4 019	6 303
Current tax liability	-	16 986
Liabilities to Group companies	7 068	80
Other liabilities	18 822	17 469
Accrued expenses and deferred income	35 786	23 244
	<b>65 695</b>	<b>64 082</b>

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>198 029</b>	<b>213 439</b>
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## PLEDGED ASSETS AND CONTINGENT LIABILITIES

	09-30-2011	09-30-2010
<i>Pledged assets</i>		
Bank guarantee	14 478	None
<i>Contingent liabilities</i>	2 629	None

# Parent Company Cash Flow Statement

Amounts in thousands of SEK	07-01-2011- 09-30-2011	07-01-2010- 09-30-2010
<b><i>Operating activities</i></b>		
Profit after financial items	1 512	21 857
Adjustments for non-cash items	-15 094	-15 084
	<b>-13 582</b>	<b>6 773</b>
Income tax paid	-853	-2 683
<b>Cash flow from operating activities before working capital changes</b>	<b>-14 435</b>	<b>4 090</b>
<b><i>Cash flow from working capital changes</i></b>		
Increase(-)/Decrease (+) in current receivables	11 420	-33 719
Increase(+)/Decrease (-) in current liabilities	-1 326	9 710
<b>Cash flow from operating activities</b>	<b>-4 341</b>	<b>-19 919</b>
<b><i>Investing activities</i></b>		
Acquisition of subsidiary	-50	-
Purchase of equipment	-44	-20
Acquisition of financial assets	-14 631	-
<b>Cash flow from investing activities</b>	<b>-14 725</b>	<b>-20</b>
<b>Cash flow for the period</b>	<b>-19 066</b>	<b>-19 939</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>93 297</b>	<b>125 711</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>74 231</b>	<b>105 772</b>



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