NeoNet's Year-End Report 1 January – 31 December 2004

Stockholm, 10 February 2005

The Year in Summary

- The operating revenues increased by 34% to SEK 206.9 m (SEK 154.1 m).
- The earnings after tax amounted to SEK -20.3 m (SEK -47.1 m).
- The earnings per share amounted to SEK -0.40 (SEK -1.05).
- The operating earnings before depreciation and net financial items improved and amounted to SEK 26.6 m (SEK -17.0 m).
- A new trading platform with significantly enhanced performance and increased flexibility and capacity was launched. Despite the finalization of the platform, investments were reduced by 47% to SEK 16.6 m (SEK 31.7 m).
- NeoNet entered into co-operations with SimCorp and Thomson Financial to expand the distribution network.
- Trading on three new exchanges was added to the offering: Virt-x, Lisbon and Madrid.
- Simon Nathanson took up the position as the company's President and CEO on March 15.
- NeoNet's issue of debentures with detachable warrants and with preferential rights injected SEK 50.6 m before issue and guarantee costs of SEK 2.4 m.

The Quarter in Summary

- The operating earning increased by 16% to SEK 51.7 m (SEK 44.7 m).
- The earnings after tax amounted to SEK -4.5 m (SEK -14.6 m).
- The earnings per share amounted to SEK -0.09 (SEK -0.30).
- Investments for the quarter were reduced to SEK 3.2 m (SEK 11.3 m)
- A co-operation was established with Swiss SIS SegaInterSettle for an integrated trading, clearing and settlement solution.
- The integration of the operation taken over in connection with the Lexit acquisition was completed, which means that all trading now goes through NeoNet's system.

Events After the End of the Period

- A co-operation has been started with Redeye to offer clients independent analysis.
- New client functionality has been added to NeoNet's trading platform.

CEO's Statement

"We have carried out many positive changes to increase efficiency and form a foundation for growth. The outcome of the changes can already be seen in an increase of revenues by 34%, decreased investments, and gradually decreased costs.

The most important action has been to intensify and develop client relations. We introduced a new sales organization. The staffing was strengthened and the goal is to recruit new clients and that all clients will use NeoNet for trading on more marketplaces.

The new trading platform was successfully launched during the year and handles significantly higher trading volumes with improved speed and maintained stability. This facilitates further development of even more advanced and user-friendly trading functionality.

The significantly improved operating earnings in combination with decreased investments, currently at an annual rate of app. SEK 15 m, resulted in a positive underlying cash flow. The earnings are however affected by negative net financial items and large depreciations. Actions have been taken to improve the net financial items. In addition, the depreciations are expected to decrease to app. SEK 27 m for 2005.

The group's growth goal proved to be too aggressive and has therefore been re-evaluated. Our new growth goal is to gradually increase operating revenues over a four-year period to reach at least SEK 400 m in 2008. The operating margin shall be improved and reach 25% by the latter part of the four-year period.

Direct Market Access (DMA) is a growing segment within equity trading. The trend is particularly positive for European institutional investors. NeoNet has a strong position within DMA and with our very competitive offering and I am convinced that 2005 will be a good year."

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Since inception in 1996 NeoNet has focused on efficient and neutral agency brokerage. NeoNet provides professional investors with execution services offering a single point of access to leading equity marketplaces worldwide. Clients can execute orders using electronic direct market access or via NeoNet's international trading desks. NeoNet has offices and sales representation in Sweden, US, UK, Germany, Italy, Spain and Switzerland, is listed on the Stockholm Stock Exchange (ticker NEO), and has clients in more than 15 countries globally. (www.neonet.biz)

THE GROUP

Operations

A number of projects have been carried out during 2004 to increase efficiency and improve the future possibilities.

Organizational changes were implemented with purpose of increasing efficiency in sales operations and strengthen client relations.

The extensive project to develop a new generation of the trading platform was concluded. The new platform with increased performance, flexibility and capacity was launched in June.

Enhanced functionality has been developed to facilitate efficient trading for clients. This functionality was added to the new trading platform in the beginning of 2005.

Trading on Madrid, Lisbon and Virt-x was added to the offering. NeoNet can now offer trading on 16 European and US exchanges.

New systems for generating client reports and more efficient clearing and settlement operations were implemented for all exchanges where NeoNet offers trading.

Lexit's operation was fully integrated into NeoNet in 2004 and the business is now being run under the NeoNet brand. Since autumn 2004, all trading is being carried out via the new trading platform and the subsequent clearing and settlement processes are being handled within one system.

New co-operations have been established during the year with various industry players, most recently SimCorp and Redeye. The purpose of these agreements is partly to expand NeoNet's offering and partly to increase our distribution network enabling us to reach more clients. The co-operations have strong potential and make it easier for clients to trade through NeoNet while maintaining their existing relationships and systems.

Revenues and Earnings

The Group's transaction revenues for the quarter amounted to SEK 49.6 m compared to SEK 42.2 m for the same period the previous year, which is an increase of 18%

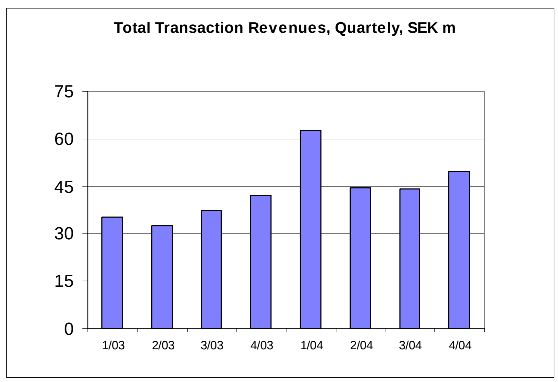
Revenues for the full year from trading on all of the connected exchanges have increased sharply. The very substantial increase in revenues on the U.S. exchanges is attributed to the acquisition of Lexit. As a result, revenues from US markets made up a significant share, 12%, of total revenues. As in previous reporting periods, the Stockholm Stock Exchange is the marketplace that represents the largest portion of NeoNet's revenues. Transaction revenues on the Stockholm Stock Exchange increased by 14%. However, as a result of higher growth figures on the other marketplaces, the significance of Stockholm was diminished and the share of revenues it represented was 39% for 2004.

Transaction Revenues by Exchange (SEK m) and Share of Total Revenues and Changes from Year to Year

	Jan.-Dec. 2004		Jan.-Dec. 2003		
	Revenues	Share	Revenues	Share	Change 04/03
Stockholm	78.9	39%	69.0	47%	14%
Helsinki	32.2	16%	22.8	15%	41%
Copenhagen & Oslo	15.9	8%	11.1	8%	43%
Frankfurt	10.0	5%	8.2	6%	23%
Euronext	25.5	13%	17.3	12%	48%
London, Milan, Madrid & Virt-x	14.3	7%	9.8	6%	46%
Nasdaq & NYSE	24.3	12%	9.4	6%	158%
Total	201.1	100%	147.6	100%	36%

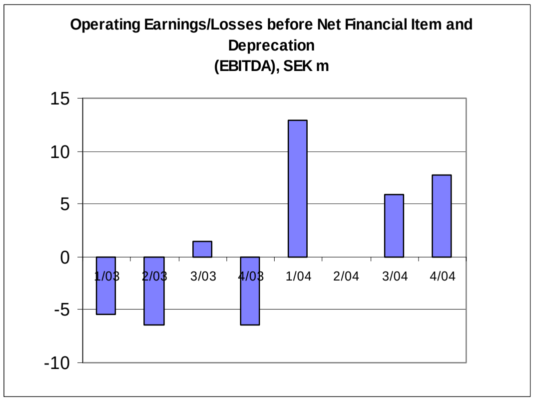
Personnel and other operating expenses increased slightly compared to the previous quarter. However, in comparison with the fourth quarter of 2003, these expenses were reduced by SEK 7.2 m. Considerable savings were realized as a result of synergy effects, and costs are now largely at the same level as before the acquisition of Lexit.

For the full year 2004, personnel and other operating expenses amounted to SEK 115.3, compared to SEK 115.9 for 2003.



Income Statement in Summary

SEK m	Jan.-Dec. 2004	Oct.-Dec. 2004	July-Sept. 2004	Apr.-June. 2004	Jan.-Mar. 2004	Oct.-Dec. 2003
Transaction revenues	**201.1**	49.6	44.1	44.6	62.8	42.2
Other operating revenues	**5.8**	2.1	1.5	1.1	1.1	2.6
Operating revenues	**206.9**	51.7	45.6	45.7	63.9	44.8
Transaction costs	**-65.0**	-15.9	-13.9	-15.0	-20.2	-16.2
Personnel expenses	**-55.9**	-14.0	-12.1	-14.1	-15.7	-19.6
Other operating expenses	**-59.4**	-14.1	-13.7	-16.5	-15.1	-15.7
Operating earnings/losses before depreciation (EBITDA)	**26.6**	7.7	5.9	0.1	12.9	-6.7
Operating margin	***13%***	*15%*	*13%*	*0%*	*21%*	*-16%*
Depreciation	**-36.0**	-9.0	-9.2	-9.2	-8.6	-8.0
Net financial items	**-10.9**	-3.2	-2.6	-3.5	-1.6	-1.6
Pre-tax earnings/losses	**-20.3**	-4.5	-5.9	-12.6	2.7	-16.2



The operating earnings before depreciation and net financial items for the quarter improved, amounting to SEK 7.7 m compared to SEK -6.7 m for the same period the previous year.

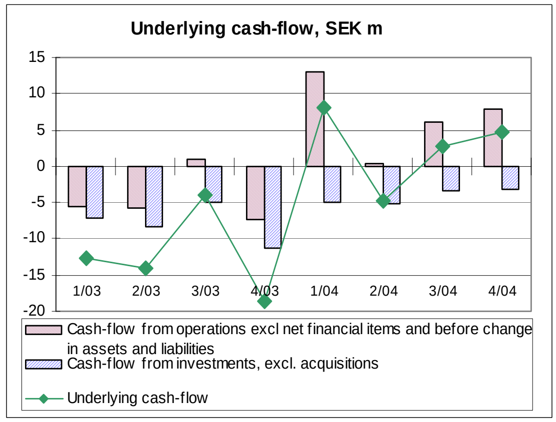
Net financial items were significantly burdened by financing provided through the debenture loan and the preceding temporary financing. Furthermore, the significant increase in turnover has led to increasing need for utilization of temporary credit facilities, e.g. security loans and over-night loans. Moreover, the financial items were affected by negative currency exchange transaction with relation to items in the balance sheet as well as the income statement, partly as a consequence of the drastic decline of the foreign exchange rate for US dollars in the fourth quarter. Actions have been taken with the aim to optimize the utilization of credit facilities, investments alternatives, and FX hedging programs.

The number of employees in the Group at the end of the period was 74 (88).

Underlying Cash Flow

The cash flows that are crucial for the Group's earning capacity are the cash flows from ongoing operations and from investment activity, which together are defined as the underlying cash flow. There is also considerable cash flow from the settlement of clients' equity transactions; however, these flows, which fluctuate considerably, have little bearing on the actual earnings (see page 5, note***). The improved operating earnings in combination with significantly reduced investments resulted in an underlying cash flow for the quarter of SEK 4.7 m, compared to SEK -18.6 m the previous year. For the year 2004, the underlying cash flow was SEK 10.9 m, compared to -49.4 m the previous year.

The current liquid assets at the end of the period amounted to SEK 140.3 m.



Clients

The growth in number of new clients has continued at a good pace and a large share of the clients is based outside the Nordic, reflecting the focus on geographical expansion of the client base. During 2004, 20% of the clients accounted for 61% of the transaction revenues.

Transaction revenues by client location, SEK m

	Jan.-Dec. 2004		Jan.-Dec. 2003	
	Amount	Share	Amount	Share
Nordic	103.6	52%	94.3	64%
Rest of Europe	57.0	28%	19.8	13%
North America	40.5	20%	33.5	23%
Total	201.1	100%	147.6	100%

Investments

The development of the new trading platform was concluded during the summer. Consequently, investments in system development and computers have been kept at a much lower level than in past years and were reduced for the quarter to SEK 3.2 m (SEK 11.3 m). Investments for the full year were decreased to SEK 16.6 m (last year SEK 31.7 m), corresponding to 8% (21%) of transaction revenues.

Liquidity and Financial Position

The NeoNet Group's current liquid assets consist of the sum of funds deposited with banks, bonds and treasury bills, the difference between contract settlement receivables and liabilities, and receivables from clearinghouses and similar institutions, excluding liabilities for temporary settlement loans. The net of these items as of 31 December 2004 amounted to SEK 140.3 m (SEK 109.8 m at the beginning of the year). The gross liquid assets reported in the balance sheet amounted to SEK 143.8 m (SEK 135.1 m), of which SEK 90.4 m (SEK 103.9 m) consisted of blocked funds. Fluctuations in the liquid assets reported in the balance sheet are normal for this kind of business.

An issue of debentures with detachable warrants aimed at the shareholders during the spring injected SEK 50.6 m before issue and guarantee costs of SEK 2.4 m.

Interest bearing debts at year-end consisted of the subordinated loan of SEK 50.6 m. Additionally, there was variable financing relative to settlement of the clients' equity trades.

The consolidated equity amounted to SEK 212.0 m (SEK 234.3 m). The capital coverage amounted to 53% (42%) and the consolidated equity/assets ratio was 62% (54%). The equity per share amounted to SEK 4.19 (SEK 4.63). The companies in the Group had unreported tax loss carry-forwards amounting to an amount of approx SEK 100 m. The potential tax income related to this asset has not been posted to the accounts.

The Group has a disputed claim of a nominal amount of EUR 1.1 m. The Group is also involved in other legal disputes, which are a natural aspect of the business. According to Group management, the outcome of such disputes is not expected to result in any significant costs.

Outlook

The growth goal proved to be too aggressive and has therefore been re-evaluated. NeoNet's financial goals for the following four years are:

- The operating revenues shall gradually increase over a four-year period to reach at least SEK 400 m in 2008.
- The operating margin shall reach 25% by the latter half of the four-year period.

The financial goals involve a continued focus on growth and good profitability. Attaining the profitability goal will require keeping fixed and transaction-related costs at a low level.

A strong focus of client-oriented development will be necessary to remain competitive. This is expected to be possible at the current investment pace.

Growth is expected to continue to be strong, which is mainly the result of the trend towards increased use of DMA services.

NeoNet's earnings trend clearly correlates with the trading values on the connected exchanges, and these are difficult to predict. The transaction-related costs are affected, among other things, by the number of transactions, which in turn is linked to the clients' trading patterns and average size of trading executions on the exchanges. This is why it is important to remember that achieving the revenue goals is dependent on the trading value trends on the exchanges, and is therefore also associated with considerable uncertainty.

THE PARENT COMPANY

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

The parent company reported earnings before tax and year-end appropriations of SEK -91.8 m (SEK -4.9 m). The fall in earnings is mainly explained by a write-down of stock in the subsidiary, Lexit Financial Group, Inc., of SEK 82.2 m due to restructuring within the Group. As a result of the restructuring, the operation of the Lexit sub-group has been transferred to other parts of the NeoNet Group. This measure did not give reason to a need to revalue the Group's goodwill of SEK 69.5 m which relates to the acquired business, because the relevant cash-flow generating units on which the Groups goodwill is applied were not influenced by this restructuring.

The net interest income was reduced by SEK 9.5 m to SEK 3.5 m (SEK 13.0 m), mainly as a result of the debenture loan of SEK 50.6 m.

Equity in the parent company amounted to SEK 198.2 m (SEK 289.8 m). The liquid assets as of 31 December amounted to SEK 0.2 m (SEK 1.6).

PROPOSAL FOR DEALING WITH THE ACCUMULATED LOSS

The Group's accumulated loss as of 31 December 2004 amounted to SEK -61.1 m. The parent company's accumulated loss amounted to SEK -80.8 m. The Board of Directors and the CEO propose reducing the parent company's share premium reserve by SEK 80.8 m to offset the accumulated loss. Following this reduction the company's pro forma equity will have the following distribution: share capital SEK 2.5 m, other restricted reserves SEK 195.7 m, and non-restricted equity SEK 0.0 m.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 10 May 2005 at 6.30 p.m. at Citykonferensen, Malmskillnadsgatan 46 in Stockholm. NeoNet's full annual report will be available from the end of March at the company's offices on Kungsgatan 33, Stockholm and on the company web site www.neonet.biz

Consolidated Income Statement*

SEK m	3 months Oct.-Dec. 2004	3 months Oct.- Dec. 2003	12 months Jan.-Dec. 2004	12 months Jan.-Dec. 2003
Transaction revenues	**49.6**	**42.2**	**201.1**	**147.6**
Transactions costs**	-15.9	-16.2	-65.0	-55.2
Interest income	0.8	0.7	2.7	3.3
Interest expenses	-2.9	-1.5	-10.7	-4.8
Net earnings from financial transactions	-1.1	-0.7	-2.9	-1.7
Other operating revenues	2.1	2.5	5.8	6.5
Total operating revenues, net	**32.6**	**27**	**131.0**	**95.7**
Other operating expenses	-14.1	-15.6	-59.4	-58.2
Personnel expenses	-14.0	-19.6	-55.9	-57.7
Depreciation	-9.0	-8.0	-36.0	-28.2
Total operating expenses	**-37.1**	**-43.2**	**-151.3**	**-144.1**
Operating earnings/losses	**-4.5**	**-16.2**	**-20.3**	**-48.4**
Tax	0.0	1.6	0.0	1.3
Earnings/losses for the period	**-4.5**	**-14.6**	**-20.3**	**-47.1**
Earnings per share, SEK	-0.09	-0.30	-0.40	-1.05
Earnings per share after full dilution, SEK	-0.09	-0.30	-0.40	-1.05
Number of shares, 000	50,582	50,582	50,582	50,582
Average number of shares, 000	50,582	47,875	50,582	44,726
Average number of shares after full dilution, 000	51 866	47,875	50 582	44,726

Consolidated Balance Sheet

SEK m	31 Dec. 2004	31 Dec. 2003
ASSETS		
Cash and lending to credit institutions	143.8	135.1
Intangible fixed assets	61.3	67.9
Goodwill	68.9	76.9
Tangible fixed assets	6.4	11.1
Contract settlement receivables, net	22.8	86.4
Other assets	29.2	51.0
Pre-paid expenses and accrued income	6.9	5.2
Total assets	**340.1**	**433.6**
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY		
Liabilities to credit institutions	14.2	91.6
Securities loans	40.7	61.9
Other liabilities	8.9	21.8
Accrued expenses and deferred income	13.7	24.0
Subordinated debt	50.6	-
Shareholders' equity		
Share capital	2.5	2.5
Restricted reserves	270.6	291.8
Earnings/losses carried forward	-40.8	-12.9
Earnings/losses for the period	-20.3	-47.1
Total liabilities, provisions and shareholders' equity	**340.1**	**433.6**

Memorandum items		
Blocked funds, credit institutions	90.4	103.9
Blocked funds, clearing houses (included in the item "Other assets")	13.6	11.6
Floating charge	15.0	15.0

Consolidated Cash-Flow Statement

SEK m	Jan.-Dec. 2004	Jan.-Dec. 2003
Cash flow from ongoing operations excluding settlement of executed equity transactions	28.9	-26.3
Cash flow from ongoing operations attributable to settlement of executed equity transactions***	-34.1	6.5
Cash flow from investment activity	-17.5	-54.9
Cash flow from financing activity	34.3	10.0
Cash flow for the period	**11.6**	**-64.7**
Liquid assets at beginning of year	135.1	201.5
Liquid assets, translation difference	-2.9	-1.7
Liquid assets at end of period	**143.8**	**135.1**

* The income statement is drawn up according to Swedish legislation governing financial statements for credit institutions and securities corporations.

** Transaction costs are commissions and other variable costs relating to securities transactions.

*** Cash flow attributable to settlement of equity transactions executed on behalf of clients varies considerably from day to day depending on the settlement positions on the balance day.

Change in Consolidated Shareholders' Equity

SEK m	Jan.-Dec. 2004	Jan.-Dec. 2003
Opening shareholders' equity	234.3	228.1
Non-cash issue	-	54.6
Translation difference	-2.0	-1.3
Earnings/losses for the period	-20.3	-47.1
Closing shareholders' equity	**212.0**	**234.3**

The restricted equity amounted to SEK 273.1 m (SEK 294.3 m) at the end of the period. The non-restricted equity was SEK -61.1 m (SEK -60.0 m).
The accumulated translation difference as of 31 December 2004 was SEK -5.1 m (SEK -3.0 m).

Consolidated Key Figures

SEK m	Jan.-Dec. 2004	Jan.-Dec. 2003
Earnings/losses in summary		
Operating earnings/losses before net financial items and depreciation	26.6	-17.0
Operating earnings/losses before net financial items	-9.4	-45.2
Margins		
Operating margin	13%	Neg.
Net margin	Neg.	Neg.
Profit margin	Neg.	Neg.
Yield		
Average capital employed	388.6	332.6
Return on shareholders' equity	Neg.	Neg.
Return on capital employed	Neg.	Neg.
Financial position		
Equity/assets ratio	62%	54%
Interest cover	Neg.	Neg.
Debt/equity ratio	0.3	0.7
Capital adequacy ratio	53%	42%
Share data		
No. of shares, 000	50 582	50 582
Average no. of shares, 000	50 582	44 726
Earnings per share, SEK	-0.40	-1.05
Equity per share, SEK	4.19	4.63
No. of shares after full dilution, 000	50 582	50 582
Average no. of shares after full dilution, 000	50 582	44 726
Earnings per share after full dilution, SEK	-0.40	-1.05
Equity per share after full dilution, SEK	4.19	4.63
No. of employees at end of period	74	88
Average no. of employees	80	78

Definitions, Key Financial Ratios

Operating margin: Operating earnings before net financial items (*) and depreciation as a percentage of operating revenues.
Net margin: Operating earnings before net financial items (*) and tax as a percentage of operating revenues.
Profit margin: Earnings after tax as a percentage of operating revenues.
Average capital employed: Average total assets less average interest-free liabilities including deferred tax liability.
Return on equity: Net earnings for the period as a percentage of the average shareholders' equity for the period.
Return on capital employed: Earnings for the year after net financial items plus interest costs in relation to the average capital employed.
Equity/assets ratio: Closing shareholders' equity as a percentage of the closing balance of total assets.
Interest cover: Operating earnings for the period plus interest costs, divided by interest costs.
Debt/equity ratio: Closing balance of interest-bearing provisions and liabilities in relation to the closing balance of shareholders' equity.
Capital adequacy ratio: Total capital base divided by the total risk-weighted amount of capital requirements for credit and market risk (Swedish Financial Supervisory Authority stipulation FFFS 2004:8). The basis of calculation according to FFFS 2004:8 had an effect on the key figures previous periods.
Earnings per share: Earnings after tax in relation to the average number of shares for the period.
Equity per share: The closing balance of shareholders' equity in relation to the number of shares at the end of the period.
Equity per share after full dilution: Closing shareholders' equity plus the upcoming issue of shares in relation to the number of shares after the issue of shares.

* Net financial items include realized and unrealized exchange rate differences on funds tied up in foreign currencies.

Accounting Principles

The consolidated accounts have been prepared in accordance with Swedish legislation governing the annual reports of credits institutions and securities corporations (ÅRKL) and the Swedish Financial Supervisory Authority's stipulation FFFS 2003:11, which is applicable because the parent company is a financial holding company.

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20 on interim reports.

Regarding the impact of IRFS, see enclosure 1.

Stockholm, 10 February 2005

NeoNet AB (publ)

The Board of Directors

Auditor's Review Report
We have reviewed this press release in accordance with the recommendation issued by FAR (the institute for the accountancy profession in Sweden).

A review is significantly limited compared to an audit.

Nothing has come to our attention that would cause us to believe that the press release does not meet the requirements of the Swedish Securities Exchange and Annual Accounts Acts.

Stockholm, 10 February 2005

PricewaterhouseCoopers AB

Eva Riben
Authorized Public Accountant

Website
www.neonet.biz

Parent company's corporate registration number
556530-1263

Financial Reporting 2005
Interim Report Q1 2005, 10 May 2005
Interim Report Q2 2005, 18 August 2005
Interim Report Q3 2005, 25 October 2005
Year-End Report 2005, 9 February 2006

Annual General Meeting
Annual General Meeting, 10 May 2005 at 6.30 p.m.

Enclusure 1 Reconciliation between the current accounting principles and IFRS

In June 2002 the EU Council of Ministers introduced the International Accounting Standards ("IAS"), now called the International Financial Reporting Standards ("IFRS"), and as a result, all listed companies within the EU must prepare their consolidated accounts in accordance with IAS/IFRS. NeoNet is now prepared to report the company's financial accounts according to the new accounting rules which apply from 2005. All of the information presented below on the transition to IFRS 2005 is preliminary; however, it provides an overview of the new accounting rules and their expected impact on NeoNet.

Reconciliation for the opening balance sheet as of 1 January 2004

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

Reconciliation of the information in the 2004 quarterly reports

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

Consolidated Income Statement		**1 Jan. 2004-31 Dec. 2004**			**1 Jan. 2004-30 Sept. 2004**			**1 Jan. 2004-30 June 2004**			**1 Jan. 2004-31 March 2004**		
SEK m		*As per IFRS*	*Adjustment*	*As per publ. Report**	*As per IFRS*	*Adjustment*	*As per publ. Report**	*As per IFRS*	*Adjustment*	*As per publ. Report**	*As per IFRS*	*Adjustment*	*As per publ. Report**
Transaction revenues		**201,1**		**201,1**	**151,5**		**151,5**	**107,4**		**107,4**	**62,8**		**62,8**
Transaction expenses		-65,0		-65,0	-49,1		-49,1	-35,2		-35,2	-20,2		-20,2
Interest income		2,7		2,7	1,9		1,9	1,2		1,2	0,7		0,7
Interest cost		-10,7		-10,7	-7,8		-7,8	-5,3		-5,3	-2,3		-2,3
Net earnings from financial transactions		-2,9		-2,9	-1,8		-1,8	-1,0		-1,0	0,0		0,0
Other operating revenues		5,8		5,8	3,7		3,7	2,2		2,2	1,1		1,1
Total Operating revenues, net		**131,0**		**131,0**	**98,4**		**98,4**	**69,3**		**69,3**	**42,1**		**42,1**
Other operating expenses		-59,4		-59,4	-45,2		-45,2	-31,5		-31,5	-15,1		-15,1
Personnel expenses		-55,9		-55,9	-42,0		-42,0	-29,9		-29,9	-15,7		-15,7
Depreciation	not 1	-28,0	*8,0*	-36,0	-21,0	*6,0*	-27,0	-13,8	*4,0*	-17,8	-6,6	*2,0*	-8,6
Total Operating expenses		**-151,3**		**-151,3**	**-114,2**		**-114,2**	**-79,2**		**-79,2**	**-39,4**		**-39,4**
Operating earnings/losses		**-12,3**	*8,0*	**-20,3**	**-9,8**	*6,0*	**-15,8**	**-5,9**	*4,0*	**-9,9**	**4,7**	*2,0*	**2,7**
Tax		0,0		0,0	0,0		0,0	0,0		0,0	0,0		0,0
Earnings/losses for the period		**-12,3**	*8,0*	**-20,3**	**-9,8**	*6,0*	**-15,8**	**-5,9**	*4,0*	**-9,9**	**4,7**	*2,0*	**2,7**
Consolidated Key figures													
Operating margin		13%		13%	12%		12%	12%		12%	21%		21%
Net margin		neg.		neg.	neg.		neg.	neg.		neg.	10%		7%
Average capital employed		392,6		388,6	408,6		405,6	446,5		444,5	479,1		478,1
Equity/assets ratio		64%		62%	58%		57%	47%		46%	53%		53%
Earnings per share, SEK		-0,24		-0,40	-0,19		-0,31	-0,12		-0,20	0,09		0,05
SEK		-0,24		-0,40	-0,19		-0,31	-0,12		-0,20	0,09		0,05

Consolidated Balance Sheet		**31 Dec. 2004**			**30 Sept. 2004**			**30 June 2004**			**31 March 2004**		
SEK m		*As per IFRS*	*Adjustment*	*As per publ. Report**	*As per IFRS*	*Adjustment*	*As per publ. Report**	*As per IFRS*	*Adjustment*	*As per publ. Report**	*As per IFRS*	*Adjustment*	*As per publ. Report**
ASSETS													
Cash and lending to credit institutions		143,8		143,8	152,6		152,6	224,3		224,3	143,1		143,1
Intangible fixed assets		61,3		61,3	64,0		64,0	66,5		66,5	67,3		67,3
Goodwill	not 1	77,7	*8,0*	69,7	76,9	*6,0*	70,9	76,9	*4,0*	72,9	76,9	*2,0*	74,9
Tangible fixed assets		6,4		6,4	7,4		7,4	8,7		8,7	10,0		10,0
Contract settlement receivables, net		22,8		22,8	48,9		48,9	77,5		77,5	101,9		101,9
Other assets	not 2	27,3	*-1,9*	29,2	31,0	*-2,1*	33,1	26,4	*-2,3*	28,7	45,0		45,0
income		6,9		6,9	8,9		8,9	10,1		10,1	8,1		8,1
Total assets		**346,2**	*6,1*	**340,1**	**389,7**	*3,9*	**385,8**	**490,4**	*1,7*	**488,7**	**452,3**	*2,0*	**450,3**
LIABILITIES, PROVISIONS AND SHAREHOLDERS´ EQUITY													
Liabilities to credit institutions		14,2		14,2	29,2		29,2	59,0		59,0	78,3		78,3
Security loans		40,7		40,7	62,4		62,4	129,0		129,0	67,5		67,5
Other liabilities		8,9		8,9	9,0		9,0	8,6		8,6	47,4		47,4
Accrued expenses and deferred		13,6		13,7	16,5		16,5	17,3		17,3	20,3		20,3
Subordinated debt	not 2	48,7	*-1,9*	50,6	48,5	*-2,1*	50,6	48,3	*-2,3*	50,6	-		-
Shareholders´equity													
Share capital		2,5		2,5	2,5		2,5	2,5		2,5	2,5		2,5
Restricted reserves		270,6		270,6	292,6		292,6	294,8		294,8	295,0		295,0
Earnings/losses carried forward		-40,8		-40,8	-61,2		-61,2	-63,2		-63,2	-63,4		-63,4
Earnings/losses for the period	not 1	-12,3	*8,0*	-20,3	-9,8	*6,0*	-15,8	-5,9	*4,0*	-9,9	4,7	*2,0*	2,7
Total liabilities, provisions and shareholders´equity		**346,2**	*6,1*	**340,1**	**389,7**	*3,9*	**385,8**	**490,4**	*1,7*	**488,7**	**452,3**	*2,0*	**450,3**

* Refers to earlier published report.

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

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

Other effects of the introduction of IFRS

As a result of the introduction of IFRS, NeoNet will amend its accounting principles. The main change is that the previous accounting principles for goodwill and goodwill depreciation will be replaced by the following:

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

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

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

- **Introduction of IAS 39 Financial Instruments**: In the preparation of the accounts, NeoNet has complied with the Swedish legislation governing the annual reports of credits institutions and securities corporations (ÅRKL), which requires that the market value of financial instruments be assessed. Thus the effects of the introduction of IAS 39 as of 1 January 2005 are expected to be limited, since a market value of all financial instruments has already been assessed under the existing accounting rules. However, the introduction of IAS 39 Financial Instruments means that NeoNet's hedging instruments are to be classified in the balance sheet as "Financial assets or financial liabilities at the actual value reported in the income statement" instead of as they are today as "Other assets" or "Other liabilities."
- **Segment information:** NeoNet runs its business in one. The introduction of IAS 14 Segment Reporting does not affect this.
- **Stock-based remuneration IFRS 2:** The Group had no employee programs that fall within the framework of IFRS 2 as of 31 December 2004.
- **Employee Benefits (RR 29 / IAS 19):** As mentioned in the company's accounting principles with respect to NeoNet's pension obligations, the Group only uses premium-based pension plans, and accordingly, the introduction of RR 29 / IAS 19 Employee Benefits, is not expected to have any effect on NeoNet's accounting.
- **Explanation for the significant adjustments in the cash-flow analysis for 2004:** There are no differences between the cash flow reported according to IFRS and the cash flow that was reported according to the previous accounting principles, neither for the full-year nor for the quarterly statements in 2004.
- **The parent company's accounting:** NeoNet AB will comply with the recommendation in RR 32 Legal Entity Accounting and will use IFRS from 1 January 2005. It is NeoNet AB's opinion that the only difference this will involve is the one described in Note 2 above.

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