NeoNet's Interim Report 1 January – 30 June 2005

Stockholm, 18 August 2005

Second Quarter in Summary

- **The operating revenues increased by 28% and amounted to SEK 58.5 m (45.7).**
- **The earnings after tax improved and amounted to SEK 0.1 m (-10.6).**
- **The earnings per share before dilution amounted to SEK 0.00 (-0.21).**
- **The operating earnings before depreciation and net financial items (EBITDA) improved and amounted to SEK 7.9 m (0.0).**
- **The underlying cash flow strengthened and amounted to SEK 3.7 m (-4.8).**

Six Months in Summary

- **The operating revenues increased by 6% and amounted to SEK 116.7 m (109.6).**
- **The earnings after tax improved and amounted to SEK 4.3 m (-5.9).**
- **The earnings per share before dilution amounted to SEK 0.08 (-0.12).**
- **The operating earnings before depreciation and net financial items (EBITDA) improved and amounted to SEK 20.7 m (13.0), an increase of 59%.**
- **The underlying cash flow amounted to SEK 12.7 m (3.4).**

NeoNet in the First Half of 2005

Revenues increased during the first six months of the year and were distributed more evenly over the period than in previous years. Trading intensity was high during the second quarter. Revenues were up 28% for the second quarter and 6% for the six-month period compared to the same periods last year.

Both the earnings after tax and operating earnings before depreciation and net financial items (EBITDA) improved for the quarter and the six-month period compared to the same periods in 2004. The EBITDA for the first half of 2005 amounted to SEK 20.7 m (13.0), an improvement of 59%.

The underlying cash flow was strengthened due to the improvement in the EBITDA and a lower rate of investment.

There was a good inflow of new clients over the six-month period. Clients' trading patterns are becoming increasingly advanced and they can therefore take greater advantage of the benefits of NeoNet's very fast and efficient trading platform. More and more clients take advantage of the opportunity to trade efficiently on many different exchanges through NeoNet. This ties in with the trend whereby clients are increasing the percentage of their trading activity on the European exchanges excluding Stockholm and Helsinki.

One area that has experienced growth is trading with baskets of shares, so-called program trading, through NeoNet. NeoNet's offering enables program trading on all 16 exchanges and is a highly efficient solution for the company's clients.

Steps taken to reduce transaction and interest expenses had an effect during the six-month period. However, a change in trading patterns whereby the average size of transactions is smaller has resulted in increased transaction expenses during the second quarter.

Investments for the six-month period amounted to SEK 8.1 m (10.0) and were, among other things, focused on enhancing the functionality for electronic program trading. The new functionality was developed to meet an increasing demand for program trading and supplements the program trading offered via the trading desk. The next stage will be to develop trading tools for so-called algorithmic trading and to further increase the number of market places.

Markets

The second quarter activity was high for the period among NeoNet's clients. Trading in the second quarter was much higher than during the same period the previous year and was also somewhat higher than the first quarter of 2005.

There is an enduring trend whereby a growing percentage of trading by professional investors is carried out electronically through direct market access (DMA). This is supported by the emergence of increasingly advanced trading methods such as electronic program trading and algorithmic trading. The demand is also rising for detailed pre-trade analysis and follow-up tools of the outcome of executed trades. This is driven both by regulatory requirements in many countries and a desire to ensure that trades are executed efficiently.

The growth of direct market access trading has over the past years resulted in increased competition and price squeeze. The competition comes both from more focused players such as NeoNet and from investment banks that are offering direct market access to supplement their other services.

There has been a strong increase in program trading via NeoNet's trading desk over the six-month period as more and more clients are using this type of trading.

The inflow of new clients continued at a good pace over the six-month period. Three fifths of the new clients come from the U.S. and Europe outside the Nordic region. NeoNet has, among other things, been targeting clients with complex trading patterns since the company's products are particularly attractive to this type of player. These clients can benefit greatly from NeoNet's very fast and efficient trading platform.

Client trading is becoming distributed more and more evenly between the 16 exchanges on which NeoNet offers trading. This is the result, among other things, of the fact that an increasing number of clients over the six-month period have been benefiting from the opportunity to trade on more exchanges, which is a result of an intensified sales focus. The most important exchanges for NeoNet continue to be Stockholm and Helsinki, which combined with the U.S. exchanges accounted for just over half of the transaction revenues.

Revenues from clients based in Europe outside the Nordic region increased both in actual figures and as a percentage of total revenues. Clients from the Nordic region accounted for half of the transaction revenues during the six-month period, clients from the rest of Europe accounted for one third and clients from the U.S. for the remainder.

Product and Business Development

During the six-month period NeoNet increased its offering to include new functionality, mainly relating to electronic program trading. Program trading involves trading with a basket of different shares within a limited timeframe. The new functionality allows clients to execute and review the entire program of trades in real-time and to analyze in detail and follow-up on the outcome of their trades. The functionality can be combined and integrated with program trading via NeoNet's trading desk according to clients' preferences.

Product development investment will now, among other things, be focused on tools for trading using advanced conditions and mathematical models, in the form of so-called algorithmic trading. This is an area that is making strong headway and the demand from institutional investors and hedge funds has increased over the past year. NeoNet has already taken a first step with an offering of tools within this area.

NeoNet will also continue to offer trading on more marketplaces in the future, initially with the addition of the Toronto, SWX, Vienna and Dublin exchanges. The addition of Toronto means an expansion of our existing trading offering in North America, which up to now has focused on the marketplaces in the U.S. The addition of more European exchanges will supplement NeoNet's already broad trading offering in Europe.

NeoNet entered into agreements during the quarter with Front Capital Systems, LatentZero and VisualTrader. A total of six agreements have been signed so far this year. These are important means for NeoNet to expand its distribution network. Through joint system integration with software companies, clients can trade with NeoNet in an easy way using their existing systems. This means that NeoNet can efficiently reach new clients on different geographical markets.

Revenues
Operating revenues for the six-month period increased by 6% to SEK 116.7 m (109.6). Operating revenues for the quarter amounted to SEK 58.5 m (45.7), an increase of 28%.

Transaction revenues, which consist of brokerage commission fees for executed client transactions, increased by 6% and amounted to SEK 114.2 m (107.4) for the six-month period. Transaction revenues for the quarter increased by 28% and amounted to SEK 57.2 m (44.6). The price squeeze that has persisted for quite some time continued during this period.

Costs
The variability of NeoNet's clearing and settlement costs is largely related to the number of transactions. Efforts are constantly being made to reduce the cost per transaction. However, during the course of the period the average size of transactions has decreased while the number of transactions has increased which combined has led to higher transaction expenses in relation to revenues during the second quarter.

The costs associated with the debenture loan are charged to interest expenses and amounted to SEK 2.9 m (1.0) for the six-month period. The debenture loan was raised in April last year and therefore only partly affected the first six months of 2004. Measures initiated during the first quarter to improve net financial income have helped to raise the period's interest income.

Personnel and other operating expenses amounted to SEK 31.5 m (30.7). These costs for the six-month period amounted to SEK 61.1 m (61.4).

Employees
The number of employees in the Group at the end of the period was 81 (74 at the beginning of the year).

During the six-month period NeoNet strengthened its organization in areas such as client support, system testing and the legal department. There has also been an increase in the headcount as a result of the employment of substitute staff.

Earnings
The Group's earnings before depreciation and net financial items (EBITDA) for the six-month period amounted to SEK 20.7 m (13.0), which makes an operating margin of 18% (12%). The EBITDA for the period amounted to SEK 7.9 m (0.0).

The Group's earnings after tax amounted to SEK 4.3 m (-5.9) for the six-month period. The earnings after tax for the quarter amounted to SEK 0.1 m (-10.6).

The earnings per share amounted to SEK 0.08 (-0.12) for the six-month period. The earnings per share for the quarter amounted to SEK 0.00 (-0.21).

(For more details please see the Income Statement in Summary table and the EBITDA diagram which are both on page 5.)

Cash flow
The underlying cash flow improved and amounted to SEK 12.7 m (3.4) for the six-month period and SEK 3.7 m (-4.8) for the quarter. This positive trend is a result of the improvement of the EBITDA and the fact that investments in system development have been kept at a lower level than the first six-month period last year.

(For more details please see the Underlying Cash Flow graph on page 5. For a summary of the Cash-Flow Statement, see page 7.)

Investments
Investments for the six-month period amounted to SEK 8.1 m (10.0) and SEK 4.3 m (5.1) for the quarter. Depreciation was reduced as a result of the lower rate of investment already in 2004. Investments corresponded to 7% (9%) of transaction revenues for the six-month period and 8% (11%) for the quarter. The fixed assets include development projects in progress with a value of SEK 0.5 m.

Liquidity and Financial Position
The NeoNet Group's current liquid assets consist of the sum of bank deposits, interest-bearing instruments, unutilized overdraft facilities, the difference between contract settlement receivables and liabilities, and receivables mainly from clearing houses and similar institutions, excluding temporary cash and securities loans.

The net amount of these items as of 30 June amounted to SEK 159.0 m. The corresponding current liquid assets amounted to SEK 141.1 m at the beginning of the year. The gross liquid assets reported in the balance sheet amounted to SEK 350.0 m, of which SEK 188.7 m consisted of blocked funds, compared to SEK 143.8 m and SEK 90.4 m at the beginning of the year. Fluctuations in the liquid assets as reported in the balance sheet are normal for this kind of business.

The consolidated shareholders' equity amounted to SEK 226.8 m at the end of the period (SEK 220.0 m on 1 January 2005).

The capital coverage was 38% (47%) and the consolidated equity/assets ratio was 32% (46%). The changes relate mainly to a temporary increase in the balance sheet total at the time the books were closed.

The shareholders' equity per share was SEK 4.48 (4.52).

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

Tax
At the beginning of the year the companies in the Group had tax loss carry-forwards in excess of SEK 110 m. No tax revenue has been entered in the accounts for a future effect of the loss carry-forwards.

Outlook
The assessment of the market remains the same as in previous quarters. The use of direct market access (DMA) is expected to increase and there is good growth potential especially in Europe but also in the U.S. NeoNet has every opportunity to benefit from the increased direct market access trading due to the company's advanced high-performance trading platform, efficient organization and a business model according to which NeoNet only trades on behalf of clients.

NeoNet does not provide any forecasts.

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.

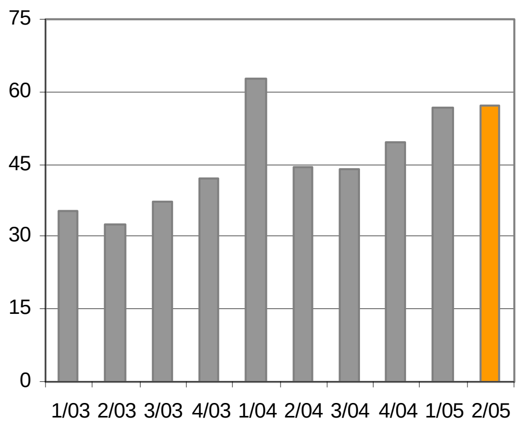
The parent company reported earnings before tax and year-end appropriations of SEK -5.4 m (-4.7).

Equity in the parent company amounted to SEK 192.9 m at the end of the period (SEK 198.2 m at the beginning of the year). The liquid funds as of 30 June amounted to SEK 1.1 m compared to SEK 0.2 m at the beginning of the year.

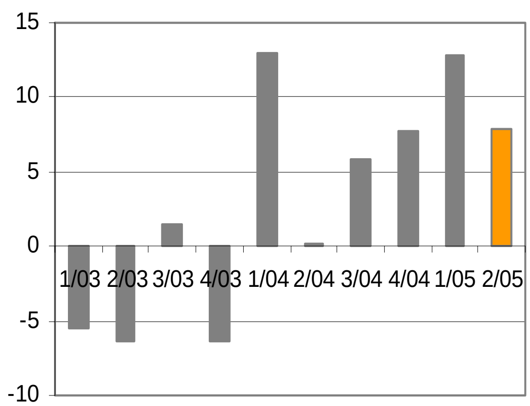
FINANCIAL DEVELOPMENT IN SUMMARY [1)]

SEK m	3 months Apr-Jun 2005	3 months Apr-Jun 2004	6 months Jan-Jun 2005	6 months Jan-Jun 2004	12 months Jul 2004-Jun 2005	12 months Jul 2003-Jun 2004	12 months Jan-Dec 2004
Income Statement							
Transaction revenues	57.2	44.6	114.2	107.4	207.8	187.1	201.1
Operating earnings before depreciation (EBITDA)	7.9	0.0	20.7	13.0	34.3	7.9	26.5
Operating margin	14%	0%	18%	12%	17%	4%	13%
Earnings after tax	0.1	-10.6	4.3	-5.9	-2.0	-26.7	-12.3
Underlying Cash Flow							
from operations (excl. net interest income)	8.0	0.3	20.8	13.4	34.8	7.2	27.5
from investment (excl. acquisitions)	-4.3	-5.1	-8.1	-10.0	-14.7	-26.3	-16.6
Total underlying cash flow	3.7	-4.8	12.7	3.4	20.1	-19.1	10.9

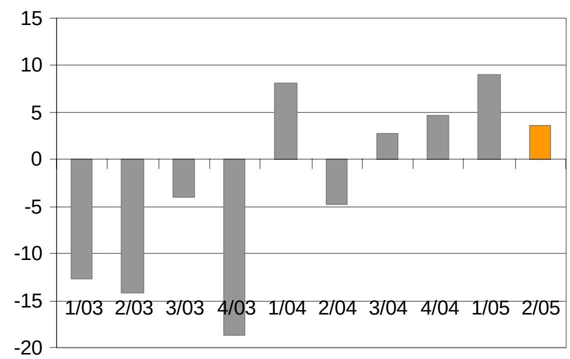
Transaction Revenues, Quarterly, SEK m



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



Underlying Cash Flow, SEK m



The underlying cash flow consists of the sum of cash flow from ongoing operations and investment activity excluding net interest income, acquisitions and settlement of executed equity transactions. The summarized Cash-Flow Statement is presented further on in this report.

1) Comparative figures for 2004 have been re-calculated according to IFRS, while comparative figures for 2003 are according to the recommendations of the Swedish Financial Accounting Standards Council. For more information please see page 8.

FINANCIAL STATEMENTS IN SUMMARY

Consolidated Income Statement [1) 2)]

SEK m	3 months Apr-Jun 2005	3 months Apr-Jun 2004	6 months Jan-Jun 2005	6 months Jan-Jun 2004	12 months Jul 2004-Jun 2005	12 months Jul 2003-Jun 2004	12 months Jan-Dec 2004
Transaction revenues	**57.2**	**44.6**	**114.2**	**107.4**	**207.8**	**187.1**	**201.1**
Transaction expenses	-19.2	-15.0	-34.9	-35.2	-64.6	-63.7	-65.0
Interest income	1.3	0.5	2.1	1.2	3.7	2.5	2.7
Interest expenses	-3.5	-2.8	-6.8	-5.3	-12.3	-7.7	-10.7
Net earnings from financial transactions	0.4	-1.1	0.0	-1.0	-1.9	-2.2	-2.9
Other operating revenues	1.3	1.1	2.5	2.2	6.1	6.0	5.8
Total operating revenues	**37.5**	**27.3**	**77.1**	**69.3**	**138.8**	**122.0**	**131.0**
Other operating expenses	-17.1	-16.5	-32.7	-31.5	-60.5	-60.7	-59.4
Personnel expenses	-14.4	-14.2	-28.4	-29.9	-54.4	-60.8	-55.9
Depreciation	-5.9	-7.2	-11.7	-13.8	-25.9	-28.4	-28.0
Total operating expenses	**-37.4**	**-37.9**	**-72.8**	**-75.2**	**-140.8**	**-149.9**	**-143.3**
Operating earnings/losses	**0.1**	**-10.6**	**4.3**	**-5.9**	**-2.0**	**-27.9**	**-12.3**
Tax	0.0	0.0	0.0	0.0	0.0	1.7	0.0
Earnings/losses after tax	**0.1**	**-10.6**	**4.3**	**-5.9**	**-2.0**	**-26.2**	**-12.3**
Earnings per share before dilution, SEK	0.00	-0.21	0.08	-0.12	-0.04	-0.54	-0.24
Earnings per share after dilution, SEK	0.00	-0.21	0.08	-0.12	-0.04	-0.54	-0.24
Number of shares, 000	50,585	50,582	50,585	50,582	50,585	50,582	50,582
Average number of shares, 000	50,584	50,582	50,583	50,582	50,583	48,163	50,582
Average number of shares after dilution, 000	55,303	50,582	55,303	50,582	52,811	48,163	50,582
NeoNet's own shares	-	-	-	-	-	-	-

1) Comparative figures for 2004 have been re-calculated according to IFRS, while comparative figures for 2003 are according to the recommendations of the Swedish Financial Accounting Standards Council. For more information please see page 8.
2) The income statement is prepared according to Swedish legislation governing financial statements for credit institutions and securities companies.

FINANCIAL STATEMENTS IN SUMMARY

Consolidated Balance Sheet [1]

SEK m	30 June 05	30 June 04	31 Dec. 04
ASSETS			
Cash and lending to credit institutions	350.0	224.3	143.8
Intangible fixed assets	57.7	66.5	61.3
Goodwill	77.7	76.9	77.7
Tangible fixed assets	6.4	8.7	6.4
Contract settlement receivables, net	180.7	77.5	22.8
Other assets	21.7	26.4	27.4
Pre-paid expenses and accrued income	7.6	10.1	6.9
Total assets	**701.8**	**490.4**	**346.3**
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY			
Liabilities to credit institutions	146.1	59.0	14.2
Securities loans	243.5	129.0	40.7
Other liabilities	16.9	8.6	8.9
Accrued expenses and deferred income	19.4	17.3	13.7
Subordinated debt	49.1	48.3	48.8
Shareholders' equity			
Share capital	2.5	2.5	2.5
Restricted reserves	204.5	294.8	270.6
Earnings/losses carried forward	15.5	-63.2	-40.8
Earnings/losses for the period	4.3	-5.9	-12.3
Total liabilities, provisions and shareholders' equity	**701.8**	**490.4**	**346.3**
Memorandum items			
Blocked funds, credit institutions	188.7	187.4	90.4
Blocked funds, clearing houses (included in the item "Other assets")	3.0	12.5	13.6
Floating charge	15.0	15.0	15.0

Consolidated Cash-Flow Statement

SEK m	Jan.-June 2005	Jan.-June 2004	Jan.-Dec. 2004
Cash flow from ongoing operations excluding settlement of executed equity transactions	28.8	14.0	28.9
Cash flow from ongoing operations attributable to settlement of executed equity transactions [2]	185.2	45.7	-34.1
Cash flow from investment activity	-8.1	-10.0	-17.5
Cash flow from financing activity	0.0	40.6	34.3
Cash flow for the period	**205.9**	**90.3**	**11.6**
Liquid assets [3] at beginning of year	143.8	135.1	135.1
Liquid assets, translation difference	0.3	-1.1	-2.9
Liquid assets [3] at end of period	**350.0**	**224.3**	**143.8**

Change in Consolidated Shareholders' Equity [1]

Jan.-June 2004 SEK m	Restricted equity	Non-restricted equity	Total equity
Opening balance 1 Jan. 2004	294.3	-60.0	234.3
Payments received for new share subscriptions	-	-	-
Translation difference	3.0	-3.2	-0.2
Transfer between restricted and non-restricted equity	-	-	-
Earnings/losses for the period	-	-5.9	-5.9
Closing shareholders' equity 30 June 2004	**297.3**	**-69.1**	**228.2**

Jan.-Dec. 2004 SEK m	Restricted equity	Non-restricted equity	Total equity
Opening balance 1 Jan. 2004	294.3	-60.0	234.3
Payments received for new share subscriptions	0.0	0.0	0.0
Translation difference	-8.1	6.1	-2.0
Transfer between restricted and non-restricted equity	-13.1	13.1	-
Earnings/losses for the period	-	-12.3	-12.3
Closing shareholders' equity 31 Dec. 2004	**273.1**	**-53.1**	**220.0**

Jan.-June 2005 SEK m	Restricted equity	Non-restricted equity	Total equity
Opening balance 1 Jan. 2005	273.1	-53.1	220.0
Payments received for new share subscriptions	0.0	0.0	0.0
Translation difference	14.6	-12.1	2.5
Transfer between restricted and non-restricted equity	-80.7	80.7	-
Earnings/losses for the period	-	4.3	4.3
Closing shareholders' equity 30 June 2005	**207.0**	**19.8**	**226.8**

The accumulated translationdifference as of June 30, 2005 were -2,6 SEKm (-3,3)

1) The comparative figures have been re-calculated according to IFRS. For more information please see page 8.

2) Cash flow attributable to settlement of equity transactions executed on behalf of clients varies considerably from period to period depending on the settlement positions on the closing day.

3) Liquid assets consist of that which is referred to in the balance sheet as "Cash and lending to credit institutions."

Accounting Principles
This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, which is in line with what is required according to the Swedish Financial Accounting Standards Council's recommendation RR 31 Interim Reporting for Groups.

From 1 January 2005, the NeoNet Group is using the International Financial Reporting Standards (IFRS), formerly IAS, in accordance with an EU decree, Swedish legislation governing credit institutions and securities corporations (ÅRKL) and the Swedish Financial Supervisory Authority's stipulation FFFS 2003:11. The transition to IFRS from the previous accounting principles as prescribed in the EU decree has been carried out according to IFRS 1. The effects on NeoNet of the transition to IFRS and the re-calculated quarterly information according to IFRS are described in Appendix.

The accounting principles are therefore different to those described in the 2004 Annual Report due to the transition to IFRS. The company's new accounting principles in response to the introduction of the IFRS accounting principles are published on the company's website www.neonet.biz under Investor Relations. Otherwise, the same accounting principles, definitions of key figures and calculation methods as in the last Annual Report are used.

Certain IFRS standards are still under review and changes can be expected in 2005. Also, new standards with effect from 1 January 2006 may be introduced in advance of that date. The final accounting principles for 2005 will therefore be published in the 2005 Annual Report.

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

Stockholm,18 August 2005

NeoNet AB (publ)

Simon Nathanson
President and CEO

The interim reports are issued by the President and CEO following authorization from the Board of Directors.

The Interim Report is a translation from a Swedish original. In the event of any differences between this translation and the original, the Swedish Interim Report shall govern.

Auditor's Review Report
(Translation of the Swedish original)

We have carried out a review of this interim report in accordance with the recommendation issued by FAR. A review is significantly limited in comparison with an audit.

Nothing has come to our attention which would cause us to believe that the interim report does not meet the requirement of the Annual Accounts Acts for the parent company, the Annual Accounts Act for Credit Institutions and Securities Companies for the consolidated financial statements and IAS 34

Stockholm,18 August 2005

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Financial Reporting 2005
Interim Report Q3 2005, 25 October 2005, 8.15 a.m. CET
Year-End-Report 2005, 9 February 2006, 8.15 a.m. CET

Appendix: Reconciliation between the current accounting principles and IFRS

In June 2002 the EU Council of Ministers introduced the International Accounting Standards ("IAS"), now called the International Financial Reporting Standards ("IFRS"), and as a result, all listed companies within the EU must prepare their consolidated accounts in accordance with IAS/IFRS. 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 January 1, 2004

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

Reconciliation of the information in the 2004 quarterly reports

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

Consolidated Income Statement	**Jan. 1, 2004-Dec 2004.**			**Jan. 1, 2004-Sept. 30. 2004**			**Jan. 1, 2004-June 30, 2004**			**Jan. 1, 2004-Mar. 31, 2004**		
SEK m	As per IFRS	Adjust-ment-	As per public report*	As per IFRS	Adjust-ment	As per public report*	As per IFRS	Adjust-ment	As per public report*	As per IFRS	Adjust-ment	As per public report*
Transaction revenues	201.1		201.1	151.5		151.5	107.4		107.4	62.8		62.8
Transaction expenses	-65.0		-65.0	-49.1		-49.1	-35.2		-35.2	-20.2		-20.2
Interest income	2.7		2.7	1.8		1.8	1.2		1.2	0.7		0.7
Interest expenses	-10.7		-10.7	-7.8		-7.8	-5.3		-5.3	-2.3		-2.3
Net earnings from financial transactions	-2.9		-2.9	-1.9		-1.9	-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 Note 1	-28.0	8.0	-36.0	-21.0	6.0	-27.0	-13.8	4.0	-17.8	-6.6	2.0	-8.6
Total operating expenses	**-143.3**	**8.0**	**-151.3**	**-108.2**	**6.0**	**-114.2**	**-75.2**	**4.0**	**-79.2**	**-37.4**	**2.0**	**-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 before dilution SEK	-0.24		-0.40	-0.19		-0.31	-0.12		-0.20	0.09		0.05
Earnings per share after dilution SEK	-0.24		-0.40	-0.19		-0.31	-0.12		-0.20	0.09		0.05
Consolidated Balance Sheet	**Dec 31, 2004**			**Sept. 30, 2004**			**June 30, 2004**			**Mar. 31, 2004**		
ASSETS												
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 Note 1	77.7	8.0	69.7	76.9	6.0	70.9	76.9	4.0	72.9	76.9	2.0	74.9
Tangible fixed assets	6.4		6.4	7.4		7.4	8.7		8.7	10.0		10.0
Contract settlement receivables, net	22.8		22.8	48.9		48.9	77.5		77.5	101.9		101.9
Other assets Note 2	27.3	-1.9	29.2	31.0	-2,.1	33.1	26.4	-2.3	28.7	45.0		45.0
Pre-paid expenses and accrued income	6.9		6.9	8.9		8.9	10.1		10.1	8.1		8.1
Total assets	**346.2**	**6.1**	**340.1**	**389.7**	**3.9**	**385.8**	**490.4**	**1.7**	**488.7**	**452.3**	**2.0**	**450.3**
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY												
Liabilities to credit institutions	14.2		14.2	29.2		29.2	59.0		59.0	78.3		78.3
Securities loans	40.7		40.7	62.4		62.4	129.0		129.0	67.5		67.5
Other liabilities	8.9		8.9	9.0		9.0	8.6		8.6	47.4		47.4
Accrued expenses and deferred income	13.7		13.7	16.5		16.5	17.3		17.3	20.3		20.3
Subordinated debt Note 2	48.7	-1.9	50.6	48.5	-2.1	50.6	48.3	-2.3	50.6	-		-
Shareholders' equity												
Share capital	2.5		2.5	2.5		2.5	2.5		2.5	2.5		2.5
Restricted reserves	270.6		270.6	292.6		292.6	294.8		294.8	295.0		295.0
Earnings/losses carried forward	-40.8		-40.8	-61.2		-61.2	-63.2		-63.2	-63.4		-63.4
Earnings/losses for period Note 1	-12.3	8.0	-20.3	-9.8	6.0	-15.8	-5.9	4.0	-9.9	4.7	2.0	2.7
Total liabilities, provisions and shareholders' equity	**346.2**	**6.1**	**340.1**	**389.7**	**3.9**	**385.8**	**490.4**	**1.7**	**488.7**	**452.3**	**2.0**	**450.3**

*Refers to earlier published reports.

Other effects of the introduction of IFRS
As a result of the introduction of IFRS, NeoNet will amend its accounting principles. The main change is that the previous accounting principles for goodwill and goodwill 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 for acquisitions completed before January 2004. Goodwill is reported at the acquisition value less the goodwill amortization up to and including December 31, 2003.

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

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

Introduction of IAS 39 Financial Instruments: NeoNet has been complying with the Swedish legislation governing the annual reports of credits institutions and securities corporations (ÅRKL), which requires that the market value of financial instruments be assessed and reported. Thus the effects of the introduction of IAS 39 as of January 1, 2005 are expected to be limited. 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 segment. The introduction of IAS 14 Segment Reporting does not affect this.

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

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

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

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

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

Note 1 According to IFRS 3, there is no amortization of goodwill according to plan, instead the write-down requirement is assessed at the end of each statement period. For this reason, the amortization of goodwill in 2004 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.'