NeoNet's Year-End Report 1 January – 31 December 2005

Stockholm, 9 February 2006

The Fourth Quarter in Summary

- **The operating revenues increased by 52% and amounted to SEK 78.7 m (51.7).**
- **The earnings after tax amounted to SEK -1.5 m (-2.5). As reported earlier, a significant trading error occurred during the quarter. The earnings after tax and other earnings measures were charged with SEK 5.7 m as a result of the trading error.**
- **The earnings per share before dilution amounted to SEK -0.03 (-0.05).**
- **The operating earnings before depreciation and net financial items, EBITDA, improved and amounted to SEK 9.8 m (7.7), an increase of 27%.**
- **The underlying cash flow was strengthened and amounted to SEK 5.5 m (4.7).**

The Year in Summary

- **The operating revenues increased by 25% and amounted to SEK 258.0 m (206.9).**
- **The earnings after tax improved and amounted to SEK 26.8 m (-12.3). The earnings increased by SEK 22.6 m as a result of a one-off effect of a reported deferred tax asset relating to tax loss carry-forwards. The aforementioned trading error reduced the earnings after tax and other earnings measures by SEK 5.7 m.**
- **The earnings per share before dilution amounted to SEK 0.53 (-0.24).**
- **The operating earnings before depreciation and net financial items, EBITDA, improved and amounted to SEK 41.0 m (26.6), an increase of 54%.**
- **The underlying cash flow amounted to SEK 23.1 m (10.9).**

Significant Events

- **The Board of Directors intend to purpose a dividend of SEK 0.25 per share.**
- **The offering has in the beginning of 2006 been expanded to include trading on the SWX Swiss Exchange. NeoNet now offers trading on 19 of the world's leading exchanges.**

NeoNet in 2005

Client trading through NeoNet increased significantly during the year. This resulted in an increase in revenues of 52% in the fourth quarter and 25% for the year. The operating earnings before depreciation and net financial items, as well as the earnings after tax, were higher, both for the quarter and the year, than in the corresponding periods in 2004.

As a result of successful sales efforts, more and more clients in Europe and North America are choosing to use NeoNet as their broker to trade on numerous markets. The sales efforts also resulted in clients using NeoNet to trade on more markets. Clients trade on an average of eight of the markets to which NeoNet is connected, which is twice as many as at the end of 2004. During the year, NeoNet launched a number of program trading services, which led to strong growth for NeoNet in this area. The favorable client and revenue trends are clear indications that the company's clients appreciate NeoNet's user-friendly and sophisticated trading service.

In 2005 NeoNet expanded its product offering to include trading on the exchanges in Toronto and Dublin and on the International Order Book (IOB), the London Stock Exchange's marketplace for securities from growth markets. As of January 2006 clients are also able to trade on the SWX Swiss Exchange. With this addition, NeoNet now offers trading on 19 exchanges. More marketplaces will be added gradually, beginning with the Vienna Stock Exchange. NeoNet has also developed a number of new functions to meet the increasingly advanced trading requirements of the clients.

NeoNet's offering was strengthened considerably by the launch of a new service area. With the new service, NeoNet eXchange Gateway (NeoNet XG), banks and broker-dealers are offered system and software services for trading on exchanges where they are members. The new service, in combination with the brokerage service, gives clients a new option to conduct all of their trading through one supplier – NeoNet.

All in all, NeoNet has strengthened its position within direct market access – in terms of products, clients and technology. This, in combination with NeoNet XG, puts the company in an even stronger position moving into 2006.

Markets
In 2005 trading volumes were high on the exchanges where NeoNet offers trading. The enduring trend whereby an increased portion of trading by professional investors is done electronically through direct market access continues to be evident. At the same time, the price squeeze due to growing competition is continuing. The use of advanced trading tools has strengthened the trend of increasing volumes, while changes in trading behavior have, in many cases, resulted in a reduction of the average size of trading blocks, which increases NeoNet's transactions costs.

Fast and cost-effective direct market access of the type offered by NeoNet both challenges and complements the traditional full service offering of banks and broker-dealers, where trading is packaged to include analysis and advice.

The demand among clients for functionality and service in connection to direct market access is increasing as trading behavior becomes more and more advanced. This trend benefits NeoNet as the company offers a flexible, stable and competitive trading service.

The high performance of the trading system and exchange connectivity is an important factor in offering the capacity and quality the clients demand.

Another aspect of NeoNet’s offering that is valued highly by many clients is the fact that NeoNet only executes trades on behalf of clients and does not conduct any proprietary trading. This eliminates the potential conflicts of interest that may otherwise arise.

Clients
NeoNet’s systematic sales efforts during 2005 were successful. The purpose was to attract new clients with good potential and to encourage both new and existing clients to use NeoNet for a greater portion of their trading.

NeoNet has clients in about 20 countries and focuses on three main segments of professional clients: institutional investors, hedge funds and banks and broker-dealers.

The institutional investors include fund, insurance and investment companies. In 2005 this category accounted for just under one third of NeoNet’s transaction revenues. This type of client requires independent trading and integration with third-party systems, and uses NeoNet’s trading desk more frequently than other clients.

Hedge funds are funds with a less restricted investment focus and are distinguished by the fact that they normally conduct intensive trading and often have advanced trading strategies. This client group accounted for around one fifth of NeoNet’s transaction revenues in 2005.

Finally, banks and broker-dealers use NeoNet primarily as an effective trading option for exchanges where they are not members. This client group accounted for around half of NeoNet’s transaction revenues in 2005.

In 2005 co-operations were established with an additional six industry players. NeoNet now has co-operations with 17 suppliers of order management systems and settlement services. These partnerships are important in that they expand NeoNet’s distribution network and make it even easier to reach new clients in different geographical markets.

Offering and product development
Professional investors are able to trade on 19 of the leading exchanges in Europe and North America through NeoNet. Clients can, for a very competitive price, execute all of their local and international trades through a fast, secure and cost-effective trading service that provides access to the exchanges. Clients have the option to send their orders through the system themselves or request that NeoNet’s traders execute their orders.

In 2005 NeoNet added the option of trading on the exchanges in Toronto and Dublin and on the London Stock Exchange’s marketplace, International Order Book (IOB). As of January 2006, clients are also able to trade on the SWX Swiss Exchange. The aim is to continue to increase the offering with access to more marketplaces, beginning with the addition of the Vienna Stock Exchange.

NeoNet launched an entirely new product area in 2005 within system and software services, NeoNet XG. In this area, NeoNet provides systems and infrastructure for trading on exchanges where the client’s have their own membership. This means that a client who trades with NeoNet as a broker and applies for its own membership of an exchange can use NeoNet XG and can therefore stay with NeoNet as a client. These system and software services provide banks and broker-dealers with a cost-effective solution where NeoNet is responsible for operation, hardware, software and infrastructure. NeoNet does not act as a broker for these services, which makes them different from the rest of the offering. Revenues from system and software services consist of license fees and, unlike brokerage services; revenues are not directly linked to trading volumes.

New functionality was added primarily in the area of program trading, which is one of NeoNet’s focus areas. The offering has also been expanded within the area of real-time distribution of market and price information.

NeoNet is continuing to develop tools for advanced trading conditions and mathematical models – so-called algorithmic trading. The demand for this functionality from institutional investors and hedge funds is increasing.

Revenues
Operating revenues increased in 2005 by 25% to SEK 258.0 m (206.9). Operating revenues for the quarter amounted to SEK 78.7 m (51.7), which is an increase of 52%.

Transaction revenues, which consist of brokerage commission fees for executed client transactions increased by 26% and amounted to SEK 253.2 m (201.1) for the year. Transaction revenues for the quarter increased by 56%, amounting to SEK 77.4 m (49.6).

The increase in revenues is partly due to the fact that more and more clients are conducting a greater portion of their trading through NeoNet, and partly due to the general increase in volumes on many exchanges. NeoNet's volume growth is in many instances higher than the general increase on the exchanges to which it is connected, which means that NeoNet's market share has increased on many exchanges. On several market places, NeoNet's revenues have doubled compared to 2004.

Revenues from clients based in Europe, outside the Nordic region, have increased in both actual figures and as a percentage of total revenues. Client trading on the European exchanges grew significantly during the year. The average number of markets on which a client executes trades increased in 2005 to eight markets, compared to four at the end of 2004.

Costs
NeoNet's variable trading, clearing and settlement costs are largely related to the number of transactions. Efforts are constantly being made to lower transactions costs, and in 2005 the cost per transaction was noticeably reduced. The positive effect on the operating margin was offset, however, by the continued price squeeze resulting from more intense competition and increased transaction costs. The increase in transaction costs relates to the changed trading patterns that have led to an increase in the number of transactions in relation to traded value.

Measures initiated during the first quarter to improve net interest income have helped to raise interest income. However, the sharp rise in trading volumes during the year increased the need for temporary settlement loans, which in turn resulted in increased interest expenses. The costs associated with the debenture loan that was raised in April 2004 and which affected earnings for eight months of that year, affected the full year 2005. The aggregate effect was a lowering of net interest income by SEK 2.3 m to SEK -10.3 m (-8.0).

A small portion of NeoNet's trading is done manually by the company's traders. During this trading activity, a large transaction was executed incorrectly in the fourth quarter. This trading error resulted in a loss that has been established at SEK 5.7 m. Steps in the form of changes in routines have been taken to minimize the risk of a similar incident happening in the future.

Personnel and other operating expenses amounted to SEK 35.1 m (24.3). These costs for the full year amounted to SEK 117.8 m (106.9). Operating costs for both the year and the quarter were charged with SEK 5.7 m in respect of the aforementioned trading error.

Earnings
The Group's earnings before depreciation and net financial items (EBITDA) for the full year amounted to SEK 41.0 m (26.6), which makes an operating margin of 16% (13%). The EBITDA for the quarter amounted to SEK 9.8 m (7.7). The aforementioned trading error lowered the EBITDA and other earnings figures by SEK 5.7 m.

The reported earnings after tax for the year amounted to SEK 26.8 m (-12.3) and for the quarter to SEK -1.5 m (-2,5). The earnings per share for the full year amounted to SEK 0.53 (-0.24). The earnings per share for the quarter amounted to SEK -0.03 (-0.05).

The year's earnings after tax increased by SEK 22.6 m as a result of a one-off effect of a deferred tax asset. According to IAS 12 (Income Taxes), a deferred tax asset relating to a loss carry-forward should be recognized by a company that has reported a loss over the past few years if there are factors that indicate that a taxable profit will be generated in the future. Based on the inflow of clients and the expansion of the product offering during the period, it is the opinion of the management and Board of Directors that NeoNet, within the foreseeable future, will generate sufficient profit to motivate this tax asset. See also the notes under the heading "Tax."

(For more details, please see the Income Statement in Summary table and the EBITDA diagram, both on page 6.)

Cash flow
The underlying cash flow for the full year amounts to SEK 23.1 m (10.9) and for the quarter to SEK 5.5 m (4.7). The positive trend during the year is mainly the result of the improvement in the EBITDA, but also the fact that investments in system development have been kept at a lower level than the corresponding period the previous year.

(For more details, please see the Underlying Cash Flow graph on page 6. For a summary of the Cash Flow Statement, see page 8.)

Investments
Investments, which went into system development and hardware, amounted to SEK 15.7 m (17.5) for the year and SEK 4.6 m (3.3) for the quarter.

Depreciation was at a lower level than the previous year as a result of the fact that the rate of investment had already been lowered in 2004. Investments corresponded to 6% (9%) of transaction revenues for the year and 6% (7%) for the quarter. The fixed assets include development projects in progress with a value of SEK 0.6 m. An annual impairment-test has been done of the intangible assets comparing the accounting value and the recovery value. The calculation derives from estimated future cash-flows, discounted at the rate 12.5%. The conclusion from the impairment-test is that there are no write-down requirements.

Employees
NeoNet has employees and sales representation in Sweden, the US, the UK, Italy, France and Germany. The number of employees in the Group at the end of the period was 80 (74 at the beginning of the year), of which 36% are women and 64% are men. The average age was 34.

During the course of the year, NeoNet strengthened its organization in areas such as client support, system development, finance and the legal department. There was also an increase in the headcount as a result of the employment of substitute staff.

Liquidity and Financial Position
The NeoNet Group's current liquid assets consist of the sum of bank deposits, interest-bearing instruments, unutilized overdraft facilities, the difference between contract settlement receivables and liabilities, and receivables mainly from clearing houses and similar institutions, excluding temporary cash and securities loans.
The net amount of these items amounted to SEK 165.0 m on 31 December. The corresponding current assets amounted to SEK 141.1 m at the beginning of the year. The gross liquid assets recorded in the balance sheet amounted to SEK 184.3 m, of which SEK 158.4 m consisted of blocked funds, compared to SEK 143.8 m and SEK 118.4 m respectively at the beginning of the year. Fluctuations in the liquid assets as recorded in the balance sheet are normal for this kind of business.

On the closing day, December 31, 2005, the interest-bearing receivables amounted to SEK 179 m (SEK 129 m) and the interest-bearing current liabilities to SEK 72 m (SEK 14 m).

The debenture loan amounts to SEK 50.6 m carries an annual interest of 10% and falls due for payment on April 13, 2007. The company has the right to extinguish the loan in December 2006.

The consolidated shareholders' equity amounted to SEK 249.7 m at the end of the period (SEK 220.0 m on 1 January 2005). The equity per share was SEK 4.94 (4.35).

The capital coverage was 66% (52%) and the consolidated equity/assets ratio was 51% (64%).

The Group has a significant disputed receivable claim of a nominal EUR 1.1 m. The status of the case is the same as when the last interim report was published.

Tax
In the third quarter NeoNet reported a gross tax revenue of SEK 22.6 m. The amount corresponds to tax loss carry-forwards of SEK 77.8 m. Additional tax loss carry-forwards of some USD 6 m in currently non-operating US subsidiaries are not expected to be utilized and have therefore not resulted in tax revenue.

Outlook
NeoNet holds a strong market position within the rapidly growing direct market access segment. The company's strength lies, among other things, in offering access to numerous markets, an advanced, high-performance system platform, and a high level of service. These factors now combined with the NeoNet Exchange Gateway service, create the potential for even stronger growth. In combination with the perception of NeoNet being a neutral actor who primarily use its own memberships this creates a very competitive trading service for shares.
NeoNet Exchange Gateway improves these strengths, which creates new possibilities and a stronger and a more complete offer for professional clients.

The long-term financial goals for the period up to 2008 still stand. These goals involve a gradual increase in operating revenues to reach at least SEK 400 m by 2008 and improving the operating margin to reach 25% during the latter part of this period.

NeoNet does not provide any forecasts.

Parent company
The parent company, which is not an operating company, carries out certain group-wide functions, such as group management, financial management, business development, investor relations and communication.

The parent company reported earnings before tax and year-end appropriations for the full year of SEK -10.8 m (-91.8) and for the quarter of SEK -3.1 m (-85.1). Earnings for the fourth quarter the previous year were charged with a write-off of shares in the subsidiary Lexit Financial Group, Inc. in the amount of SEK 82.2 m due to restructuring within the Group.

Equity in the parent company amounted to SEK 215.1 m at the end of the period (SEK 198.2 m at the beginning of the year). The liquid funds on 31 December 2005 amounted to SEK 0.4 m, compared to SEK 0.2 m at the beginning of the year.

Proposal for the appropriation of earnings
Based on the earnings development and expected growth, the Board of Directors and CEO intend to purpose a dividend of SEK 12.6 m or of SEK 0.25 per share to the Annual General Meeting.

Annual General Meeting and Annual Report

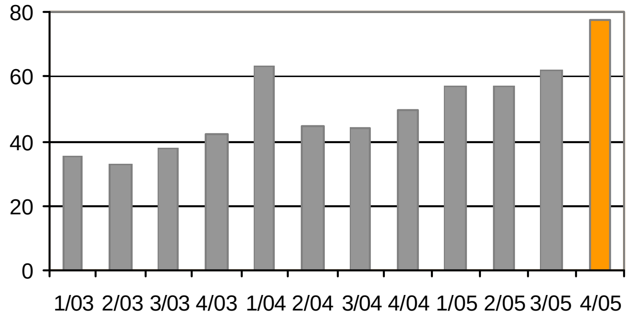
The Annual General Meeting will be held at 6.30 p.m. on 4 May 2006 at Citykonferensen, Malmskillnadsgatan 46, Stockholm.

NeoNet's annual report will be available in Swedish at end of March/beginning of April at the company's offices at Kungsgatan 33, Stockholm, and on the company's website www.neonet.biz. The Annual Report will also be mailed to shareholders that request a copy.

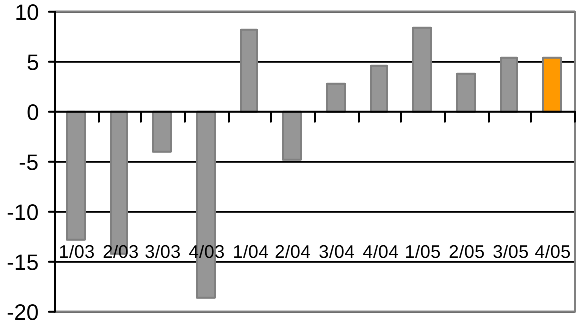
FINANCIAL DEVELOPMENT IN SUMMARY

SEK m	3 months Oct.-Dec. 2005	3 months Oct.-Dec. 2004	12 months Jan.-Dec. 2005	12 months Jan.-Dec. 2004
Income Statement 1) 2)				
Transaction revenues	77.4	49.6	253.2	201.1
Operating earnings before depreciation (EBITDA)	9.8	7.7	41.0	26.6
Operating margin	13%	15%	16%	13%
Earnings after tax	-1.5	-2.5	26.8	-12.3
Underlying Cash Flow 2)				
from operations (excl. net interest income)	10.1	8.0	38.8	27.5
from investment (excl. acquisitions)	-4.6	-3.3	-15.7	-16.6
Total underlying cash flow	5.5	4.7	23.1	10.9

Transaction Revenues, Quarterly, SEK m



Underlying Cash Flow, SEK m 2)

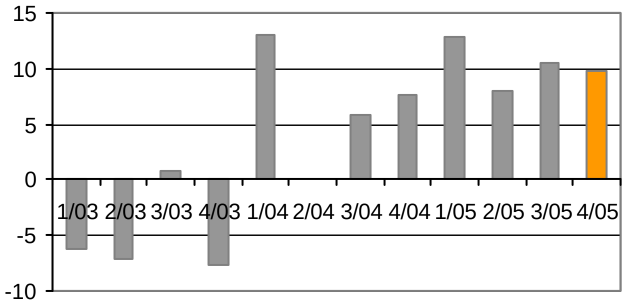


The underlying cash flow consists of:

- the sum of the cash flow from ongoing operations exclusive of interest income and before changes in assets and liabilities of ongoing operations
- investment activity, excluding acquisitions.

A summary of the Cash-Flow Statement is presented later on in this report.

Operating Earnings before Net Financial Items and Deprecation (EBITDA), SEK m 2)



1) The comparative figures for 2004 have been re-calculated according to IFRS. For more information, see page 10.
2) All earnings measures have been charged with SEK 5.7 m as the result of a trading error in the fourth quarter of 2005.

FINANCIAL STATEMENTS IN SUMMARY

Consolidated Income Statement

SEK m	3 months Oct.-Dec. 2005	3 months Oct.-Dec. 2004	12 months Jan.-Dec. 2005	12 months Jan.-Dec. 2004
Transaction revenues	**77.4**	**49.6**	**253.2**	**201.1**
Transaction expenses	-33.8	-19.7	-99.1	-73.4
Transaction revenues, net	**43.6**	**29.9**	**154.1**	**127.7**
Other operating revenues	1.3	2.1	4.8	5.8
Other operating expenses	-18.3.	-10.3	-58.3	-51.0
Personnel expenses	-16.8	-14.0	-59.5	-55.9
Net earnings from financial transactions	-0.3	-1.1	-0.6	-2.9
Depreciation	-6.2	-7.0	-24.0	-28.0
Interest income	1.7	0.8	5.3	2.7
Interest expenses	-4.5	-2.9	-15.6	-10.7
Net interest expense	-2.8	-2.1	-10.3	-8.0
Operating earnings/losses	**0.5**	**-2.5**	**6.2**	**-12.3**
Tax	-2.0	0.0	20.6	0.0
Earnings/losses after tax	**-1.5**	**-2.5**	**26.8**	**-12.3**
Earnings per share before dilution, SEK	-0.03	-0.05	0.53	-0.24
Earnings per share after dilution, SEK	-0.03	-0.05	0.48	-0.24
Number of shares, 000	50 590	50 582	50 590	50 582
Average number of shares, 000	50 589	50 582	50 585	50 582
Average number of shares after dilution, 000	57 150	51 866	55 745	50 582

FINANCIAL STATEMENTS IN SUMMARY

Consolidated Balance Sheet [1)]

SEK m	31 Dec. 05	31 Dec. 04
ASSETS		
Liquid assets	184.3	143.8
Intangible fixed assets	53.7	61.3
Goodwill	77.7	77.7
Tangible fixed assets	5.8	6.4
Deferred tax asset	20.9	-
Contract settlement receivables, net	115.7	22.8
Other assets	20.2	27.3
Pre-paid expenses and accrued income	9.5	6.9
Total assets	**487.9**	**346.2**
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY		
Liabilities to credit institutions	77.1	14.2
Securities loans	73.9	40.7
Other liabilities	17.7	8.9
Accrued expenses and deferred income	20.0	13.7
Subordinated debt	49.5	48.7
Shareholders' equity		
Share capital	2.5	2.5
Other injected capital	206.2	286.8
Reserves	-2.3	-16.2
Retained earnings	43.3	-53.1
Total liabilities, provisions and shareholders' equity	**487.9**	**346.2**
Memorandum items		
Blocked funds, liquid assets	158.4	118.4
Blocked funds, contract settlements receivables	77.0	4.0
Floating charge	15.0	15.0

Consolidated Cash-Flow Statement

SEK m	Jan.-Dec. 2005	Jan.-Dec. 2004
Cash flow from ongoing operations excluding settlement of executed equity transactions	48.3	28.9
Cash flow from ongoing operations attributable to settlement of executed equity transactions [2)]	13.1	-34.1
Cash flow from investment activity	-15.7	-17.5
Cash flow from financing activity	-5.0	34.3
Cash flow for the period	**40.7**	**11.6**
Liquid assets at beginning of year	143.8	135.1
Liquid assets, translation difference	-0.2	-2.9
Liquid assets at end of period	**184.3**	**143.8**

1) The comparative figures have been re-calculated according to IFRS. For more information, please see page 9.

2) The cash flow attributable to the settlement of equity transactions executed on behalf of clients varies considerably from period to period depending on the situation on the balance day with respect to the settlement positions.

Change in Consolidated Shareholders' Equity [1)]

Jan.-Dec. 2004

SEK m	Share capital	Other injected capital	Reserves	Retained earnings	Total shareholders' equity
Opening balance 1 Jan.2004	2.5	299.9	-8.1	-60.0	234.3
Translation difference	-	-	-8.1	6.1	-2.0
Transfer between restricted and non-restricted equity	-	-13.1	-	13.1	-
Earnings/losses for the period	-	-		-12.3	-12.3
Closing shareholders' equity 31 Dec. 2004	**2.5**	**286.8**	**-16.2**	**-53.1**	**220.0**

Jan.-Dec. 2005

SEK m	Share capital	Other injected capital	Reserves	Retained earnings	Total shareholders' equity
Opening balance 1 Jan. 2005	**2.5**	**286.8**	**-16.2**	**-53.1**	**220.0**
Reclassification of translation differences	-	-	11.1	-11.1	0.0
Payments received for new share subscriptions	0,0	0.1	-	-	0.1
Translation difference	-	-	2.8	-	2.8
Reduce of share premium reserve	-	-80.7	-	80.7	0.0
Earnings/losses for the period	-	-	-	26.8	26.8
Closing shareholders equity 31 Dec. 2005	**2.5**	**206.2**	**-2.3**	**43.3**	**249.7**

The accumulated translation difference as of 31 December 2005 was SEK -2.3 m (-5.1).

Accounting Principles
This year-end report was prepared in accordance with IAS 34 Interim Financial Reporting.

As of 1 January 2005, the NeoNet Group is using the International Financial Reporting Standards (IFRS), formerly IAS, in accordance with an EU decree, Swedish legislation governing credit institutions and securities corporations (ÅRKL), and the Swedish Financial Supervisory Authority's stipulation FFFS. . The transition to IFRS from the previously used accounting principles as prescribed in the EU decree has been executed according to IFRS 1. The effects on NeoNet of the transition to IFRS, and the re-calculated quarterly information according to IFRS, are described in an appendix.

The accounting principles are different to those described in the 2004 Annual Report due to the transition to IFRS. The company's new accounting principles in response to the introduction of the IFRS accounting principles are published on the company's website www.neonet.biz under Investor Relations. In conjunction with the introduction of a new disposition for the income statement in this year-end report, one cost item has been re-classified and moved from other operating expenses to transaction expenses. Comparative figures for 2004 have been adjusted. Otherwise, the same accounting principles, definitions of key figures and calculation methods as in the last Annual Report are used.

The parent company applies the Swedish Financial Accounting Standards Council's recommendation RR 32 Accounting for Legal Entities.

Stockholm, 9 February 2006

NeoNet AB (publ)

The Board of Directors and CEO

Auditor's Review Report
We have carried out a review of this year-end report in accordance with the recommendation issued by the Swedish Institute of Authorized Public Accountants (FAR).

A review is significantly limited compared to an audit.

Nothing has come to our attention that would cause us to believe that the year-end report do not meet the requirements of the Annual Accounts Act for Credit Institutions and Securities Companies for the group and IAS 34.

Stockholm, 9 February 2006

PricewaterhouseCoopers AB

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Financial Calendar 2005-2006
Annual Report 2005 in Swedish, end of March/beginning of April (Annual Report in English by end of April)
Interim Report Q1 2006, 4 May 2006, 8.25 a.m. CET
Annual General Meeting, 4 May 2006, 6.30 CET. Citykonferensen, Malmskillnadsgatan 46, Stockholm.
Interim Report Q2 2006, 17 August 2006, 8.25 a.m. CET
Interim Report Q3 2006, 25 October 2006, 8.25 a.m. CET
Year-End Release 2006, 8 February 2007, 8.25 a.m. CET

Appendix: Reconciliation between the current accounting principles and IFRS

In June 2002 the EU Council of Ministers introduced the International Accounting Standards ("IAS"), now called the International Financial Reporting Standards ("IFRS"), and as a result, all listed companies within the EU must prepare their consolidated accounts in accordance with IAS/IFRS.

Reconciliation for the opening balance sheet as of January 1, 2004

NeoNet has no IFRS adjustments in its opening balance sheet and accordingly, the opening balance sheet according to IFRS is the same as the balance sheet as of December 31, 2003 in accordance with the Swedish accounting principles. For this reason, no specific reconciliation for the opening balance sheet was prepared.

Reconciliation of the information in the 2004 quarterly reports

Below is a reconciliation of certain information in the interim financial statements with an explanation of how the above-mentioned effects have had impact each of the interim financial statements in 2004 and the full year 2004.

Consolidated Income Statement	**2004-01-01 - 2004-12-31**			**2004-01-01 - 2004-09-30**			**2004-01-01 - 2004-06-30**			**2004-01-01 - 2004-03-31**		
SEK m	As per IFRS	Adjust-ment	As per public report*	As per IFRS	Adjust-ment	As per public report*	As per IFRS	Adjust-ment	As per public report*	As per IFRS	Adjust-ment	As per public report*
Transaction revenues	201.1		201.1	151.5		151.5	107.4		107.4	62.8		62.8
Transaction expenses	-65.0		-65.0	-49.1		-49.1	-35.2		-35.2	-20.2		-20.2
Transaction revenues, net	**136.1**		**136.1**	**102.4**		**102.4**	**72.2**		**72.2**	**42.6**		**42.6**
Other operating revenues	5.8		5.8	3.7		3.7	2.2		2.2	1.1		1.1
Other operating expenses	-59.4		-59.4	-45.2		-45.2	-31.5		-31.5	-15.1		-15.1
Personnel expenses	-55.9		-55.9	-42.0		-42.0	-29.9		-29.9	-15.7		-15.7
Net earnings from financial transactions	-2.9		-2.9	-1.9		-1.9	-1.0		-1.0	0.0		0.0
Depreciation Note 1	-28.0	8.0	-36.0	-21.0	6.0	-27.0	-13.8	4.0	-17.8	-6.6	2.0	-8.6
Interest income	2.7		2.7	1.8		1.8	1.2		1.2	0.7		0.7
Interest expenses	-10.7		-10.7	-7.8		-7.8	-5.3		-5.3	-2.3		-2.3
Net interest expense	**-8.0**		**-8.0**	**-6.0**		**-6.0**	**-4.1**		**-4.1**	**-1.6**		**-1.6**
Operating earnings/losses	**-12.3**	**8.0**	**-20.3**	**-9.8**	**6.0**	**-15.8**	**-5.9**	**4.0**	**-9.9**	**4.7**	**2.0**	**2.7**
Tax	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
Earnings/losses for the period	**-12.3**	**8.0**	**-20.3**	**-9.8**	**6.0**	**-15.8**	**-5.9**	**4.0**	**-9.9**	**4.7**	**2.0**	**2.7**
Consolidated Key figures												
Operating margin	13%		13%	12%		12%	12%		12%	21%		21%
Net margin	neg.		neg.	neg.		neg.	neg.		neg.	10%		7%
Average capital employed	392.6		388.6	408.6		405.6	446.5		444.5	479.1		478.1
Equity/assets ratio	64%		62%	58%		57%	47%		46%	53%		53%
Earnings per share before dilution SEK	-0.24		-0.40	-0.19		-0.31	-0.12		-0.20	0.09		0.05
Earnings per share after dilution SEK	-0.24		-0.40	-0.19		-0.31	-0.12		-0.20	0.09		0.05
Consolidated Balance Sheet	**Dec 31, 2004**			**Sept. 30, 2004**			**June 30, 2004**			**Mar. 31, 2004**		
ASSETS												
Liquid assets	143.8		143.8	152.6		152.6	224.3		224.3	143.1		143.1
Intangible fixed assets	61.3		61.3	64.0		64.0	66.5		66.5	67.3		67.3
Goodwill Note 1	77.7	8.0	69.7	76.9	6.0	70.9	76.9	4.0	72.9	76.9	2.0	74.9
Tangible fixed assets	6.4		6.4	7.4		7.4	8.7		8.7	10.0		10.0
Contract settlement receivables, net	22.8		22.8	48.9		48.9	77.5		77.5	101.9		101.9
Other assets Note 2	27.3	-1.9	29.2	31.0	-2.1	33.1	26.4	-2.3	28.7	45.0		45.0
Pre-paid expenses and accrued income	6.9		6.9	8.9		8.9	10.1		10.1	8.1		8.1
Total assets	**346.2**	**6.1**	**340.1**	**389.7**	**3.9**	**385.8**	**490.4**	**1.7**	**488.7**	**452.3**	**2.0**	**450.3**
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY												
Liabilities to credit institutions	14.2		14.2	29.2		29.2	59.0		59.0	78.3		78.3
Securities loans	40.7		40.7	62.4		62.4	129.0		129.0	67.5		67.5
Other liabilities	8.9		8.9	9.0		9.0	8.6		8.6	47.4		47.4
Accrued expenses and deferred income	13.7		13.7	16.5		16.5	17.3		17.3	20.3		20.3
Subordinated debt Note 2	48.7	-1.9	50.6	48.5	-2.1	50.6	48.3	-2.3	50.6	-		-
Shareholders' equity												
Share capital	2.5		2.5	2.5		2.5	2.5		2.5	2.5		2.5
Restricted reserves	270.6		270.6	292.6		292.6	294.8		294.8	295.0		295.0
Earnings/losses carried forward	-40.8		-40.8	-61.2		-61.2	-63.2		-63.2	-63.4		-63.4
Earnings/losses for period Note 1	-12.3	8.0	-20.3	-9.8	6.0	-15.8	-5.9	4.0	-9.9	4.7	2.0	2.7
Total liabilities, provisions and shareholders' equity	**346.2**	**6.1**	**340.1**	**389.7**	**3.9**	**385.8**	**490.4**	**1.7**	**488.7**	**452.3**	**2.0**	**450.3**

*Refers to earlier published reports.

Other effects of the introduction of IFRS
As a result of the introduction of IFRS, NeoNet has amended its accounting principles. The main change is that the previous accounting principles for goodwill and goodwill has been replaced by the following:

Goodwill: Goodwill consists of the amount by which the acquisition value exceeds the actual value of the Group's share in the acquired subsidiary's net assets at the time of the acquisition. Goodwill has an indefinite period of benefit and accordingly, an annual assessment of the write-down requirement is made. NeoNet is using the exception in IFRS1, First-time Adoption of IFRS, and is not adjusting the acquisition analysis for acquisitions completed before January 2004. Goodwill is reported at the acquisition value less the goodwill amortization up to and including December 31, 2003.

Write-down: The write-down requirement for assets with an indefinite period of use that are not subject to depreciation is assessed on an annual basis. In the case of assets that are subject to depreciation, an assessment is made of the write-down requirement when there is an indication that an asset or group of assets has decreased in value. In cases where a write-down requirement assessment indicates that the reported value exceeds the estimated recovery value, the reported value is immediately written down to the recovery value.

These principles have been applied in the reconciliation between the current accounting principles and IFRS. In addition to the above, the following should also be noted:

Introduction of IAS 39 Financial Instruments: NeoNet has been complying with the Swedish legislation governing the annual reports of credits institutions and securities corporations (ÅRKL), which requires that the market value of financial instruments be assessed and reported. Thus the effects of the introduction of IAS 39 as of January 1, 2005 were expected to be limited.

- **Segment information**: NeoNet runs its business in one segment. The introduction of IAS 14 Segment Reporting does not affect this.

- **Stock-based remuneration IFRS 2**: The Group had no such employee programs that fall within the framework of IFRS 2 as of December 31, 2004.

- **Employee Benefits (RR 29 / IAS 19)**: As mentioned in the company's accounting principles with respect to NeoNet's pension obligations, the Group only uses premium-based pension plans, and accordingly, the introduction of RR 29 / IAS 19 Employee Benefits, is not expected to have any effect on NeoNet's accounting.

- **Explanation for the significant adjustments in the 2004 cash-flow statement**: There are no differences between the cash flow reported according to IFRS and the cash flow that was reported according to the previous accounting principles, neither for the full-year nor for the quarterly statements in 2004.

- **The parent company's accounting**: NeoNet AB comply with the recommendation in RR 32 Legal Entity Accounting when the parent company prepares its financial statements for 2005. It is NeoNet AB's opinion that the only difference this will involve is the one described in Note 2 below.

The company also believes that, at present, there are no significant differences in the accounting methods according to IFRS over a business cycle of five to ten years for NeoNet compared to the previous norms, with the exception of IFRS 3 Company Acquisitions, as a result of which goodwill amortization has ceased from January 1, 2005 to be replaced by an assessment of write-down requirements.
NeoNet believes that new accounting rules will be introduced that will affect the company's accounting. The possible effects of future changes in the rules cannot be predicted.

Note 1 According to IFRS 3, there is no amortization of goodwill according to plan, instead the write-down requirement is assessed at the end of each statement period. For this reason, the amortization of goodwill in 2004 was reversed, resulting in an increase in operating earnings of the same amount.

Note 2 Reclassification of loan issue expenses relating to the subordinated debt which was previously reported as gross in 'Other assets.'