

NeoNet – an attractive offer on a tough market

NeoNet's business concept is straightforward and focused. We offer equity execution services based on an advanced proprietary trading system linking the world's major stock exchanges. This makes them accessible to our clients, the institutional financial market players, at the mere click of a mouse. Our main client markets are Scandinavia, the United States and the UK, although since NeoNet was founded in 1996 we have brought on clients in twelve countries. In 2002, we strengthened our position as a challenger and international player that in a short time has established a clear brand.

Strong Client Growth Continues

NeoNet has continued to attract more clients by intensifying its international sales work and by offering an improved client offering with an increasing number of connected exchanges.

Equities markets around the world remained weak last year, but despite the harsh climate we have stuck to our previous strategies and can now offer our clients direct market access trading on a network of exchanges, which together represent one third of the world's total stock market capitalization.

Continued Expansion

As stated, NeoNet's offer for global equity trading has been widened to include new exchanges that have been made accessible to our clients during the year, including Nasdaq and the Milan and Brussels stock exchanges. A sales office has also been opened in London to enable us to step up our sales and marketing efforts towards

existing and potential clients on the important UK market.

Two new strategic partnerships with suppliers of systems for equity and portfolio management have been initiated. The agreements have expanded our distribution channels, primarily in the United States, and will enable us to speed up the process of providing trading access to more leading institutions.

Negative Market Trend

The negative market trend with falling trading volumes on the exchanges that began in 2000 has remained more or less unbroken throughout 2002 and this has affected the entire industry. In the second half of the year, we experienced a fall in trading volumes and earnings, for the first time in the history of NeoNet. Reported operating earnings before depreciation and net financial items were positive, but earnings before tax were SEK -31.7 m. The three percent fall in trading volumes and earnings should be set against market volumes on the exchanges where NeoNet conducts trading activities, which fell by an average of 24 percent. Our success in capturing market share is one of several signs that our offering is well positioned on the market. Our financial position also remains strong.

Investments in new links to exchanges increased expenses during the first six months, but in the last quarter of the year our personnel and other operating expenses fell as a result of the program of measures that was initiated in the third quarter. The program, which also provides for a slower pace of investment, will lower our expenses by at least SEK 25 m and improve net cash flow by at least SEK 35 m on an annual basis. In addition to lowering

personnel and other capacity-related expenses, we are introducing a new structure for the delivery and payment of executed equity transactions. The new structure will improve the gross margin, which has fallen as a result of the new exchange links and the low share price levels on equity markets. The cost-cutting program will be fully implemented by mid-2003.

An Industry Undergoing Rapid Change

Volumes on equity markets have been falling and the outlook remains uncertain, not least in a short-term perspective. Despite growth in the number of clients and in many cases increasing trading from existing clients, our current cost-cutting program may therefore need to be supplemented with additional measures.

However, the current trends are pointing our way – towards electronic equity trading. We can see large opportunities for future growth as well as strong earnings leverage through expanding trading volumes. Our service is a high-quality, cost-efficient offering that enables our clients to conduct effective equity trading activities on the connected exchanges.

We retain our ambition to realize our vision: to become the first-choice provider of efficient access to global equity liquidity for the world's leading institutional investors and broker-dealers. The transformation currently taking place on equity markets is still only in its infancy, and I believe that there is a considerable potential for companies such as NeoNet, which are focused on providing efficient electronic execution of equity transactions on the world's leading exchanges.

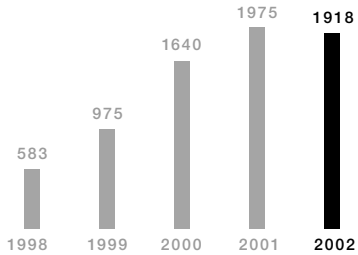
Torvald Bohlin
CEO

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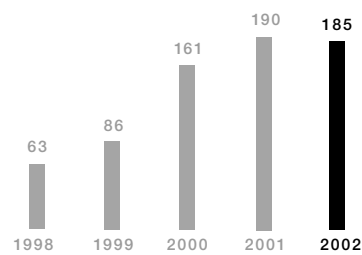
This Annual Report is a translation from a Swedish original. In the event of any differences between this translation and the Swedish original, the Swedish Annual Report (Årsredovisning) shall govern.

The Year in Summary

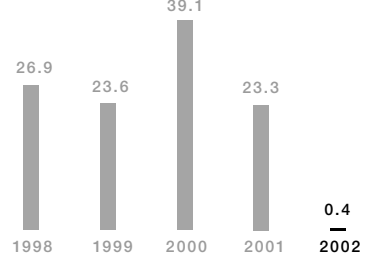
AVERAGE DAILY TRADING VOLUMES
SEK m



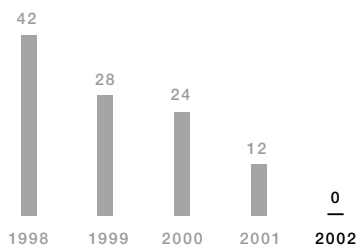
TRANSACTION REVENUES
SEK m



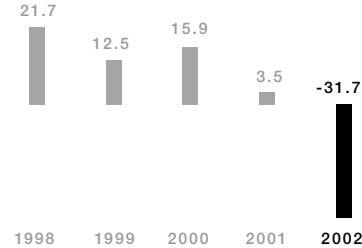
OPERATING EARNINGS BEFORE DEPRECIATION AND NET INTEREST INCOME
SEK m



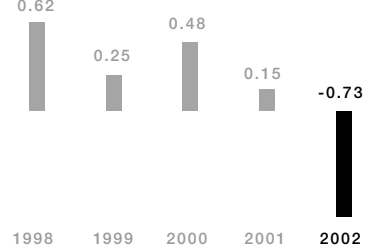
OPERATING MARGIN
Percent



OPERATING EARNINGS BEFORE TAX
SEK m



EARNINGS PER SHARE
SEK



Financial Overview – the Year in Summary

- Transaction revenues were SEK 184.7 m, against SEK 190.1 m last year. Revenues from direct electronic trading grew by 10% to SEK 157 m, which was 85% (75%) of total transaction revenues in the period.
- Trading on other exchanges than the Stockholm Stock Exchange increased to 56% (51%) of NeoNet's total transaction revenues.

- Revenues from the company's US clients rose 25%.
- Operating earnings before depreciation and net financial items were SEK 0.4 m (23.3 m). Earnings before tax were SEK -31.7 m (3.5 m).
- Measures taken to reduce the net costs by at least SEK 25 m and improve cash flow by at least SEK 35 m on an annual basis were initiated in the third quarter. The introduction of these measures does not entail any one-off charges.

- At the end of the period, the consolidated shareholders' equity was SEK 228.1 m (255.6 m) and the equity ratio 59% (31%). The group's cash in hand, adjusted for items relating to the settlement of clients' equity transactions, was SEK 164.5 m (193.1 m).
- Investments amounted to SEK 36.9 m (36.0 m), which corresponds to 20% (19%) of transaction revenues.

Why NeoNet?

The transformation of the market for cross-border equity trading has only just begun. The changes are partly driven by the opportunities created by new technology and partly by the increasing globalization of equity markets. There is thus a strong pressure for many traditional equity market players to make changes. The conditions for these changes already exist, and developments are largely driven by demands for greater efficiency from institutional asset managers.

NeoNet is an electronically-based broker-dealer providing cost-efficient, fast and secure equity execution services for institutional investors and broker-dealers on eleven of the world's leading stock exchanges. Through our integrated and consolidated offer, NeoNet's clients can concentrate all their trading activities in a single trading system, avoiding the need to make use of several broker-dealers and systems to trade equities on the connected exchanges.

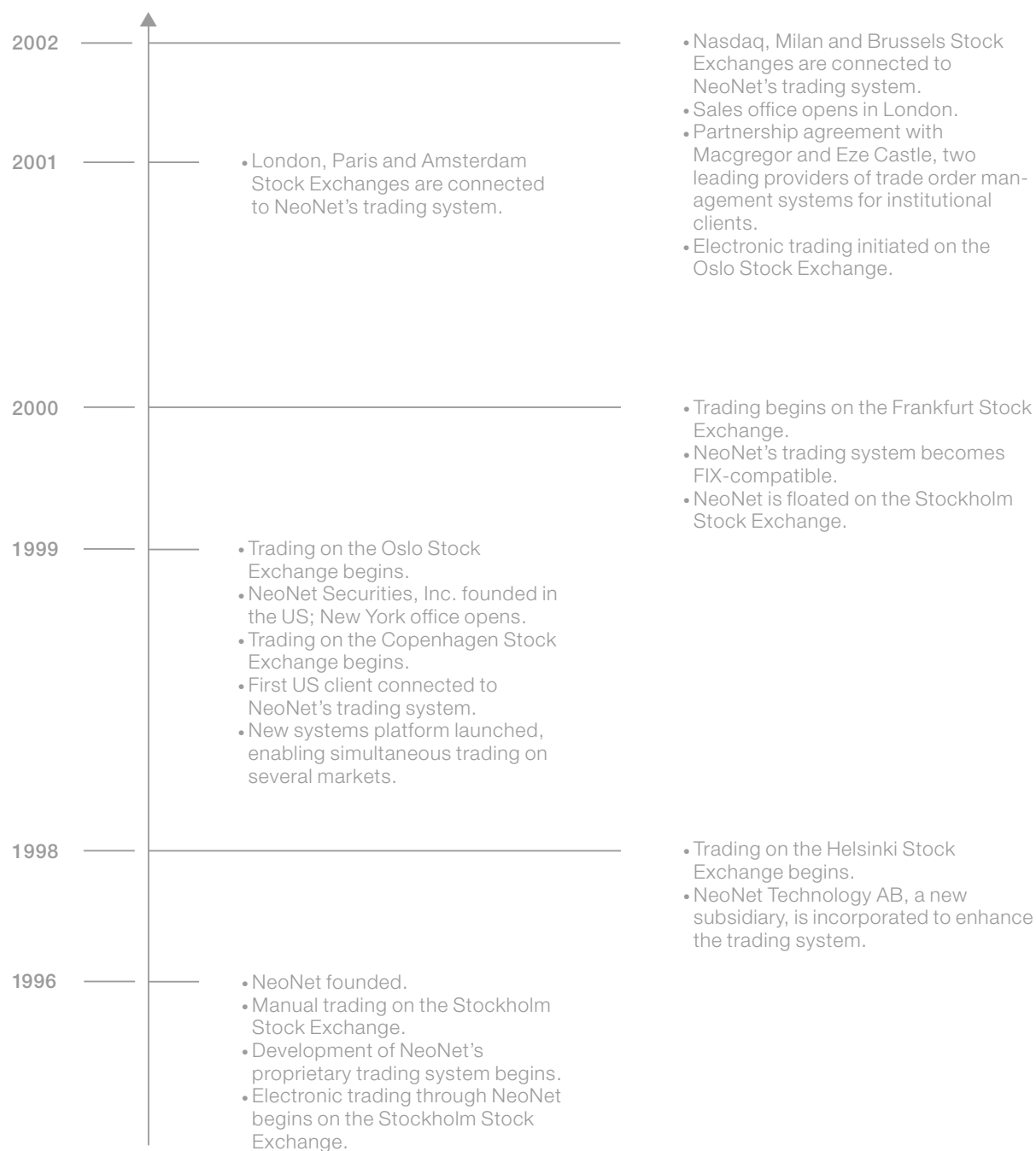
Institutional asset managers are demanding ever higher standards of cost-efficiency and independence from broker-dealers. The trend is further accentuated when markets are falling. There is ever less reason to pay a high price for a combined service including both trading and analysis. Instead, asset managers are increasingly turning to firms that focus only on one part of the chain in order to avoid the dependence that exists among the various parts of a full-service offering. This has meant that many market players, in common with NeoNet, are focusing on creating more efficient ways of executing their clients' transactions, preferably by electronic means – are growing.

During the year, another four exchanges have been linked electronically to NeoNet's network of exchanges, the inflow of new clients has continued, and the company now has clients in twelve countries. Our clients outside Sweden now account for about half of the revenues. NeoNet's success in the United States stands out, and the company is now also stepping up its efforts to target the UK market, where a sales office was opened during the year.

Yet because of the current negative trend on stockmarkets and the plunging trading volumes, NeoNet has not managed to achieve its long-term financial targets. A series of far-reaching cost-cutting measures are therefore being implemented. In the current market climate the planned connections to the New York Stock Exchange and Virt-x will be postponed until 2004. On the other hand, NeoNet will give greater priority to developing and introducing a new systems platform in 2003.

The new clients and the measures taken during the past year, together with the long-term stockmarket trend, place NeoNet in a good position to achieve a strong position once the market turns.

» In 2002 we strengthened our international position
with an attractive service offering and clear brand focus «



NeoNet – a highway to international equity trading for institutions

Business Concept

As a pure agency broker, NeoNet provides the institutional investor industry with neutral and efficient execution services on the world's leading stock exchanges. Orders are executed through a single screen using direct market access trading via our fast, reliable and cost efficient global exchange network as well as through our international trading desk. NeoNet is a recognized member of ten European stock exchanges and also offers trading on one US exchange, in total representing one third of the world's stock market capitalization.

How We Achieve Our Objectives

NeoNet's key strategies for achieving its overall objectives are:

Connect an Increasing Number of Exchanges

NeoNet will be providing wider opportunities for trading on a growing number of stock exchanges, based on the demand from our current and future clients. Our objective to connect the world's largest stock exchange, the New York Stock Exchange (NYSE), as well as Virt-x, to our network remain, but have been postponed until 2004 due the current market situation. NYSE accounts for more than 40 percent of the world's equity trading by market value.

Increased Focus on Product Functionality

NeoNet will be focusing on functionality that increases the efficiency of our client's trading activities and guarantees a fast, operationally secure and user-friendly trading service.

Attract New Clients

We will continue to place great stress on continuously attracting new institutional clients and broker-dealers, primarily in Europe and the United States.

Increase Service Use among Existing Clients

NeoNet will encourage its existing clients to use the company's system for trading on more of NeoNet's eleven connected exchanges and to integrate their systems with NeoNet's system. Another aim is to raise the number of users from each client.

Establish Strategic Partnerships

Through strategic partnerships NeoNet will build international alliances with leading financial providers in order to expand access to and increase the distribution of the company's trading services.

Long-Term Financial Objectives

- NeoNet's aim is to increase its revenues by at least 50 percent each year.
- The company's long-term objective is to achieve an operating margin of at least 25 percent.

Outlook for 2003

- Increase market activities on our existing European markets to boost sales and strengthen client relationships, and aim to raise the amount of trading that our existing clients conduct through NeoNet.
- Introduce a new generation of NeoNet's trading platform with increased flexibility, capacity and a simplified procedure for adding new functions aimed at maintaining and strengthening competitiveness.
- Further increase distribution capacity through partnerships with other leading suppliers in the financial sector.
- Fully implement the current cost-cutting measures.
- Trading volumes have been falling on equity markets and the outlook is uncertain, not least in the short term. Despite growth in the number of clients and in many cases increasing trading on the part of existing clients, our current cost-cutting program may need to be supplemented with additional measures. Based on NeoNet's previous performance, we believe that the company's long-term financial targets are realistic in a market with a positive trend.

Equity markets are under strong pressure to change

Market Development during 2002

Last year, turnover fell on equity markets around the world. This has had a direct impact on NeoNet's revenues and performance, as the company's revenues consist of commission on the values that clients trade through NeoNet.

A Traditional Industry in a Time of Change

For many years, the equity market has had a relatively uniform structure with well-established broker-dealers offering a full range of services. The services offered have been standardized. Clients have been offered a package solution, where trades are executed manually through a trading desk. Analysis and research services have been included in the price. In most cases, broker-dealers have had a whole range of different business areas in addition to equity trading and analysis, such as asset management, proprietary trading and corporate finance.

Even stock exchanges have long had a uniform structure. With traditions stretching back many years, exchanges had become national institutions in their own right, but in the last few years most exchanges have abandoned physical trading floors in favor of electronic order books.

New Business Models and New Technology

Since the mid-1990s, the traditional structures of broker-dealers as well as the national markets have been under heavy pressure to change. Local broker-dealers have come up against stiffening international competition from rival firms. At the same time, technological progress and the introduction of new international business models have encouraged the emergence of new categories of market players that have begun to challenge the traditional firms.

NeoNet is an example of a new type of intermediary, which, because its business model is focused purely on equity trading, is challenging the traditional full-service offering of broker-dealers. The opportunities created by new technologies are one of the main reasons why NeoNet has been able to create a service for cost-efficient electronic cross-border equity trading. While NeoNet is to some extent a competitor to the traditional broker-dealers, many of these are also NeoNet clients. This is because the traditional broker-dealers can gain access to exchanges that they have chosen not to be members of.

There are, of course, several market players with business models similar to that of NeoNet, i.e. which offer various types of cross-border electronic trading services to institutional investors and broker-dealers. These companies also provide trading access to stock exchanges and other marketplaces, and some of them are also gradually building up more focused, electronically-based services to meet the competition.

Stock exchanges, too, have been introducing new technology aimed at automating trading. They have also become increasingly commercialized, with many becoming listed companies themselves. There is now a certain competition for trading flows among the traditional national stock exchanges. Meanwhile, new marketplaces have been emerging on today's global and increasingly electronic market.

ECNs (Electronic Communications Networks) in the United States and "crossing networks" are two such new marketplaces. Both have their own independent electronic order books, which means that they are competing with the exchanges to become the place where buy and sell orders are matched.

In brief, the main driving forces on the equity market that are altering traditional roles and increasing competition are:

- New market players with business models which are focused on one link in the value chain are challenging companies offering a full range of service.
- New technology is driving the market, increasing competition globally and locally while creating opportunities for new types of businesses.
- Globalization and a more international view of equity trading are changing trading patterns and behavior.

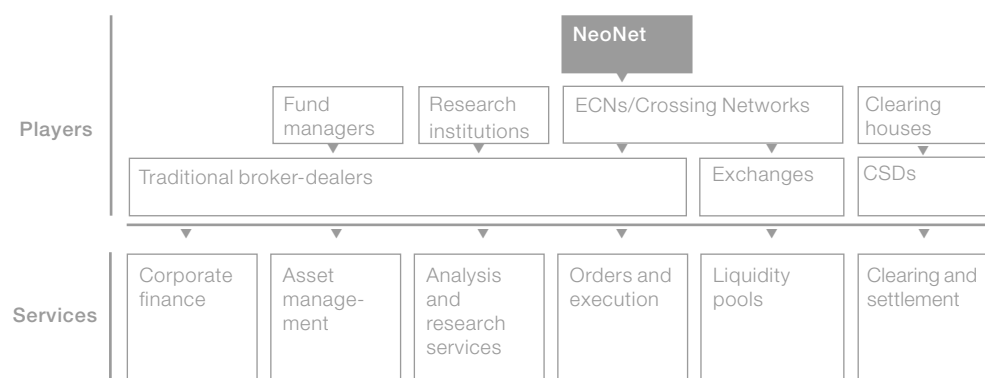
A Complex Competitive Situation

NeoNet's competitive situation is relatively complex, as it involves several different parts of the equity market. Broadly speaking, NeoNet's competitors are those companies which, like NeoNet offer, various forms of equity trading services to institutional investors and broker-dealers. These companies are trying to differentiate themselves on the market to achieve competitive advantages.

One clear trend is that more electronic links are being created among market players who were previously relatively independent. The main agent of this process is the growing use of the FIX (Financial Information eXchange) protocol, a messaging standard developed for the electronic exchange of securities transactions. An expanding network of connections among national exchanges, new marketplaces, electronic trading networks, broker-dealers and institutional investors is increasing the share of trades made electronically and across national borders. As the number of manual processes has fallen, low prices and high-quality trading services have become key objectives. Other success factors for the intermediaries, which add value to the transaction chain, are marketplace coverage, speed, functionality, security and user-friendliness.

» We have only seen the beginning of the current changes on the equity market «

EQUITY TRADING – MARKET PLAYERS AND SERVICES OFFERED



NEONET'S MARKET ENVIRONMENT

Market players	Examples	Comment
New market players		
International electronic intermediaries	▶ NeoNet, Instinet, Tradebook	▶ Offer international electronic access to marketplaces.
ECNs	▶ Instinet/Island, BRUT, Archipelago/REDIBook	▶ Electronic markets, primarily for Nasdaq equities. Mainly compete with each other.
Crossing Networks	▶ E-crossnet, POSIT, Liquidnet	▶ Complement to institutions that trade large volumes. The main competitors are the exchanges.
Traditional players		
Broker-dealers	▶ Morgan Stanley, Goldman Sachs, JP Morgan	▶ Global companies with a wide range of services.
National exchanges and exchange partnerships	▶ London Stock Exchange, NYSE, Euronext	▶ The exchanges' actions have a large influence on the markets. There is currently a trend towards alliances and consolidation.

NeoNet offers an efficient equity trading service to professional market players

Client Offering

NeoNet offers direct electronic trading in equities which together represent one third of the world's stock market capitalization to institutional investors and broker-dealers. NeoNet's network of exchanges offers our clients a fast, secure and cost-efficient tool for real-time equity transactions on the eleven connected exchanges. We offer our clients all links in the transaction, from order entry to execution. NeoNet also serves as counter-party for the payment and delivery of executed transactions, and offers trading through its international trading desk, which is staffed by experienced traders who execute our clients' equity trades efficiently and professionally. At the end of the year NeoNet offered trading on the following exchanges: Nasdaq, London, Frankfurt, Paris, Amsterdam, Brussels, Milan, Stockholm, Helsinki, Copenhagen and Oslo.

Revenue Model

NeoNet's revenues comprises commission on the value of the transactions we intermediate. The company does not have its own proprietary trading business, which means that our revenues and performance in any period are influenced by our clients' activity as well as the price levels and trading volumes on the connected exchanges.

Competitive Advantages

Focus

NeoNet is an agency broker focusing exclusively on equity execution on leading exchanges for institutional investors and broker-dealers. The company does not offer analysis or conduct any proprietary trading activities. NeoNet's focus therefore minimizes the risk of any conflicts of interest with our clients' businesses.

Speed

NeoNet offers direct real-time electronic equity trading with comprehensive price information on the connected exchanges and immediate confirmation of executed transactions. The electronic connections ensure the fastest possible execution for the clients.

Access

NeoNet offers simultaneous electronic access to eleven of the world's leading stock exchanges in one and the same system. Our clients gain access to a flexible and convenient tool offering real-time access to the connected exchanges. The trading is conducted through NeoNet's membership of the European exchanges.

Control

Through NeoNet's trading service our clients gain direct access to the order books of the connected exchanges, giving them full control over all their current orders. The client's orders are made in NeoNet's name directly on the connected exchanges, which means that the client is entirely anonymous to other market players.

Value for Money

Thanks to its focused service, NeoNet can offer a very low price. The user-friendliness of the system and the real-time access it provides give users full control over information and orders, thus further increasing the cost-efficiency for the client.

Efficiency

The FIX compatibility, flexibility and user-friendliness of NeoNet's trading system helps our clients to save time, lower costs and achieve better results on their transactions.

Services through the International Trading Desk

NeoNet's team of experienced traders offer efficient execution of our clients orders and equity portfolio trading activities.

They also provide support on trading-related issues. All clients, even those who only trade electronically, have a dedicated contact person at the trading desk, which further helps to strengthen client relationships.

The Electronic Trading System

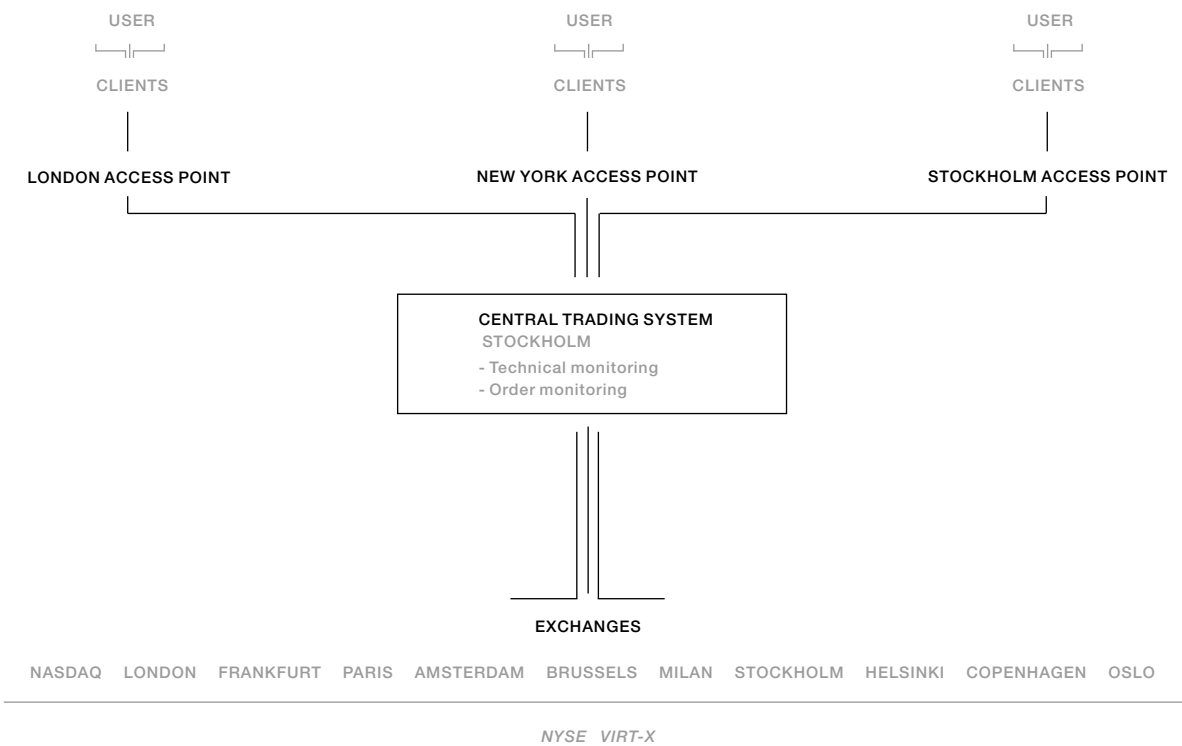
Through NeoNet's electronic trading system our clients gain real-time access to prices, market activity and order depth on five levels. To trade electronically, clients either use NeoNet's proprietary trading application or integrate NeoNet with their existing systems through the standard FIX protocol. Because all trading activities are handled through a single system, clients can monitor and trade on several marketplaces simultaneously. NeoNet's own trading application is easy to install and use. All that is needed is an ordinary PC with a Windows-based operating system. Centrally, at NeoNet, the trading system runs on Windows 2000 and Oracle platforms. The communication is based on the TCP/IP protocol.

A New Generation of the Trading System

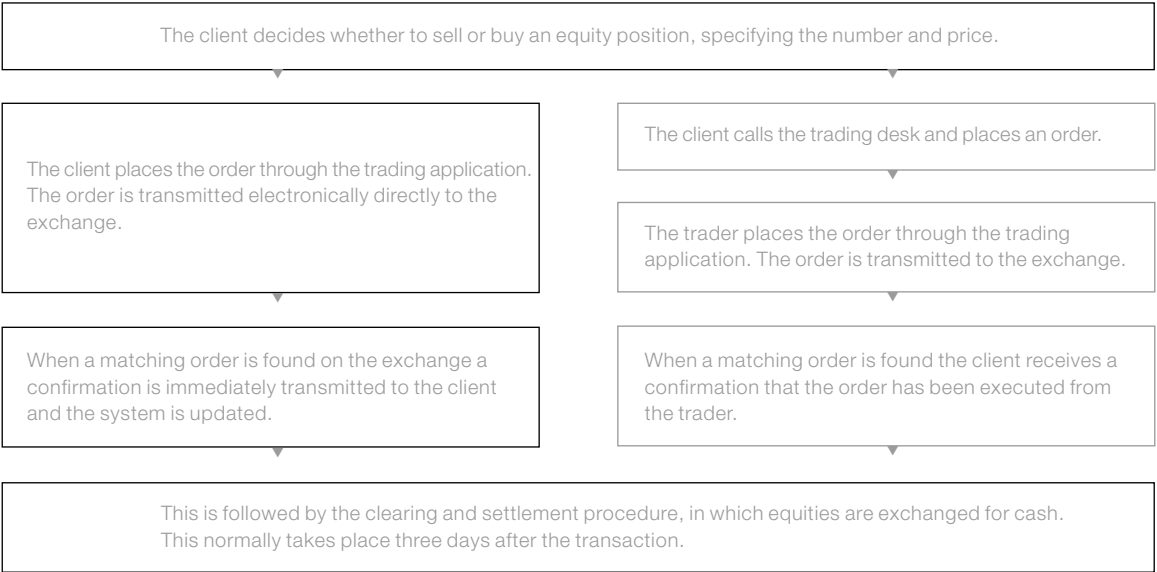
In 2002 NeoNet invested 20 percent of its transaction revenues in systems development and new hardware. A new generation of the trading system with improved flexibility, capacity and the ability to greatly expand client functionality is scheduled to become operational in 2003.

» It is clear that our offering to institutional investors and brokers is perfectly positioned – electronic equity trading is the future «

CLIENTS ARE CONNECTED TO THE TRADING SYSTEM THROUGH ONE OF THREE ACCESS POINTS AND CAN TRADE ON ELEVEN EXCHANGES.



CASE
TRADING ON NEONET – STEP BY STEP



NeoNet's clients are leading asset managers and broker-dealers

Clients

NeoNet exclusively services professional clients with a very extensive experience of securities trading. These can be divided into two main categories: broker-dealers and institutional investors. At present, NeoNet has clients in twelve countries, including the UK and the United States. In 2002, 20 percent of NeoNet's clients accounted for 79 percent of the company's transaction revenues.

Institutional Investors

In 2002, institutional investors generated 50 percent of NeoNet's total transaction revenues. This client category includes mutual funds, insurance companies and hedge funds or investment companies conducting proprietary investment activities. Generally, institutional investors are not themselves members of an exchange. NeoNet's offering is primarily aimed at institutional investors who need a focused, fast and easy-to-use service that enables them to trade efficiently on leading marketplaces.

Broker-dealers

NeoNet's other main client category, broker-dealers, accounted for 50 percent of the company's transaction revenues last year. A broker-dealer can be either a broker-dealer transacting business on behalf of clients or one that has its own proprietary trading activities. In the latter case, the client has an investment capital, which can be used to take positions in the market. Broker-dealers use NeoNet to gain access to exchanges on which they are not themselves members. Clients in this category are used to trading electronically and are in many cases members of stock exchanges.

Geographical Distribution

Out of NeoNet's total transaction revenues, 52 percent came from clients in Sweden, 28 percent from US clients and 20 percent from European clients outside Sweden. The three largest client markets are Sweden, the United States and the UK.

Sales, Marketing and Distribution

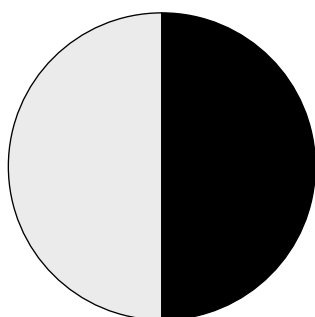
To widen and increase its client base, NeoNet has set a high priority on its marketing, sales and distribution activities. NeoNet's offering is aimed at a well-defined and professional client group, and the company therefore devotes a lot of resources to one-to-one marketing and direct contacts with existing and potential clients. At the end of the year, NeoNet

had eight staff members working in direct sales. Other key staff for NeoNet's client relationships are the company's eight traders and the IT technicians, who provide technical support. The delivery and settlement process, which is performed by NeoNet's back office staff in close conjunction with the client's back office department and the clearing bank, is another area.

To raise awareness of NeoNet quickly and cost-efficiently, the company has prioritized PR activities, conferences, trade fairs and supporting advertising on its key markets. The objective is to raise awareness of NeoNet's offering as well as the credibility of NeoNet as a leading and highly skilled global provider of electronic equity trading services. This improves our ability to conduct concrete sales activities.

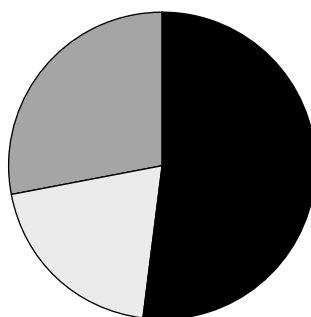
One way of rationalizing distribution is through partnerships. Our business partners also help to improve NeoNet's sales and distribution capacity, as we can target our offering directly at our partners' clients. At the end of the year, NeoNet had partnerships with the systems suppliers Macgregor, Eze Castle and Orc Software.

REVENUES BY CLIENT CATEGORY
2002



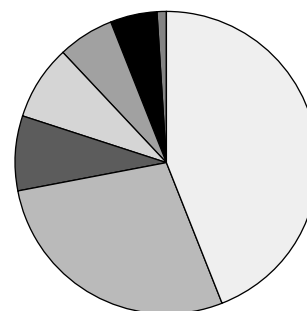
■ BROKER-DEALERS 50%
■ INSTITUTIONAL INVESTORS 50%

REVENUES BY CLIENTS' GEOGRAPHICAL LOCATION
2002



■ SWEDEN 52%
■ REST OF EUROPE 20%
■ USA 28%

INCOME BY EXCHANGE
2002



■ STOCKHOLM 44%
■ HELSINKI 28%
■ EURONEXT (PARIS, AMSTERDAM, BRUSSELS) 8%
■ FRANKFURT 8%
■ OSLO & COPENHAGEN 6%
■ LONDON 5%
■ MILAN & NASDAQ 1%

CASE

Partner Description Macgregor

During the year NeoNet has entered a partnership with leading OMS provider Macgregor having some of the world's largest institutional investors as clients. Technically the cooperation means that a

link is established between Macgregor's and NeoNet's systems. This in turn means that the distribution channels of NeoNet are increased significantly since this gives clients of Macgregor an electronic trading access via NeoNet.

Macgregor and NeoNet have established a common plan for sales acquisition and penetrating strategic business sectors. The primary purpose of NeoNet entering this partnership is to increase the number of clients and trading activities through NeoNet.

The skills and motivation of our staff are NeoNet's key growth drivers

Human Resources

The innovation and expertise of NeoNet's staff have been crucial for what is today a successful international company. The commitment and drive of our staff are the basis for the continued expansion and development of NeoNet as one of the leading companies in its field.

At the end of the year, NeoNet had 78 staff at its Stockholm, New York and London offices with an average age of 32. 27% had at least six years' experience of working in finance or IT. The division between the sexes was 23 women and 55 men. 71% have a university degree, mainly in IT, technology and finance.

Organization

NeoNet is organized into the following functions: Sales, IT, Back Office, Trading, Product Management, Finance and Administration, as well Business Development and PR. Out of NeoNet's 78 staff, 30 work in systems development and IT; eight work as traders, and eight work with direct sales and marketing towards new and existing clients. There are 15 back office staff and four who work with product development. The finance and administration division has ten staff, and three people work with other managerial and business development tasks. They are also responsible for marketing and communication issues.

Group Structure

The parent company, NeoNet AB (publ), has three wholly-owned subsidiaries, NeoNet Securities AB, NeoNet Securities, Inc. and NeoNet Technology AB. The head office and the two Swedish subsidiaries are located in Stockholm, and the US subsidiary in New York. There is also a sales and marketing office in London.

NeoNet AB (publ)

The parent company NeoNet AB is primarily responsible for group management, business development, financial issues, and marketing and communication issues.

NeoNet Securities AB

NeoNet Securities AB is the company that holds the memberships on the exchanges linked to NeoNet's trading system. It is regulated by the Swedish Financial Supervisory Authority. This company is the counterparty to NeoNet's clients in all transactions made on behalf of our European clients.

NeoNet Securities, Inc.

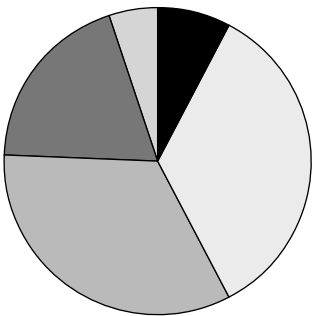
This company's activities mainly comprise the sale and marketing of NeoNet's services on the US market. NeoNet Securities, Inc. is also responsible for systems installations and support for our US clients. The company, which is the counterparty for all transactions on behalf of our US clients, is also a member of the National Association of Securities Dealers and the Securities Investor Protection Corporation.

NeoNet Technology AB

NeoNet Technology AB is the entity responsible for NeoNet's systems development work. The activities comprise development of the trading system's functionality and capacity, interfaces to new marketplaces, communications solutions and systems integration.

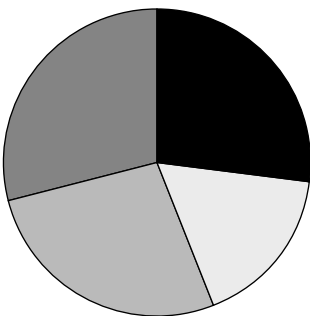
» The skills and commitment of our staff is the most crucial factor for NeoNet’s development «

GROUP AGE STRUCTURE,
NO. EMPLOYEES
2002



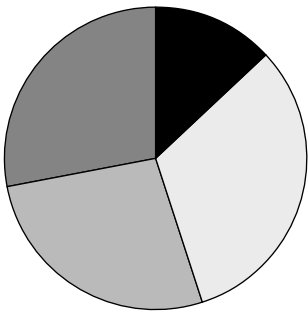
- 21-24, 6 PEOPLE
- 25-29, 27 PEOPLE
- 30-34, 26 PEOPLE
- 35-44, 15 PEOPLE
- 45-55, 4 PEOPLE

EDUCATIONAL LEVELS
2002



- BUSINESS MANAGEMENT GRADUATES 27%
- IT/OTHER TECHNOLOGY GRADUATES 17%
- OTHER GRADUATES 27%
- OTHER 29%

IT/FINANCIAL SECTOR EXPERIENCE
2002



- LESS THAN 3 YRS 13%
- 3-5 YRS 32%
- 6-10 YRS 27%
- MORE THAN 10 YRS 28%

The Share

Stock Structure

On December 31, 2002, there were 43,664,700 shares, each with equal rights to votes and dividends. During the financial year, the number of shares increased by 1,010,000 through the exercise of series 1999/2002 and 2000/2002 warrants.

Share Price Performance and Turnover

NeoNet's share was quoted on the O-list of the Stockholm Stock Exchange. The issue price was SEK 20. The highest closing price in 2002 was achieved in March, when, during a few days, buyers paid SEK 18 for the share. The year low was on October 8, 2002, when the price fell to SEK 5.25. The annual turnover was SEK 16.2 million, or 37% of the total number of outstanding shares. The corresponding figure for 2001 was 9.33 million shares (22%).

NEONET'S SHARE PRICE PERFORMANCE



Shareholders

At year-end, NeoNet had 2,980 shareholders, against 2,760 at the close of 2001. Foreign ownership was 2% (2%). The 15 largest shareholders according to the public share register and nominee register are illustrated below.

The 15 largest shareholders in NeoNet as at December 31, 2002

Shareholder	No. of Shares	Percentage of Share Capital & Vote
Hans Karlsson and companies	8,070,750	18.5%
Staffan Persson, family and companies	6,722,970	15.4%
Peter Lindell, family and companies	3,328,380	7.6%
Jörgen Tilander and family	2,331,300	5.3%
Lena Andersson and family	1,677,120	3.8%
Svolder AB	1,495,100	3.4%
Torvald Bohlin and family	1,020,000	2.3%
Lars Dahlin and family	918,940	2.1%
Hasse Albin	914,680	2.1%
Magnus Unger	850,000	1.9%
Småbolagsfond Sverige, Robur	844,500	1.9%
Johan Englund	753,260	1.7%
Royal Skandia Life	703,000	1.6%
Gündor Rentsch	658,560	1.5%
Ola Zetterblom	648,980	1.5%
Total 15 owners	30,937,540	70.9%
Others	12,727,160	29.1%
Total	43,664,700	100.0%

Ownership Structure

Shareholding	No. of Shares	Percentage of No. of Shares	No. of Shareholders	Percentage No. of Shareholders
1-1 000	1,154,670	2.6%	2,070	69.5%
1 001-10 000	2,602,490	6.0%	770	25.8%
10 001-50 000	1,725,660	4.0%	72	2.4%
50 001-100 000	1,762,397	4.0%	23	0.8%
100 001-	36,419,483	83.4%	45	1.5%
Total	43,664,700	100.00%	2,980	100.00%

Dividend Policy

NeoNet's dividend policy is to distribute dividends that are consistent with prevailing capital requirements, which mainly comprise investments, increases in the amount of working capital tied up, capital markets or regulatory requirements and shareholders' expectations of a good dividend yield. The objective is to distribute dividends of between 25-50 percent of the company's after-tax earnings.

Share Capital History

	Increase in No. of Shares	Total No. of Shares	Change in Share Capital, SEK	Total Share Capital, SEK
1996 Incorporation		759,248	759,248	759,248
1996 New issue	490,784	1,250,032	490,784	1,250,032
1999 New issue	250,006	1,500,038	250,006	1,500,038
1999 New issue	28,147	1,528,185	28,147	1,528,185
2000 Split 20:1	29,035,515	30,563,700	0	1,528,185
2000 Subscription ¹⁾	1,960,620	32,524,320	98,031	1,626,216
2000 Non-cash issue ²⁾	60,000	32,584,320	3,000	1,629,216
2000 New issue ³⁾	8,000,000	40,584,320	400,000	2,029,216
2000 Subscription ⁴⁾	3,680	40,588,000	184	2,029,400
2001 Subscription ⁵⁾	975,000	41,563,000	48,750	2,078,150
2001 Subscription ⁶⁾	11,980	41,574,980	599	2,078,749
2001 Subscription ⁷⁾	1,079,720	42,654,700	53,986	2,132,735
2002 Subscription ⁸⁾	1,000,000	43,654,700	50,000	2,182,735
2002 Subscription ⁹⁾	10,000	43,664,700	500	2,183,235

Notes

- 1 Subscription through exercise of the 2000/2006 warrants in September 2000.
- 2 Non-cash issue for the acquisition of a convertible debenture in NeoNet Technology AB.
- 3 New issue in connection with the flotation of NeoNet on the O-list of the Stockholm Stock Exchange.
- 4 Subscription through exercise of the 2000/2006 warrants in December 2000.
- 5 Subscription through exercise of the 1998/2001 warrants in April 2001.
- 6 Subscription through exercise of the 2000/2006 warrants in March 2001.
- 7 Subscription through exercise of the 2000/2006 warrants in June 2001.
- 8 Subscription through exercise of the 2000/2002 warrants in April 2002.
- 9 Subscription through exercise of the 1999/2002 warrants in October 2002.

Stock Option Program

As at December 31, 2002, NeoNet had a total of 439,500 outstanding warrants, each carrying the right to subscribe for one share. If all outstanding warrants were to be exercised, this would increase shareholders' equity by SEK 7.1 m. 99% of the outstanding warrants are held by employees of the group.

Option	Subscription Date	Exercise Date	No. of Options	No. of Shares	Exercise Price, SEK
Warrants	2002	May 2004	354,500	354,500	17.50
Staff options	2002	May 2004	30,000	30,000	13.00
Staff options	2002	May 2004	55,000	55,000	10.00
No. outstanding warrants			439,500	439,500	
No. shares after full subscription				44,104,200	

Consolidated Financial Performance, 5-Year Overview

INCOME STATEMENT

SEK 000	2002	2001	2000	1999	1998
Transaction revenues	184,749	190,067	160,851	86,359	63,364
Other operating revenue	7,027	7,220	5,589	1,636	7,925
Total operating revenue	191,776	197,287	166,440	87,995	71,289
Transaction expenses	-63,632	-49,180	-42,676	-17,079	-12,270
Personnel expenses	-53,845	-56,556	-43,565	-26,623	-19,614
Other operating expenses	-73,858	-68,255	-41,147	-20,174	-12,609
Operating earnings before depreciation (EBITDA)	441	23,296	39,052	24,119	26,796
% of transaction earnings	0%	12%	24%	28%	42%
Depreciation	-29,806	-23,200	-16,807	-8,864	-5,247
Operating earnings after depreciation	-29,365	96	22,245	15,255	21,549
Net margin	-16%	0%	14%	18%	34%
Interest income	8,147	7,972	4,314	1,417	2,265
Interest expenses	-7,215	-6,509	-11,693	-3,679	-2,229
Net earnings from financial transactions	-3,242	1,949	1,082	-475	136
Net financial items	-2,310	3,412	-6,297	-2,737	172
Operating earnings before tax	-31,675	3,508	15,948	12,518	21,721
Tax	-318	2,812	-193	-5,985	-6,222
Net earnings	-31,993	6,320	15,755	6,533	15,499

The above income statement complies in all material respects with generally accepted accounting principles for companies that are required to produce financial statements under the Swedish Annual Reports Act. This accounts structure is well suited to NeoNet's business, whose revenues are generated from transactions rather than revenue sources such as interest and other financial transactions, which are common among other financial businesses. However, the formal part of NeoNet's Annual Report follows the structure prescribed in the Swedish Act on the Annual Reports of Credit Institutions and Securities Companies. See also Notes, Accounting Principles.

BALANCE SHEET

SEK 000	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000	Dec. 31, 1999	Dec. 31, 1998
Assets					
Cash, bank balances and lending to credit institutions	201,504	597,393	292,185	70,378	88,533
Fixed assets	74,554	67,489	54,723	38,243	19,656
Other assets	108,394	148,216	194,217	63,630	14,684
Total assets	384,452	813,098	541,125	172,251	122,873
Liabilities, provisions and shareholders' equity					
Liabilities to credit institutions	35,833	54,431	130,886	51,029	12,400
Securities loans and other liabilities	119,221	499,784	170,932	59,666	73,087
Provisions	1,294	3,239	4,120	4,538	2,314
Restricted equity	243,679	230,202	213,073	45,025	7,200
Non-restricted equity	-15,575	25,442	22,114	11,993	27,872
Total liabilities, provisions and shareholders' equity	384,452	813,098	541,125	172,251	122,873

CASH FLOW STATEMENT

SEK 000	2002	2001	2000	1999	1998
Cash flow					
Cash flow from ongoing operations, excluding settlement of equity transactions executed on behalf of clients	-2,098	10,848	26,814	17,386	33,326
Cash flow attributable to settlement of equity transactions executed on behalf of clients*	-357,734	324,401	64,474	-19,103	47,207
Cash flow from investment activity	-36,871	-35,966	-33,287	-28,239	-11,593
Cash flow from financing activity	4,056	3,976	162,724	12,276	352
Cash flow for the year	-392,647	303,259	220,725	-17,680	69,292
Liquid assets, opening balance	597,393	292,185	70,378	88,533	19,105
Translation difference, liquid assets	-3,242	1,949	1,082	-475	136
Liquid assets, closing balance	201,504	597,393	292,185	70,378	88,533

*Cash flow attributable to the settlement of securities transactions on behalf of clients varies significantly from day to day depending on trading volumes and time variations in counterparty processing. Normally, transactions are settled two to three days after the transaction date.

KEY FIGURES

	2002	2001	2000	1999	1998
Transaction revenues, SEK 000	184,749	190,067	160,851	86,359	63,364
EBITDA, SEK 000	441	23,296	39,052	24,119	26,796
Operating earnings before tax, SEK 000	-31,675	3,508	15,948	12,518	21,721
Earnings after tax, SEK 000	-31,993	6,320	15,755	6,533	15,499
Gross margin	61%	73%	76%	81%	92%
Operating margin	0%	12%	24%	28%	42%
Net margin	neg.	0%	14%	18%	34%
Profit margin	neg.	3%	10%	8%	24%
Average number of trading days on connected markets*	252	251	250	250	250
Average daily trading volume, SEK 000	1,918,000	1,975,000	1,640,000	975,000	583,000

Financial position

Equity ratio	59%	31%	43%	33%	29%
Proportion of risk-bearing capital	61%	32%	44%	36%	30%
Interest cover	neg.	154%	236%	440%	1074%
Debt-equity ratio	0.5	2.0	1.2	1.6	2.0
Capital adequacy ratio	92%	79%	124%	51%	70%
Shareholders' equity, SEK 000	228,104	255,624	235,187	57,018	35,072
Average capital employed, SEK 000	427,229	415,871	269,307	106,487	68,326
Return on equity	-13%	3%	16%	14%	57%
Return on capital employed	-6%	2%	10%	15%	35%

Share data

Number of shares	43,664,700	42,654,700	40,588,000	30,563,700	25,000,640
Average number of shares	43,344,042	41,926,791	32,786,423	25,869,392	25,000,640
Earnings per share, SEK	-0.73	0.15	0.48	0.25	0.62
Shareholders' equity per share	5.22	5.99	5.79	1.87	1.40
Number of shares after full dilution	43,664,700	44,815,700	45,154,700	33,038,700	26,075,640
Average number of shares after full dilution	43,656,371	45,078,703	37,688,519	27,281,926	25,538,140
Earnings per share after full dilution, SEK	-0.73	0.14	0.42	0.24	0.61
Shareholders' equity per share after full dilution, SEK	5.22	6.09	6.00	1.81	1.45
Dividend per share before full dilution, SEK	-**	-	-	0.12	0.04

Employees

Number of employees at end of period	78	76	62	39	22
Average number of employees	75	67	54	33	18

* Estimate

** Proposed

DEFINITIONS, KEY FIGURES

EBITDA:	Earnings before net financial items, tax, depreciation and amortization.
Transaction expenses:	Transaction expenses and other variable expenses directly attributable to transactions on the respective exchanges.
Gross margin:	Gross earnings, i.e. total earnings less transaction expenses and expenses relating to purchased services that have been debited to the client, as a percentage of transactions expenses.
Operating margin:	Operating earnings before net financial items (*) and depreciation, as a percentage of transaction revenues.
Net margin:	Operating earnings before net financial items (*) and tax, as a percentage of transaction revenues.
Profit margin:	Earnings after tax as a percentage of transaction revenues.
Average capital employed:	Average total assets less average non-interest bearing liabilities including deferred tax liabilities.
Return on equity:	Net earnings as a percentage of average shareholders' equity in the period.
Return on capital employed:	Earnings after financial items plus interest expenses, in relation to average capital employed.
Equity ratio:	Closing balance of shareholders' equity as a percentage of closing balance of total assets.
Interest cover:	Operating earnings plus interest expenses, divided by interest expenses.
Debt-equity ratio:	Closing balance of interest-bearing provisions and liabilities in relation to closing balance of shareholders' equity.
Capital adequacy ratio:	Total capital base divided by total risk-weighted amount as defined by the capital adequacy requirements for credit and market risks (FFFS 2000:6).
Earnings per share:	Earnings after tax in relation to average number of shares in the period.
Shareholders' equity per share:	Closing balance of shareholders' equity in relation to average number of shares in the period.
Shareholders' equity per share after full dilution:	Closing shareholders' equity adjusted for the coming new issue, in relation to the total number of shares after the new issue.
Dividend per share:	Dividend for the year divided by the number of shares.
Average number of employees:	Average number of employees during the year, converted to full-time employee equivalents.

* Net financial items includes realized and unrealized currency translation differences on assets held in foreign currencies.
Comparison figures for previous periods have been converted.

Glossary

Settlement

Buyers of securities pay and receive securities while sellers deliver securities and receive payment. Contract notes are issued to the buyer and seller and the share register is updated.

Back Office

Department in a securities institution with responsibility for securities administration, including settlement.

Exchange Network

Generic term for the central trading system, the client's front-end trading application, connections to the exchanges and the network of dedicated data communication links connecting the various parts of the network. Also termed 'trading network'.

ECN [Electronic Communications Network]

A US corporation authorized by the SEC to manage electronic trading systems that match buy and sell orders for listed US stocks on behalf of clients.

FIX Protocol

Financial Information eXchange protocol, a messaging standard specifically developed for the electronic exchange of securities transactions. FIX was designed by the international FIX Committee, which consists of representatives from a number of institutional investors, broker-dealers and other financial industry players.

FIX-compatible

System or software that can be connected to other financial systems using the FIX messaging standard.

Trading System

The system which constitutes the central part of a trading network, in this case NeoNet's exchange network.

Hedge Fund

A fund with a less restricted investment strategy than an ordinary fund. In many cases, hedge funds can sell short, raise loans to add to their managed capital and invest in different types of securities. To sell short is to sell equities which one has borrowed in the hope of buying them back at a lower price at a later point.

Trading Network

See Exchange Network.

Front-End Application

The software installed with the client's site. It comprises a user interface and software enabling the reception of information and transmission of orders through NeoNet's central trading system to the respective marketplaces. The front-end application installed can be the application developed by NeoNet or another application provided by a different supplier. In the latter case, a link based on FIX or another interface to NeoNet's trading network is required.

Liquidity

A highly liquid security is a security with a high trading turnover and a narrow spread between bid and offer prices.

STP [Straight Through Processing]

Rationalization of working processes in connection with equity transactions. The objective is to create an automated process linking or fully integrating different equity transaction systems, settlement and other trading-related administrative procedures. The more direct, uninterrupted and electronically-based processes save time, cut expenses and reduce error frequency.

TCP/IP Communication

A protocol for packet-switched data communication.

DEFINITIONS

The Amsterdam Stock Exchange

Euronext Amsterdam, The Netherlands

The Brussels Stock Exchange

Euronext Brussels, Belgium

Euronext

Euronext N.V. and the subsidiaries Euronext Paris, Euronext Amsterdam and Euronext Brussels.

The Frankfurt Stock Exchange

Deutsche Börse AG, Germany

The Helsinki Stock Exchange

Helsinki Exchanges Group Ltd. Oy, Finland

The Copenhagen Stock Exchange

Københavns Fondsbørs A/S, Denmark

The London Stock Exchange

London Stock Exchange plc, UK

The Milan Stock Exchange

Borsa Italiana, Italy

Nasdaq

National Association of Securities Dealers Automatic Quotation, USA

NYSE

New York Stock Exchange, USA

The Oslo Stock Exchange

Oslo Børs, Norway

The Paris Stock Exchange

Euronext Paris, France

Securities and Exchange Commission (SEC)

The US regulatory body roughly corresponding to the Financial Supervisory Authority in Sweden.

Virt-x

Virt-x plc. and Virt-x Exchange Limited, UK. The exchange on which the most popular Swiss equities are traded.

Directors' Report

NeoNet AB (publ) (corporate identity no. 556530-1263) is the parent company of a financial group regulated by the Swedish Financial Supervisory Authority. Apart from the parent company, the group includes the wholly-owned subsidiaries NeoNet Securities AB (corporate identity no. 556530-4804), NeoNet Technology AB (corporate identity no. 556550-4858), both with registered offices in Stockholm, Sweden, and NeoNet Securities, Inc. which is registered in Delaware, USA. NeoNet provides equity transaction services to institutional investors and broker-dealers. The business is based on the company's proprietary trading system. NeoNet currently offers direct electronic trading as well as manual trading through its trading desk on the London, Paris, Amsterdam, Brussels, Milan, Frankfurt, Stockholm, Helsinki, Copenhagen, Oslo and Nasdaq stock exchanges. NeoNet has clients in twelve countries.

Financial Overview

Revenues

Transaction revenues were SEK 184.7 m, against SEK 190.1 m the year before. The average daily turnover intermediated by NeoNet was SEK 1,918 m, which was 3% less than in the previous year (SEK 1,975 m). During the whole-year period, the share of revenues generated by electronically transmitted orders was 85%, compared with 75% the year before. Trading on the Euronext exchanges, which were connected to NeoNet's trading system around year-end last year, developed well, generating 8% of total revenues. The market introduction of Nasdaq through NeoNet has proceeded at a slower pace than expected, which explains the marginal contribution of this exchange to total revenues.

Earnings

Operating earnings before depreciation and net financial items were SEK 0.4 m (SEK 23.3 m). Consolidated earnings

before tax were SEK -31.7 m, against SEK 3.5 m last year. The fall in revenues is due to two reasons: slower revenue growth as a result of the current market situation and the connection of new exchanges, which initially had a negative impact on the gross margin. The introduction of new exchange links increased expenses in the first half of the year, but in the last quarter personnel and other operating expenses fell following the implementation of a program of measures aimed at cutting the pace of investments, lowering costs and improving cash flow (see front page). Depreciation expenses rose SEK 6.6 m to SEK 29.8 m due to the last few years' increased investments in the development of new systems that will enable continued rapid expansion.

Net financial items includes a charge of SEK -3.2 m for realized and unrealized exchange-rate losses on assets held in foreign currencies. At year-end the company introduced a series of measures aimed at mitigating the effects of fluctuations in exchange rates.

Net Earnings after Tax

Net earnings after tax were SEK -32.0 m, a fall of SEK 38.3 m on last year (SEK 6.3 m). Earnings per share were SEK -0.73 (SEK 0.15).

Investments

Investments during the period were SEK 36.9 m (SEK 36.0 m). Out of the total amount, SEK 28.6 m (SEK 26.9 m) refers to the continued development of NeoNet's electronic trading system. The remainder mainly relates to investments in computer equipment. Investments amounted to 20% (19%) of transaction revenues.

Liquidity and Financial Position

The closing balance of consolidated shareholders' equity was SEK 228.1 m (SEK 255.6 m). As at December 31, the group had liquid assets of SEK 201.5 m, against SEK 597.4 m at the end of 2001. Out of the total liquid assets at the end of the period, SEK 149.1 m (SEK 557.0 m) referred to blocked funds, mainly collateral

for trading credits on behalf of clients temporarily drawn down. The group's cash in hand, adjusted for items relating to the settlement of clients' equity transactions, was SEK 164.5 m (SEK 193.1 m at the beginning of the year).

The capital adequacy ratio at the end of the year was 92%, against 79% the preceding year. The consolidated equity ratio at year-end was 59% (31%). The improvement in both these figures is wholly due to the lower figure for total assets on the balance-sheet date. The reason for the large variations in total assets is due to the nature of the business. Transactions with counterparties arise momentarily during the period between the execution of a securities transaction on the market on behalf of a client and the settlement of the transaction. The fluctuations in total assets are very large, as they are influenced by fluctuations in trading volumes as well as the varying degrees of delay in the settlement process and the size of the associated securities and money loans.

The group has no interest-bearing liabilities other than temporary settlement loans, which are taken out to cover liquidity or delivery delays on the part of clients. Such loans are very short-term, and only remain in place from the account date until the settlement of the underlying transaction, which is normally less than three days later.

The companies within the group have tax-loss carry-forwards amounting to SEK 28.3 m, which corresponds to a tax receivable not included in the balance sheet or income statement of SEK 9.5 m.

Other

The group has a disputed account receivable of a nominal EUR 1.1 m (SEK 10.2 m). At present, NeoNet does not see any need to make a provision.

The subsidiary NeoNet Securities AB, along with a number of other Stock Exchange members, have filed a suit against the Stockholm Stock Exchange in

relation to a dispute about the reimbursement of value-added tax. NeoNet's nominal share of the total claim is SEK 4.3 m. The amount has not been included as an asset in the balance sheet.

Human Resources

The number of employees in the group at year-end was 78 (76), of which 70 were based in Sweden, seven in the United States and one in the UK.

Environmental Aspects

NeoNet's operative activities have a very limited impact on the environment, as most business is transacted electronically. The main environmental factors are energy use for offices and computer rooms, business trips, which are mainly made by air, and the replacement of computer equipment. NeoNet develops electronic cross-border trading services, which in the long run should help to reduce the environmental impact in comparison with traditional methods of trading.

Outlook

NeoNet is exclusively focused on equity transactions on leading exchanges for institutional clients. The company's revenues consist of commissions on the value of the executed transactions. The company has no proprietary trading activity, which means that its revenues and earnings in any given period are influenced by its clients' activity as well as price levels and trading volumes on the connected exchanges. This means that the value of the daily trading volumes, and thereby also NeoNet's revenues and earnings, can vary considerably.

Trading volumes on equity markets have been falling recently, and the outlook remains uncertain, not least in the short term. Despite growth in the number of clients and, in many cases, increased trading activity on the part of existing clients, it may prove necessary to supplement the current cost-

cutting program with further measures. Based on NeoNet's previous performance, we believe that the company's long-term financial targets are entirely realistic in a market with a positive trend.

The Parent Company

The non-operational parent company is responsible for certain group-wide functions such as group management, finance, business development, IR and PR. The parent company posted earnings before tax and appropriations of SEK 0.0 m (SEK -3.3 m) for the year. The improvement is due to an improvement in net financial items caused by increased lending to subsidiaries.

In May, the parent company subscribed for a new issue of SEK 7 m in the subsidiary NeoNet Securities AB, and in October the parent company made a conditional shareholder contribution of SEK 20 m to the subsidiary NeoNet Securities AB. No investments were made in 2002 (SEK 0.4 m).

Shareholders' equity in the parent company was SEK 239.9 m (SEK 231.2 m) at the end of the year. As at December 31, the parent company had liquid assets of SEK 2.9 m, against SEK 15.5 at the same time the year before. The reduction is due to loans made to NeoNet's subsidiaries. In April, 50,000 warrants were exercised to subscribe for 1,000,000 shares in the company. This increased restricted equity by SEK 8.0 m. Out of the 58,050 warrants included in the 1999/2002 stock option program, 500 were exercised in 2002. This involved the subscription of 10,000 new shares in the company, which increased restricted equity by SEK 0.1 m. The new issue was registered on November 25, increasing the total number of shares to 43,664,700. In accordance with the decision taken at the Annual General Meeting in April, the group has introduced two stock option programs for its employees. In total, NeoNet's staff have received 439,500 options, of which 354,500 warrants relating to employees in Sweden have raised SEK 1.1 m in premiums.

Board Actions

The company's Board comprises five members appointed at the Annual General Meeting in 2002 and one member appointed by the employees. During the year, the Board convened on 14 occasions when minutes were taken. The Board observes a set of procedural rules which govern the division of responsibilities between the Board and Chief Executive Officer, as well as instructions relating to the structure and content of Board meetings. The CEO presents a written report to the Board on a monthly basis, which includes information about the group's operations and business situation, earnings figures for the last month, comments on any deviations from budget and an update on the staff situation. One of the major decisions last year was the introduction of a cost-cutting program. The Board has appointed a Compensation Committee from among its members, see Note 7.

Proposed Distribution of Earnings (SEK)

Group

The accumulated consolidated loss according to the consolidated balance sheet is SEK -15,574,780.

Parent Company

The following funds are at the disposal of the Annual General Meeting:

Retained earnings	16,127,541
Group contributions paid	-402,063
Net earnings	-91,222
	SEK 15,634,256

The Board and Chief Executive Officer propose that these earnings be distributed as follows:

Carried forward	15,634,256
	SEK 15,634,256

Earnings and Financial Position

With regard to the reported consolidated and parent company earnings and financial position at the end of the financial year, please refer to the following Income Statements and Balance Sheets, Cash Flow Statements and the associated notes and comments.

Consolidated Income Statement

SEK 000		Jan. 1 2002 Dec. 31 2002	Jan. 1 2001 Dec. 31 2001
	Note		
Transaction revenues	1	184,749	190,067
Commission expenses	2	-27,635	-24,112
Interest income	3	8,147	7,972
Interest expenses	3	-7,215	-6,509
Net earnings from financial transactions	4	-3,242	1,949
Other operating revenue	5	7,027	7,220
Total operating revenue, net		161,831	176,587
Other operating expenses	6	-109,855	-93,323
Personnel expenses	7	-53,845	-56,556
Depreciation of intangible and tangible assets	12,13,14	-29,806	-23,200
Total operating expenses		-193,506	-173,079
Net operating earnings		-31,675	3,508
Tax for the year	9	-318	2,812
Net earnings		-31,993	6,320
Earnings per share, SEK		-0.73	0.15
Earnings per share after full dilution, SEK		-0.73	0.14
Average number of shares, (000)		43,344	41,927
Average number of shares after full dilution, (000)		43,656	45,079

Consolidated Balance Sheet

SEK 000	Note	Dec. 31 2002	Dec. 31 2001
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ASSETS

Cash and lending to credit institutions	10	201,504	597,393
Intangible fixed assets	12	58,268	51,093
Goodwill	13	627	855
Tangible fixed assets	14	15,659	15,541
Contract settlement receivables, net	15	69,023	111,267
Other assets	16	32,278	30,271
Prepaid expenses and accrued income		7,093	6,678
Total assets		384,452	813,098

LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY

Liabilities, credit institutions	17	35,833	54,431
Securities loans		87,792	469,172
Other liabilities	18	16,244	12,284
Accrued expenses and prepaid income	19	15,185	17,931
Subordinated debt		-	397

Provisions	20	1,294	3,239
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Shareholders' equity

21

Restricted equity

Share capital	2,183	2,133
Restricted reserves	241,496	228,069

Non-restricted equity

Retained earnings	16,418	19,122
Net earnings	-31,993	6,320

Total liabilities, provisions and shareholders' equity

384,452	813,098
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MEMORANDUM ITEMS

Other pledged securities

Blocked funds, credit institutions (Cash and lending)	133,326	548,936
Blocked funds, clearing houses (Other assets)	17,613	8,063
Floating charge	15,000	16,000

Securities pledged for own debt

Shares in subsidiaries	-	23,473
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Consolidated Cash Flow Statement

SEK 000	Jan. 1 2002	Jan. 1 2001
	Dec. 31 2002	Dec. 31 2001
Ongoing operations		
Interest and transaction revenues received	193,221	197,851
Interest paid	-7,215	-6,509
Payments to suppliers and staff	-193,753	-182,321
Payments from clients	7,064	7,610
Tax paid	-2,820	-5,973
Cash flow from ongoing operations before change in assets and liabilities of ongoing operations	-3,503	10,658
Change in other assets of ongoing operations	3,928	-2,001
Change in other liabilities of ongoing operations	-2,523	2,191
Cash flow from changes in assets and liabilities of ongoing operations	1,405	190
Cash flow from ongoing operations, excluding settlement of equity transactions executed on behalf of clients	-2,098	10,848
Change in assets of ongoing operations attributable to settlement*	42,244	65,666
Change in liabilities of ongoing operations attributable to settlement*	-399,978	258,735
Cash flow from ongoing operations, attributable to settlement of equity transactions executed on behalf of clients	-357,734	324,401
Cash flow from ongoing operations	-359,832	335,249
Investment activity		
Acquisitions of intangible fixed assets	-28,588	-26,852
Acquisitions of tangible fixed assets	-8,283	-9,114
Cash flow from investment activity	-36,871	-35,966

*Cash flow attributable to the settlement of executed securities transactions varies sharply from day to day depending on trading volumes and time variations in counterparty processing. The typical settlement period is two to three days after the transaction.

	Jan. 1 2002	Jan. 1 2001
SEK 000	Dec. 31 2002	Dec. 31 2001
Financing activity		
New issue in connection with exercise of warrants	8,080	15,967
Premium in connection with transfer of detachable warrants	1,134	-
Repurchased warrants	-	-3,325
Repayments, subordinated debenture	-397	-161
Repaid borrowings	-	-10,000
Translation difference relating to foreign subsidiary	-3,837	1,495
Reduction in restricted equity	-924	-
Cash flow from financing activity	4,056	3,976
 Cash flow for the year	 -392,647	 303,259
 Liquid assets, opening balance	 597,393	 292,185
Exchange-rate fluctuations, liquid assets	-3,242	1,949
Liquid assets, closing balance**	201,504	597,393

**The group's cash in hand, adjusted for items relating to the settlement of clients' equity transactions (i.e. contract settlement receivables, securities loans and short-term settlement loans) were SEK 164.5 m (SEK 193.1 m at the beginning of the year).

Parent Company Income Statement

SEK 000		Jan. 1 2002 Dec. 31 2002	Jan. 1 2001 Dec.31 2001
	Note		
Operating expenses			
Other external expenses	6	-6,895	-7,624
Personnel expenses	7	-8,212	-8,124
Depreciation of tangible fixed assets	14	-143	-124
Total operating earnings		-15,250	-15,872
Financial items			
Interest income	3	15,283	12,837
Interest expenses	3	-4	-279
Net earnings from financial transactions		1	-1
Earnings from financial items		15,280	12,557
Earnings after financial items		30	-3,315
Appropriations	8	35	-30
Tax for the year	9	-156	821
Net earnings		-91	-2,524

Parent Company Balance Sheet

SEK 000 Note Dec. 31 2002 Dec.31 2001

ASSETS

Fixed assets

Equipment	14	283	426
Shares in subsidiaries	11	78,858	51,858
Total fixed assets		79,141	52,284

Current assets

Receivables from subsidiaries	10	159,360	167,998
Other receivables	16	1,021	825
Prepaid expenses and accrued income		553	676
Cash and bank balances	10	2,883	15,454
Total assets		242,958	237,237

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity	21		
Restricted equity			
Share capital (43,664,700 shares with a par value of SEK 0.05)		2,183	2,133
Share premium reserve		222,049	212,886
Reserve fund		3	3
Non-restricted equity			
Retained earnings		16,128	16,541
Group contributions paid/received		-402	2,111
Net earnings		-91	-2,524
Total shareholders' equity		239,870	231,150

Untaxed reserves	22	32	67
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Long-term liabilities

Subordinated debt		-	397
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Current liabilities

Accounts payable		874	553
Other current liabilities	18	713	3,598
Accrued expenses and prepaid income	19	1,469	1,472
Total current liabilities		3,056	5,623

Total shareholders' equity and liabilities		242,958	237,237
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MEMORANDUM ITEMS

Assets pledged for NeoNet's own liabilities

Shares in subsidiaries		-	26,939
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Contingent liabilities

Guarantee in favor of subsidiary*		369,936	1,000
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*The parent company stands surety for the subsidiary NeoNet Securities AB in respect of undertakings related to the execution and settlement of securities transactions on behalf of clients. The undertakings are largely offset by corresponding accounts receivable in the subsidiary. At the end of the year, these receivables amounted to SEK 350,402,000.

Parent Company Cash Flow Statement

SEK 000	Jan. 1 2002	Jan. 1 2001
	Dec. 31 2002	Dec.31 2001
Ongoing operations		
Operating earnings	-15,250	-15,872
Depreciation	143	124
Interest received	15,283	12,837
Interest paid	-4	-279
Cash flow from ongoing operations before change in working capital	172	-3,190
Change in other assets of ongoing operations	8,565	-74,594
Change in other liabilities of ongoing operations	-2,723	4,504
Cash flow from assets and liabilities of ongoing operations	5,842	-70,090
Cash flow from ongoing operations	6,014	-73,280
Investment activity		
Acquisitions of tangible fixed assets	-	-360
Conditional shareholder contribution to subsidiaries	-20,000	-
Shares in subsidiaries	-7,000	-
Cash flow from investment activity	-27,000	-360
Financing activity		
New issue in connection with exercise of warrants	8,080	15,967
Premium in connection with transfer of detachable warrants	1,133	-
Repaid subordinated debenture	-397	-161
Repurchased warrants	-	-4,222
Repaid borrowings	-	-10,000
Group contribution paid/received	-402	2,111
Cash flow from financing activity	8,414	3,695
Cash flow for the year	-12,572	-69,945
Liquid assets, opening balance	15,454	85,400
Exchange-rate differences, liquid assets	1	-1
Liquid assets, closing balance	2,883	15,454

Notes

Accounting Principles

Accounting Regulations

The consolidated financial statements follow the provisions of the Swedish Act on the Annual Reports of Credit Institutions and Securities Companies (ÅRKL), the recommendations of the Swedish Financial Accounting Standards Council (RR) and Regulation FFFS 2002:22 of the Swedish Financial Supervisory Authority. These are the legal and recommendatory instruments applying to Swedish financial holding companies, such as the parent company in NeoNet. A financial holding company is a company whose business consists entirely or almost entirely in the acquisition and management of shares in credit institutions and securities companies for the profit. The financial statements of the parent company have been drawn up in accordance with Swedish Annual Accounts Act (ÅRL). As of January 1, 2002, the group has been following the new recommendations RR 1:00 on Consolidated Accounts, RR15 on Intangible Assets, RR16 on Provisions, Contingent Liabilities and Contingent Assets, RR17 on Write-Downs and RR21 on Loan Expenses of the Swedish Financial Accounting Standards Council. In other respects, the accounting principles used for the present Annual Report are identical with those applied last year. The change of accounting principles has not had any effect on the company's earnings and position.

Statutory Consolidation

The consolidated accounts include the parent company NeoNet AB (publ) and the subsidiaries NeoNet Securities AB (corporate identity number 556530-4804), NeoNet Technology AB (corporate identity number 556550-4858) and NeoNet Securities, Inc., in which the parent company holds 100% of the capital and votes. The consolidated balance sheet has been drawn up in accordance with the acquisition method, which means that the parent company's acquisition value of shares in subsidiaries has been offset by shareholders' equity in the subsidiaries. The consolidated accounts have been drawn up in accordance with Recommendation No. 1 on Consolidated Accounts of the Swedish Financial Accounting Standards Council.

Reporting of Revenues

Revenues are booked at the time of completion of the underlying transaction.

Valuation of Receivables and Liabilities

Receivables and liabilities are valued at cost, which coincides with the actual value. Unless otherwise stated, assets are to be considered as current assets.

Conversion of Foreign Subsidiaries' Balance Sheets and Income Statements

The current exchange-rate method has been used to convert foreign subsidiaries' accounts to Swedish kronor. This means that all balance sheet items have been converted at the exchange rate prevailing on the balance sheet date, while income statement items have been converted using monthly average exchange rates. The resulting conversion effects are reported directly in shareholders' equity.

Foreign Currency Receivables and Liabilities

Receivables and liabilities in foreign currencies are valued at the exchange rate prevailing on the balance sheet date.

Depreciation of Fixed Assets

In the income statements, operating earnings are subject to depreciation according to plan. The depreciation is based on the financial life-span of assets. The following percentage rates are applied:

Electronic trading system	(intangible asset)	30 % (40 months)
Goodwill	(intangible asset)	20 % (60 months)
Computer equipment	(tangible asset)	30 % (40 months)
Other	(tangible asset)	20 % (60 months)

The company's electronic trading system is an asset that has been built up internally. New versions of NeoNet's trading system, which were acquired in 2002 but have not yet been taken into operation will be depreciated from the time of deployment being put into operation. Leasing agreements for cars, office equipment and other leasing are considered as operational leasing agreements. NeoNet has no financial leasing agreements.

Other Accounting Principles

Contract settlement receivables and liabilities which are settled through clearing-houses on the markets where NeoNet is a member have been reported at the net amount in the balance sheet. Changes in the liabilities relating to loans for borrowed securities are recorded in the balance sheet on a daily basis. The company has no proprietary trading activities and does not offer securities lending.

Risks

Counterparty Risk

NeoNet's counterparty risk is the risk that one of NeoNet's clients may be unable to fulfill its undertaking to deliver securities or funds (pre-settlement risk). However, no risk arises in the actual settlement of transactions (settlement risk), as all deliveries are made on the principle of DVP, Delivery Versus Payment.

NeoNet has no authorization to conduct proprietary trading activities, nor are such activities part of the company's business concept. Consequently, NeoNet has no securities portfolio of its own and therefore does not need to measure and manage what is generally termed market risk (falling prices), i.e. the risk of losing funds as a result of changes in the value of a holding. However, NeoNet is daily exposed to what are known as potential market risks, which arise during the period between the execution of a transaction and its settlement (i.e. the pre-settlement period). This type of risk arises because NeoNet in all trading transactions acts as a representative for its client, which means that in each transaction it has two counterparties: the client and the other or those other stock exchange members who represent the client's counterparty in the transaction.

The pre-settlement risk in relation to the clients is limited by the fact that all NeoNet clients are required to undergo a credit check before being approved for trading. In the event of a client failing to complete a transaction, NeoNet could suffer financial damage, as it may then need to buy or sell securities on the market at a different price than the one applying in the transaction concerned in order to complete the transaction with the counterparty.

Each client is assigned a daily trading limit equivalent to the maximum risk that NeoNet is willing to assume. In the event of a client exceeding its limit, NeoNet would limit the client's future trading (the client would then only be permitted to conduct trades that reduce the risk). NeoNet has also taken out credit insurance with Gerling Nordic Kredittforsikring AS (assigned credit rating A by Standard & Poor's), an insurance company with the German Gerling NCM AG insurance group. After an internal credit assessment, Gerling sets a maximum indemnification amount for each client. The insurance is intended to cover any losses that may arise in the event of a NeoNet client failing to fulfill its payment or delivery undertakings. The vast majority of NeoNet's clients are covered by the insurance, which is subject to an excess and certain conditions and limitations, which are determined individually for each client and reviewed on an annual basis.

Members of stock exchanges are subject to the supervision and monitoring of a regulatory body (in Sweden, the Financial Supervisory Authority). Exchanges and central security depositories (CSDs) also make certain requirements on their members in terms of regulations and capital adequacy. Counterparty risks in relation to other exchange members is limited in those cases where trades are executed on a marketplace in which a clearing house assumes the role of central counterparty (CCP). In such cases, the clearing house acts as buyer in all transactions with selling members and as seller in all transactions with buying members, which reduces the counterparty risk. The clearing house receives a collateral from both buyers and sellers, which is intended to cover any costs that may arise if the clearing house is forced to close a position because a counterparty is no longer able to fulfill its undertakings. In addition to the protection provided by clearing, some CSDs have built-in counterparty protection, such as guarantee funds.

Operational Risks and Quality Assurance

The term operational risk covers a wide category of risks that may result in financial damage for NeoNet. The following are a few typical examples of operational risk:

System risk	The risk that one of NeoNet's systems ceases to function.
Settlement risk	The risk of an equity transaction on behalf of a client fails or is not executed correctly.
Human error	The risk of errors caused by the human factor.

NeoNet manages these risks by continuously improving its internal routines and day-to-day control procedures. In particular, NeoNet uses an independent external auditor, who helps to identify any weaknesses in the company's internal routines. In respect of the trading system and its communication with the exchange systems and, where applicable, the client's order management system, NeoNet aims to achieve the highest possible security level and employs standards in the form of tried and tested data communications solutions, software and, where required, generally accepted communications protocols.

Interest and Currency Risks

The financial assets and liabilities on NeoNet's balance sheets are subject to interest at a floating rate. Short-term risk exposure is limited, as most of these assets and liabilities are very short-term, normally three to four days. NeoNet has pledged assets on foreign-currency accounts as collateral for its undertakings to settlement banks, clearing houses and securities centers. Since December 2002, NeoNet has been using forwards to reduce the currency risk in major euro-denominated holdings.

2002

2001

NOTE 1 TRANSACTION REVENUES

Commission from securities transactions	184,749	190,067
Total transaction revenues	184,749	190,067

NeoNet's business is focused on direct electronic trading on a number of different stock exchanges. As a supplementary service, NeoNet also offers its clients traditional trading through the company's trading desk. However, sales, marketing, operations and administration are run as a single business area; there is no division into separate areas of activity, either organizationally or in terms of responsibility. This means that there is no reason to report net sales by business area. The following information on the breakdown of NeoNet's transaction revenues should therefore be seen as supplementary information.

Revenues by Clients'**Geographical Location**

Sweden	96,230	52%	94,429	50%
Rest of Europe	37,245	20%	54,778	29%
USA	51,274	28%	40,860	21%
Total	184,749	100%	190,067	100%

Revenues by Transaction Method

Electronic trading	156,779	85%	142,025	75%
Manual trading	27,970	15%	48,042	25%
Total	184,749	100%	190,067	100%

Revenues by Exchange

Stockholm	82,138	44%	93,341	49%
Helsinki	51,850	28%	64,115	34%
Oslo and Copenhagen	11,331	6%	6,765	3%
Frankfurt	13,938	8%	14,253	8%
London	9,007	5%	10,039	5%
Euronext (Paris, Amsterdam, Brussels)	15,432	8%	1,554	1%
Milan and Nasdaq	1,053	1%	-	-
Total	184,749	100%	190,067	100%

NOTE 2 COMMISSION EXPENSES

Other commission expenses	-27,635	-24,112
Total commission expenses	-27,635	-24,112

The item comprises commissions payable to exchanges. These fees are normally based on the number of transactions or, in some cases, the trading volume.

2002 2001

NOTE 3 NET INTEREST INCOME

Group

Interest income

Lending to credit institutions	8,001	7,793
Other interest income	146	179
Total interest income	8,147	7,972

Interest expenses

Liabilities to credit institutions for securities and money loans	-7,198	-6,479
Other interest expenses	-17	-30
Total interest expenses	-7,215	-6,509

Net interest income 932 1 463

Parent company

Interest income

Lending to credit institutions	115	1,528
Interest income from subsidiaries	15,165	11,309
Other interest income	3	-
Total interest income	15,283	12,837

Interest expenses

Liabilities to credit institutions	-	-258
Other interest expenses	-4	-21
Total interest expenses	-4	-279

Net interest income 15,279 12,558

2002 2001

NOTE 4 NET EARNINGS FROM FINANCIAL TRANSACTIONS

Group

Exchange-rate fluctuations	-2,618	1,949
Change in value, currency forwards	-624	-
Total earnings from financial transactions	-3,242	1,949

The group's currency exposure comprises assets in foreign currencies, which have been paid as a deposit for required margin cover or retained for use as supplementary collateral for overnight and securities loans if required. Since December 2002, NeoNet has been using currency forwards on a regular basis to offset the effects of fluctuations in exchange rates.

2002 2001

NOTE 5 OTHER OPERATING REVENUES

Fees for IT consulting	-	1 532
Data communication and real-time share price information	6,776	5,558
Other revenues	251	130
Total other operating revenues	7,027	7,220

The item 'Data communication and real-time share price information' refers to revenues from services for which the charge is passed on to clients and which form part of NeoNet's offering to clients using the electronic trading system. The corresponding expense is reported under Other operating expenses.

Intra-group transactions

The subsidiary NeoNet Technology AB made sales of SEK 32,015,000 to NeoNet Securities AB and the NeoNet Securities AB made sales of SEK 44,676,000 to NeoNet Securities, Inc. The amounts have been eliminated in the consolidated accounts. The parent company did not have any revenue from the subsidiaries.

2002 2001

NOTE 6 OPERATING EXPENSES

This item includes expenses such as fees to banks for clearing and settlement services, data-related expenses, stock exchange membership fees, fees for administrative services, insurances, office expenses, auditor's fees and other types of fees. The parent company did not invoice any expenses to the subsidiaries.

Group

Auditing

Öhrlings Pricewater- houseCoopers AB	-461	-513
Rothstein, Kass & Company P.C	-299	-377

Other assignments excluding auditing

Öhrlings Pricewater- houseCoopers AB	-128	-209
Total Auditors' fees	-888	-1,099

Parent Company

Auditing

Öhrlings Pricewater- houseCoopers AB	-229	-195
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Other assignments excluding auditing

Öhrlings Pricewater- houseCoopers AB	-22	-
Total Auditors' fees	-251	-195

2002

2001

NOTE 7 PERSONNEL

Average Number of Employees	No. of employees	Of which Men	No. of employees	Of which Men
Sweden	66	48	59	44
US	9	6	8	4
Group	75	54	67	48

Number of Employees at End of Year

Sweden	70	49	66	48
US	8	6	10	5
Group	78	55	76	53

note 7 cont.

SALARIES, REMUNERATION AND SOCIAL SECURITY EXPENSES

	2002		2001	
	Salaries and Remuneration	Social Security Expenses (of which Pension Expenses)	Salaries and Remuneration	Social Security Expenses (of which Pension Expenses)
Parent Company	4,487	2,973 (1,406)	4,828	2,806 (1,104)
Subsidiaries	40,665	16,282 (5,053)	40,459	15,575 (3,466)
Group	45,152	19,255 (6,459)	45,287	18,381 (4,570)

In accordance with the company's pension policy, NeoNet makes regular premium-based provisions for staff pensions. The premium is determined by the employee's salary and age.

	Board and CEO (of which bonuses, etc.)	Other employees	Board and CEO (of which bonuses, etc.)	Other employees
Parent Company	2,418 (-)	2,071	2,676 (-)	2,164
Subsidiaries				
Sweden	1,102	32,025	3,876	29,387
US	2,396	5,140	2,048	5,148
Group	5,916 (-)	39,236	8,588 (-)	36,699

PERSONNEL EXPENSES

	2002	2001
Group		
Salaries and remuneration	45,152	45,287
Social security expenses – pensions	6,459	4,570
Social security expenses – other	12,796	13,811
Other personnel expenses	5,126	3,762
Total personnel expenses	69,533	67,430
Personnel expenses reported as acquisition value of intangible assets (development of trading system)	15,688	10,874
Personnel expenses according to income statement	53,845	56,556
Total personnel expenses	69,533	67,430

note 7 cont.

STOCK OPTION PROGRAM

In 2002, NeoNet introduced two stock option programs aimed at all its employees in Sweden and the United States. A total of 354,500 warrants and 85,000 employee stock options were issued.

Option	Issued	Exercise date	No. of Options	No. of Shares	Exercise Price, SEK	Premium
Warrant	2002	maj 2004	354,500	354,500	17.50	3.10
Employee stock options	2002	maj 2004	30,000	30,000	13.00	-
Employee stock options	2002	maj 2004	55,000	55,000	10.00	-
No. of outstanding options			439,500	439,500		
No. of shares after full subscription				44,104,200		
No. of potential shares according to RR18				43,664,700		

In view of the current share price, no dilution was thought to have arisen on the balance-sheet date.

In 2002, all senior executives in Sweden were given the opportunity to acquire warrants at market value. Senior executives in the subsidiary NeoNet Securities, Inc. in the US have received employee stock options free of charge. The market value of the warrants in the 2002/2004 Warrants and the 2002/2004 Employee Stock Option programs has been calculated on the basis of the Black & Scholes valuation model. Based on an analysis of the historical volatility of NeoNet's and similar companies' share prices, the expected volatility during the life of options has been estimated at 40%. At the time of allocation, the value of the Warrants was estimated at SEK 3.10 per warrant (the same as the acquisition price). The Board considered that the subscription price was consistent with the prevailing market situation.

Remuneration of Senior Executives

The Chairman and other Directors receive remuneration in accordance with the decision of the Annual General Meeting. No separate fees are paid for committee work. The employee representative and group employees do not receive any Directors' fees.

In 2002, NeoNet paid SEK 470,000 in Directors' fees for the 2001 financial year to Directors who are not employed by the company, of which SEK 150,000 to the Chairman of the Board. The Chairman has not received any additional remuneration on top of his Directors' fees. Directors' fees for 2002 totaled SEK 470,000. Fees of SEK 68,000 were paid to a Director in NeoNet Securities Inc. who is not an employee of NeoNet.

The remuneration of the CEO and other senior executives comprises a basic salary, other benefits, pensions as well as variable performance-based compensation and financial instruments, etc. Senior executives refers to those nine people who together with the CEO make up Group Management. For the members of Group Management, see page 52.

Like all NeoNet employees, the CEO and other senior executives are entitled to variable compensation that is essentially based on the financial performance of the group. Like the overall salary, such variable compensation should be proportionate to the performance of the employee.

The group only has premium-based pension plans. Pension expenses refers to the expenses charged to earnings for the year. For more information about NeoNet's pensions, see below.

REMUNERATION AND OTHER BENEFITS IN 2002

	Basic Salary/ Directors' Fees	Variable Compensation*	Other Benefits**	Pension Expenses	Benefit Financial Instruments, etc.***	Other Compensation	Total
Board of Directors	470	-	-	-	-	-	470
CEO	1,948	-	160	725	-	-	2,833
Other senior executives (9 people)	10,418	744	391	1 290	28	-	12,871
Total	12,836	744	551	2 015	28	-	16,174

*Variable compensation for the 2002 financial year have been charged to the accounts as commission-based salary.

**Other benefits refers to company cars.

***The figure for benefits relating to financial instruments has been calculated from market data at the time when the option was issued.

Terms of Notice, Severance Pay and Pensions

The company and the CEO are subject to a mutual period of notice of six months. Upon termination by the company, the CEO is entitled to severance pay of twelve months' salary, in addition to his normal salary as well as an additional provision to his pension corresponding to twelve months' salary. The severance pay and pension contribution are not deducted from other income. Upon termination by the CEO, the CEO is not entitled to any additional compensation or severance pay.

The retirement age for the CEO is 60 years. The pension premium is 34% of the pensionable income. Pensionable income refers to basic salary plus the average of the last three years' variable compensation. In case of the death of the CEO, survivorship annuity will be paid for five years.

For other senior executives the period of notice on the part of the company is at least three months and no more than twelve months. On the part of the employee the period of notice is at least three months and no more than six months. One senior executive is, in case of termination by the company, entitled to a one-off compensation of twelve months' salary in addition to salary during the period of notice. Two senior executives are entitled to twelve months' termination salary, subject to a settlement procedure against income from other active duty. The sum of the employee's termination salary and severance pay may never exceed 18 months' salary. No severance pay is issued in case of termination initiated by the employee.

For other senior executives the company has paid pension premiums of between 12 and 27 percent of the salary expense. The size of the premium is based on the salary and age of the insured employee.

Stock Option Program for Senior Executives

As at December 31, 2002, NeoNet's senior executives held a total of 215,000 warrants and 53,000 employee stock options, all of which are part of the two 2002/2004 programs, which are aimed at all NeoNet employees. Other programs from previous years have been completed. For more information on senior executives' holdings of shares and options, see page 52.

2002 OPTION PROGRAMS

	Number	Value, SEK 000	Acquisition Price, SEK 000	Benefit, SEK 000
Warrants 2002/2004				
CEO	-	-	-	-
Other senior executives	215,000	667	667	-
Total	215,000	667	667	-
Employee stock options 2002/2004				
CEO	-	-	-	-
Other senior executives	53 000	-	-	28
Total	53 000	-	-	28

The above benefit is calculated on the basis of market data at the time when the option is issued.

Drafting and Decision-Making Process

During the year, the compensation committee issued recommendations to the Board of Directors on the principles to be used for compensation to senior executives as well as other employees. The recommendations cover variable compensation as well as salaries and other remuneration to senior executives. The compensation committee also proposed a set of criteria for the determination of bonuses as well as the allocation and size of any remuneration in the form of financial instruments, etc.

The Board has discussed the compensation committee's proposal and taken a decision on the basis of the committee's recommendations.

The Board has decided on the remuneration of the CEO for the 2002 financial year on the basis of the compensation committee's recommendation. The CEO has decided on the remuneration of other senior executives based on the principles suggested by the compensation committee.

The compensation committee convened on three occasions in 2002. The committee has been supported in its work by external experts in matters relating to compensation in the form of financial instruments. The committee consists of the Chairman of the Board, Staffan Persson, the Director Hans Karlsson and NeoNet's CEO, Torvald Bohlin.

NOTE 8 APPROPRIATIONS

Parent company

Difference between booked depreciation and depreciation according to plan	35	-30
Total appropriations	35	-30

NOTE 9 TAX FOR THE YEAR AND DEFERRED TAX

Group

Current tax for the year	1,756	931
Deferred tax	27	-332
Deferred tax receivable relating to temporary differences	-	112
Reporting of deferred tax receivable relating to tax loss carry-forwards	-	2,101
Reinstatement of deferred tax receivable relating to tax loss carry-forwards	-2,101	-
Total tax for the year	-318	2,812

Difference between consolidated tax expense and tax expense based on applicable tax rates

Reported earnings before tax	-31,675	3,508
Tax at current tax rate	8,869	-1,088
Tax effect of non-deductible expenses	-314	-595
Tax effect of non-taxable revenues	40	70
Deferred tax on untaxed reserves	1,918	1,213
Reporting of deferred tax receivable relating to tax loss carry-forwards	-	2,101
Reinstatement of deferred tax receivable relating to tax loss carry-forwards	-2,101	-
Tax loss carry-forwards for the year	-8,730	-
Effect of foreign tax rates	-	1,111
Tax on net earnings according to Income Statement	-318	2,812

Tax Rate and Tax Receivables Not Included in the Accounts

The current tax rate, 28% (31%) is the rate applied to income tax in the group. The companies in the group have tax loss carry-forwards of SEK 28.3 m in total, which corresponds to a tax receivable not included in the balance sheets and income statements of SEK 9.5 m.

Parent company

Deferred tax, group contributions received	-156	821
Total tax for the year	-156	821

Difference between company's tax expense and tax expense based on applicable tax rates

Reported earnings before tax	65	-3,345
Group contributions paid/received	-558	2,932
Total taxable earnings	-493	-413
Tax at current tax rate (28%)	138	116
Tax effect of non-deductible expenses	-138	-116
Tax effect of group contributions	-156	821
Tax on net earnings according to Income Statement	-156	821

NOTE 10 LENDING TO CREDIT INSTITUTIONS/SUBSIDIARIES

Group

Investment information

Cash	19	11
Swedish credit institutions	88,638	253,451
Foreign credit institutions	112,847	343,931
Total cash and lending to credit institutions	201,504	597,393

Maturity structure, lending

Payable on demand	157,196	519,208
Remaining term of up to 3 months	44,289	78,174
	201,485	597,382

Parent company

Investment information

Swedish credit institutions	2,883	15,454
Receivable from subsidiaries	159,360	167,998

Maturity structure, lending

Payable on demand	2,883	15,454
Over 3 months, maximum 1 year	159,360	167,998

NOTE 11 SHARES IN SUBSIDIARIES

Company	Registered Office	Corporate Identity No.	No. of Shares	Share	Book Value
NeoNet Securities AB	Stockholm	556530-4804	400,000	100%	53,939
NeoNet Technology AB	Stockholm	556550-4858	2,300	100%	1,600
NeoNet Securities, Inc.	Delaware, USA		300	100%	23,319
					78,858

During the year, the book value of the subsidiary NeoNet Securities AB increased by SEK 27 m following a new issue of SEK 7 m and a conditional shareholder contribution of SEK 20 m.

2002 2001

NOTE 12 INTANGIBLE FIXED ASSETS

Group

Electronic trading system

Acquisition value, opening balance	90,361	63,509
Acquisitions	28,588	26,852
Obsolescence	-2,307	-
Acquisition value, closing balance	116,642	90,361

Depreciation according to plan, opening balance	-39,268	-22,553
Obsolescence	2,307	-
Depreciation according to plan	-21,413	-16,715
Depreciation according to plan, closing balance	-58,374	-39,268

Residual value according to plan 58,268 51,093

Acquisition value, closing balance for the electronic trading system includes system modules that have been booked but not yet been taken into to use. The modules are intended for the new system platform that is scheduled for completion in 2003. Their total value is SEK 19,062,000. No depreciation has yet been made.

NOTE 13 GOODWILL

Group

Acquisition value, opening balance	1,140	1,140
Acquisition value, closing balance	1,140	1,140

Depreciation according to plan, opening balance	-285	-57
Depreciation according to plan	-228	-228
Depreciation according to plan, closing balance	-513	-285

Residual value according to plan 627 855

2002 2001

NOTE 14 TANGIBLE FIXED ASSETS

Group

Acquisition value, opening balance	28,243	22,603
Acquisitions	8,283	9,114
Obsolescence	-2,666	-3,474
Acquisition value, closing balance	33,860	28,243

Depreciation according to plan, opening balance	-12,702	-9,919
Obsolescence	2,666	3,474
Depreciation according to plan	-8,165	-6,257
Depreciation according to plan, closing balance	-18,201	-12,702

Residual value according to plan 15,659 15,541

Parent company

Acquisition value, opening balance	594	234
Acquisitions	-	360
Acquisition value, closing balance	594	594

Depreciation according to plan, opening balance	-168	-44
Depreciation according to plan	-143	-124
Depreciation according to plan, closing balance	-311	-168

Residual value according to plan 283 426

NOTE 15 NET CONTRACT SETTLEMENT RECEIVABLES

Group

Contract settlement receivables	1,138,534	3,023,653
Contract settlement liabilities	-1,069,511	-2,912,386

Net contract settlement receivables	69,023	111,267
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2002 2001

NOTE 16 OTHER ASSETS

Group

Share in tenant-owners' association	788	788
Tax receivables	3,353	9,320
Funds deposited with clearing houses	17,613	8,063
Other receivables	10,524	12,100
Total other assets	32,278	30,271

Parent company

Share in tenant-owners' association	788	788
Other receivables	233	37
Total other assets	1,021	825

NOTE 17 LIABILITIES TO CREDIT INSTITUTIONS

Group

Lender categories

Swedish credit institutions	-	31,456
Foreign credit institutions	35,833	22,975

Total liabilities to credit institutions	35,833	54,431
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Maturity structure, liabilities to credit institutions

Payable on demand	35,833	54,431
Total	35,833	54,431

NOTE 18 OTHER LIABILITIES

Group

Accounts payable	12,389	7,753
Tax liability	-	143
Other liabilities	3,855	4,388
Total other liabilities	16,244	12,284

Parent Company

Liability to subsidiary	561	3,359
Other current liabilities	152	239
Total other current liabilities	713	3,598

2002 2001

NOTE 19 ACCRUED EXPENSES AND DEFERRED INCOME

Group

Commission expenses	2,216	2,297
Social security expenses	2,430	1,722
Vacation pay	3,038	2,083
Expenses paid to clearing banks	2,324	1,764
Data communication	853	469
Interest expenses	210	140
Personnel expenses	356	3,894
Other accrued expenses	3,758	5,562

Total accrued expenses and deferred income	15,185	17,931
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Parent Company

Directors' fees	470	460
Social security expenses	476	493
Vacation pay	270	224
Interest expenses	-	46
Other accrued expenses	253	249

Total accrued expenses and deferred income	1,469	1,472
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NOTE 20 PROVISIONS

Group

Deferred tax

Untaxed reserves	27	1,241
Depreciation exceeding plan	2,035	2,738
Other deferred tax	-768	-740

Total provisions	1,294	3,239
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NOTE 21 CHANGE IN SHAREHOLDERS' EQUITY

Group	Share Capital	Restricted Reserves	Retained Earnings	Net Earnings	Total Shareholders' Equity
Opening balance, 2001	2,029	211,044	6,359	15,755	235,187
Earnings carried forward	-	-	15,755	-15,755	-
New issue in connection with exercise of warrants	104	15,863	-	-	15,967
Repurchased warrants	-	-	-3,325	-	-3,325
Translation differences, subsidiary	-	4,281	-2,786	-	1,495
Decrease in restricted equity	-	-3,119	3,119	-	-
Net earnings	-	-	-	6,320	6,320
Closing balance, 2001	2,133	228,069	19,122	6,320	255,644
Opening balance, 2002	2,133	228,069	19,122	6,320	255,644
Earnings carried forward	-	-	6,320	-6,320	-
New issue in connection with exercise of warrants	50	8,030	-	-	8,080
Premium, warrants	-	210	-	-	210
Translation differences, subsidiary	-	-4,882	1,045	-	-3,837
Stock dividend	-	15,000	-15,000	-	-
Decrease in restricted equity	-	-4,931	4,931	-	-
Net earnings	-	-	-	-31,993	-31,993
Closing balance, 2002	2,183	241,496	16,418	-31,993	228,104
Parent company	Share Capital	Restricted Reserves	Retained Earnings	Net Earnings	Total Shareholders' Equity
Opening balance, 2001	2,029	197,026	19,677	1,085	219,817
Earnings carried forward	-	-	1,085	-1,085	-
New issue in connection with exercise of warrants	104	15,863	-	-	15,967
Repurchased warrants	-	-	-4,222	-	-4,222
Group contributions, received	-	-	2,933	-	2,933
Deferred tax on group contributions	-	-	-821	-	-821
Net earnings	-	-	-	-2,524	-2,524
Closing balance, 2001	2,133	212,889	18,652	-2,524	231,150
Opening balance, 2002	2,133	212,889	18,652	-2,524	231,150
Earnings carried forward	-	-	-2,524	2,524	-
New issue in connection with exercise of warrants	50	8,030	-	-	8,080
Premium, warrants	-	1,133	-	-	1,133
Group contributions, paid	-	-	-558	-	-558
Deferred tax on group contributions	-	-	156	-	156
Net earnings	-	-	-	-91	-91
Closing balance, 2002	2,183	222,052	15,726	-91	239,870

2002 2001

NOTE 22 UNTAXED RESERVES

Parent company

Depreciation exceeding plan	32	67
Total untaxed reserves	32	67

NOTE 23 CAPITAL ADEQUACY (GROUP)

The Company is subject to capital adequacy requirements stipulating that at least 8% of risk-weighted investments, in view of the credit risk, be covered by the capital base. Investments refers to both on- and off-balance sheet items. The capital base comprises shareholders' equity less consolidated goodwill. An analysis of the company's capital adequacy follows, indicating that the consolidated capital adequacy ratio is 92% (79%).

CAPITAL BASE

The capital base includes the appropriations and distribution of earnings proposed by the Board.

Tier 1 capital	227,478	254,789
Tier 2 capital	-	-
Total capital base	227,478	254,789

CAPITAL ADEQUACY REQUIREMENT, CREDIT RISK

Group	Weighting according to FFFS 2000:6	Balance Sheet Items	Off-balance Sheet Items	Risk-weighted Amount Dec. 31, 2002	Risk-weighted Amount Dec. 31, 2001
A	0%	3,371	-	0	0
B	20%	201,485	-	40,297	119,476
C	50%	-	-	0	0
D	100%	110,573	-	110,573	95,118
Total risk-weighted amount, credit risks				150,870	214,594

The various segments mainly include the following

- A Claims on or guaranteed by government/central bank within OECD or Swedish municipalities.
- B Claims on or guaranteed by municipalities, banks, certain financial institutions within the OECD and current receivables from banks in general.
- C Claims against mortgage deed security in residential real estate.
- D Other claims/assets.

RISK-WEIGHTED AMOUNT

2002 2001

Credit risk	150,870	214,594
Settlement risk in outstanding, delayed transactions	27,662	20,719
Currency risk	69,344	85,259
Total risk-weighted amount	247,876	320,572

note 23 cont.

2002

2001

CAPITAL ADEQUACY RATIO

Total capital base	227,478	254,789
Total risk-weighted amount	247,876	320,572
Capital adequacy ratio, percent	92	79

NOTE 24 RENTS AND MAJOR LEASING CONTRACTS

Group

The year's rental expenses were SEK 5,004,000 (4,926,000).

	2003	2004	2005	2006	2007	Total
Contracted future rental expenses	5,053	5,138	4,422	197	24	14,834

Parent company

The year's rental expenses were SEK 24,000 (26,000).

	2003	2004	2005	2006	2007	Total
Contracted future rental expenses	24	24	24	24	24	122

Operational leasing contracts relating to cars, office equipment, etc. are reported under operating expenses.

Stockholm, March 13, 2003

Staffan Persson, Chairman

Mats Sundström

Torvald Bohlin, CEO

Thord Wilkne

Hans Karlsson

Johan Englund

Our Audit Report was presented on March 13, 2003

Öhrlings PricewaterhouseCoopers AB

Stephan Tolstoy

Authorized Public Accountant

Per-Ove Zetterlund

Authorized Public Accountant

Audit Report

(translation of the Swedish original)

To the general meeting of the shareholders of NeoNet AB (publ)

Corporate identity number 556530-1263

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Chief Executive Officer of NeoNet AB (publ) for the year 2002. These accounts and the administration of the company are the responsibility of the Board of Directors and the Chief Executive Officer. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Chief Executive Officer, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the Chief Executive Officer. We also examined whether any Board member or the Chief Executive Officer has, in any other way, acted in contravention of the Companies Act, the Act on Annual Accounts of Credit Institutions and Securities Corporations or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act for the parent company, in accordance with the Act on Annual Accounts of Credit institutions and Securities Corporations and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the Chief Executive Officer be discharged from liability for the financial year.

Stockholm, March 13, 2003

Öhrlings PricewaterhouseCoopers AB

Stephan Tolstoy
Authorized Public Accountant

Per-Ove Zetterlund
Authorized Public Accountant

Management

Torvald Bohlin

President and Chief Executive Officer of NeoNet AB (publ). M.Sc. Business and Economics. Board member since 1996. Employed by NeoNet since March 2000. Torvald Bohlin is a former Senior Executive Vice President of Telia AB and President and CEO of the Swedish daily newspaper Aftonbladet. NeoNet AB shareholdings (incl. family): 1,020,000 shares.

Per Lindberg

Chief Financial Officer and President of the subsidiary NeoNet Securities AB. M.Sc. Business and Economics. Per Lindberg was formerly Business Controller for various Ericsson business units and CFO of Digital Equipment AB and Digital System Services AB. Employed by NeoNet since September 2000. NeoNet AB shareholding: 184,500 shares and 30,000 warrants conferring rights to subscribe for 30,000 shares.

Johan Englund

Chief Technical Officer. M.Sc. Engineering. Johan Englund was formerly Product Manager at Accept DataKapitalmarknads-system and options market maker at United Securities Fondkommission. Employed by NeoNet since April 1996. Employee representative on the Board of Directors since 2000. NeoNet AB shareholding: 753,260 shares and 30,000 warrants conferring rights to subscribe for 30,000 shares.

Pia Hofstedt

Chief Information Officer and President of the subsidiary NeoNet Technology AB. M.Sc. Business and Economics. Pia Hofstedt was formerly a Consultant Manager at Guide Konsult Stockholm and member of the management team of Guide Consulting. Employed by NeoNet since September 1998. NeoNet AB shareholding: 51,680 shares.

Peter Gaffney

President of NeoNet's US operations, President of the subsidiary NeoNet Securities, Inc. B.Sc. Economics. Peter Gaffney was formerly Vice President of Business and Technologies for Capital Markets at Paine Webber, Inc. Employed by NeoNet since September 2000. NeoNet AB shareholding: 53,000 employee stock options conferring rights to acquire 53,000 shares.

Tony Svensson

Head of Sales and Marketing. Master of Laws. Tony Svensson was previously Business Director for European Billing and Ledger Services at Intrum Justitia. Employed by NeoNet since August 2002. Shareholding in NeoNet AB: 60,000 warrants conferring rights to subscribe for 60,000 shares.

Mats Porle

Head of Global Trading. Mats Porle has previously worked as institutional trader at Den Danske Bank and at Hagströmer & Qviberg Fondkommission. Employed by NeoNet since April 1998. Shareholding in NeoNet AB: 2,000 shares and 30,000 warrants conferring rights to subscribe for 30,000 shares.

Carina Roosmark

Head of Back Office. B.Sc. Economics. Carina Roosmark was formerly back office manager at HSBC Investment Bank's Stockholm office. She also has experience from Alfred Berg Fondkommission AB's and Svenska Handelsbanken AB's back offices. Employed by NeoNet since October 2000. NeoNet AB shareholding: 11,000 shares and 30,000 warrants conferring rights to subscribe for 30,000 shares.

Ola Zetterblom

Head of Compliance. B.Sc. Economics. Ola Zetterblom's previous experience includes a period as Vice President of IT Strategy at OM Stockholm AB, where he was on the management team. Ola Zetterblom has also been Head of Sales & Marketing at Findata Finansiell Information AB. Employed by NeoNet since May 1996. NeoNet AB shareholding: 648,980 shares and 30,000 warrants conferring rights to subscribe for 30,000 shares.

Magnus Karlsson

Head of Business Development and Corporate Communications. M.Sc. Engineering. Magnus Karlsson was previously Public Affairs Manager and Web Director at Telia AB's Group HQ. Employed by NeoNet since August 2000. NeoNet AB shareholding: 2,000 shares and 5,000 warrants conferring rights to subscribe for 5,000 shares.

Tony Svensson

Mats Porle

Johan Englund

Magnus Karlsson

Per Lindberg



Peter Gaffney

Carina Roosmark

Torvald Bohlin

Pia Hofstedt

Ola Zetterblom

The Board and Auditors

The Board

Staffan Persson

Chairman since 1996.

B. Sc. Economics.

Senior Partner of the venture capital company ITP.

Other Board assignments: Chairman of ARK Travel AB and Optovent AB.

Board member of several companies, including Kentor AB.

NeoNet AB shareholding (incl. family and companies): 6,722,970 shares.

Call options on 1,500 shares have been issued.

Torvald Bohlin

President and Chief Executive Officer.

Board member since 1996.

M. Sc. Business and Economics.

Other Board assignments: Board member of several companies, including

Arrowhead AB, Tradedoubler AB and

Svenska Golfförbundet Affärsutveckling AB.

NeoNet AB shareholding (incl. family): 1,020,000 shares.

Hans Karlsson

Board member since 1996.

M. Sc. Engineering.

Other Board assignments: Chairman of HiQ International AB. Board member of several companies, including

Industriförvaltnings AB Johnson Pump.

NeoNet AB shareholdings (incl. companies): 8,070,750 shares. Call options on 1,500 shares have been issued.

Mats Sundström

Board member since 2000.

M. Sc. Business and Economics.

Other Board assignments: Chairman of OTW-Media and IBizkit AB.

NeoNet AB shareholdings: (0 shares).

Call options conferring rights to acquire 6,000 shares.

Thord Wilkne

Board member since 2000.

Other Board assignments: Chairman of WM-Data AB. Board member of several companies, including Scandiaconsult

AB, the Confederation of Swedish Enterprise and Temagruppen Sverige AB.

NeoNet AB shareholdings: 400,000 shares.

Johan Englund

Employees' Board representative since 2000.

M. Sc. Engineering.

NeoNet AB shareholdings: 753,260 shares and 30,000 warrants conferring rights to subscribe for 30,000 shares.

Auditors

Stephan Tolstoy

Authorized Public Accountant.

Öhrlings PricewaterhouseCoopers AB.

Per-Ove Zetterlund

Authorized Public Accountant.

Öhrlings PricewaterhouseCoopers AB.

Financial Reports – 2003

First-quarter Interim Report, May 7
Annual General Meeting, May 7
Second-quarter Interim Report, August 21
Third-quarter Interim Report, October 23
Year-End Report 2003, January 29, 2004

Annual General Meeting

Time and Place

The Annual General Meeting (AGM) will be held at 6.30 p.m. on Wednesday May 7, 2003 in “Polhemsalen” at Citykonferensen, Malmkillnadsgatan 46 in Stockholm.

Shareholders who wish to take part in the Annual General Meeting must:

- be registered in the share register maintained by VPC AB no later than Thursday April 24, 2003.
- notify the company of their intention to take part in the AGM no later than 4 p.m. on Friday May 2, 2003.

Shareholders whose shareholding is registered in the name of a trustee must, in order to have the right to participate at the AGM, temporarily register their shares in their own name. Shareholders who require such re-registration should notify their trustee of their intention in good time before April 24, 2003.

Application

Shareholders must notify the company of their intention to attend the AGM in writing no later than May 2:

- by fax: +46 8 10 40 84
- by e-mail: investor.relations@neonet.biz, or
- by mail to NeoNet AB, “AGM Application”, Box 7545, 103 93 Stockholm, Sweden.

When applying, please state your name, personal or corporate identity number (if applicable), address, telephone number, shareholding and the number of any assistants.



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